

RIVER HEIGHTS CITY

Financial Statements

For the Year Ended June 30, 2025

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
River Heights City
River Heights, Utah

Opinion

I have audited the accompanying financial statements of River Heights City, Utah (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement if it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override

of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* I have also issued my report dated December 19, 2025 on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance.

MATTHEW REGEN, CPA, PC



Logan, Utah
December 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of River Heights City (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position (government and business-type activities) of the City increased during fiscal year 2025 by \$480,890 to a total of \$8,886,443. The governmental net position increased by \$279,644 and the business-type net position increased by \$201,246.
- The total net position (government and business-type activities) of the City consist of \$6,523,748 in capital assets, net of related debt, \$129,487 in restricted net position, and \$2,223,208 in unrestricted net position.

REPORTING THE CITY AS A WHOLE

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

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

- *The statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, there will also be a need to consider other non-financial factors.
- *The statement of activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal 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 other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, parks and recreation, and public works. The business-type

activities of the City include the water and wastewater collection utilities. The government-wide financial statements can be found on pages 12 and 13 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

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

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund. The City has several non-major funds.

- **Proprietary funds** - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of River Heights uses enterprise funds to account for its Water Utility and Wastewater Collection Utility. As determined by generally accepted accounting principles, all enterprise funds meet the criteria of major fund classification.
- **Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City currently has no fiduciary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$8,886,443.

By far, the largest portion of the City's net position (73 percent) reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedules present summarized information from the Statement of Net Position and the Statement of Activities:

STATEMENT OF NET POSITION

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 975,784	904,286	1,020,809	1,654,920	1,497,971	2,126,323
Capital assets	<u>3,760,990</u>	<u>3,522,235</u>	<u>3,087,905</u>	<u>2,762,758</u>	<u>2,727,700</u>	<u>2,060,780</u>
Total assets	4,736,774	4,426,521	4,108,714	4,417,678	4,225,671	4,187,103
Deferred outflows	30,669	-	-	-	-	-
Current liab. and deferred inflows	88,343	190,561	171,665	46,839	56,078	72,252
Noncurrent liabilities	12,437	-	-	-	-	-
Deferred inflows	<u>151,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	241,839	190,561	171,665	46,839	56,078	72,252
Invested in capital assets, net of debt	3,760,990	3,513,846	3,087,905	2,762,758	2,731,080	2,060,780
Restricted	129,487	192,280	474,252	-	85,242	85,242
Unrestricted	<u>625,127</u>	<u>529,834</u>	<u>353,346</u>	<u>1,608,081</u>	<u>1,353,271</u>	<u>1,929,414</u>
Total net position	\$ <u>4,515,604</u>	<u>4,235,960</u>	<u>3,915,503</u>	<u>4,370,839</u>	<u>4,169,593</u>	<u>4,075,436</u>

CHANGES IN NET POSITION

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program revenues:						
Charges for services	\$ 423,064	308,732	320,648	741,217	695,572	901,709
Operating grants	118,350	183,148	98,766	-	-	-
Capital grants	162,565	99,750	120,201	-	-	-
General revenues:						
Property taxes	128,415	125,433	113,052	-	-	-
Sales and use taxes	388,774	384,090	382,653	-	-	-
Other revenues	<u>123,318</u>	<u>154,694</u>	<u>119,096</u>	<u>65,734</u>	<u>75,911</u>	<u>68,920</u>
Total revenues	<u>1,344,486</u>	<u>1,255,847</u>	<u>1,154,416</u>	<u>806,951</u>	<u>771,483</u>	<u>970,629</u>
Expenses:						
General government	409,933	382,110	387,610	-	-	-
Public safety	206,315	159,289	205,712	-	-	-
Streets and public improvements	353,714	291,412	371,114	-	-	-
Parks and recreation	94,880	102,579	68,030	-	-	-
Water utility	-	-	-	318,554	409,780	323,930
Wastewater Collection	-	-	-	<u>287,151</u>	<u>267,546</u>	<u>376,674</u>
Total expenses	<u>1,064,842</u>	<u>935,390</u>	<u>1,032,466</u>	<u>605,705</u>	<u>677,326</u>	<u>700,604</u>
Transfers	-	-	-	-	-	-
Change in net position	<u>279,644</u>	<u>320,457</u>	<u>121,950</u>	<u>201,246</u>	<u>94,157</u>	<u>270,025</u>
Net position – beginning (07-01)	4,235,960	3,915,503	3,793,553	4,169,593	4,075,436	3,805,411
Net position – ending (06-30)	<u>\$ 4,515,604</u>	<u>4,235,960</u>	<u>3,915,503</u>	<u>4,370,839</u>	<u>4,169,593</u>	<u>4,075,436</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$737,941, an increase of \$32,500 in comparison with the prior year. Of this total amount \$608,454 constitutes unassigned fund balance, which is available to meet the future financial needs of the City. The remainder of fund balance is reserved to indicate that it is

not available for new spending because it has already been restricted or assigned for future capital expenditures.

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 52 percent of total general fund revenues. The two largest elements of taxes are sales taxes and property taxes. Combined, they represent 85 percent of total tax revenues and 44 percent of total general fund revenues.

The City maintains enterprise funds to account for the business-type activities of the City, namely the water and wastewater collection utilities. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the current fiscal year the General Fund budget for revenue was \$1,259,820. The actual revenue was \$1,178,670. This resulted in an unfavorable variance of \$81,150 for revenue. The General Fund budget for expenditures was \$1,056,900. The actual expenditures were \$935,046. This resulted in a favorable variance of \$121,854 for expenditures. Overall, the City had a favorable variance for the excess of revenues over expenditures of \$40,704.

CAPITAL ASSETS

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$6,523,748 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, roads and infrastructure (streets, sidewalks, curb and gutter, etc.). The increase in the City's investment in capital assets for the current fiscal year was \$519,766 and depreciation expense was \$240,945.

Major capital assets purchased during the fiscal year included the following:

- \$34,700 for water system improvements.
- \$367,433 for park improvements.
- \$117,633 for sewer improvements.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the 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 River Heights City, 520 South 500 East, River Heights, UT 84321.

BASIC FINANCIAL STATEMENTS

CITY OF RIVER HEIGHTS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pooled cash and cash equivalents	\$ 691,753	1,596,185	2,287,938
Receivables, net	284,031	58,735	342,766
Fixed assets, net	<u>3,760,990</u>	<u>2,762,758</u>	<u>6,523,748</u>
 Total assets	 <u>4,736,774</u>	 <u>4,417,678</u>	 <u>9,154,452</u>
 <u>Deferred Outflows of Resources</u>			
Deferred outflows - Pensions	<u>30,669</u>	-	<u>30,669</u>
 <u>Liabilities</u>			
Liabilities:			
Accounts payable and accrued expenses	88,343	46,839	135,182
Net pension liability	<u>12,437</u>	-	<u>12,437</u>
 Total liabilities	 <u>100,780</u>	 46,839	 <u>147,619</u>
 <u>Deferred Inflows of Resources</u>			
Deferred inflows - Property taxes	149,500	-	149,500
Deferred inflows - Pensions	<u>1,559</u>	-	<u>1,559</u>
 Total deferred inflows	 <u>151,059</u>	 -	 <u>151,059</u>
 <u>Net Position</u>			
Investments in capital assets, net of related debt	3,760,990	2,762,758	6,523,748
Restricted:			
Capital outlay	129,487	-	129,487
Unrestricted	<u>625,127</u>	<u>1,608,081</u>	<u>2,233,208</u>
 Total net position	 <u>\$ 4,515,604</u>	 <u>4,370,839</u>	 <u>8,886,443</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RIVER HEIGHTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental:							
General government	\$ 190,235	135,510	-	-	(54,725)	-	(54,725)
Sanitation	219,698	233,005	-	-	13,307	-	13,307
Public safety	206,315	33,189	-	-	(173,126)	-	(173,126)
Streets and public improvements	353,714	20,500	118,350	162,565	(52,299)	-	(52,299)
Parks and recreation	94,880	860	-	-	(94,020)	-	(94,020)
Total governmental activities	1,064,842	423,064	118,350	162,565	(360,863)	-	(360,863)
Business-type activities:							
Water Utility	318,554	341,264	-	-	-	22,710	22,710
Wastewater Collection	287,151	399,953	-	-	-	112,802	112,802
Total business-type activities	605,705	741,217	-	-	-	135,512	135,512
Total primary government	\$ 1,670,547	1,164,281	118,350	162,565	(360,863)	135,512	(225,351)
General revenues:							
Taxes:							
Property tax				128,415	-	128,415	
Sales and use tax				388,774	-	388,774	
Franchise and other taxes				94,284	-	94,284	
Total taxes				611,473	-	611,473	
Interest income				29,034	65,734	94,768	
Total general revenues				640,507	65,734	706,241	
Change in net position				279,644	201,246	480,890	
Net position - beginning				4,235,960	4,169,593	8,405,553	
Net position - ending	\$	4,515,604			4,370,839		8,886,443

The accompanying notes are an integral part of these financial statements.

CITY OF RIVER HEIGHTS
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2025

<u>Assets</u>	General Fund	Capital Projects Fund	Total Governmental Funds
Pooled cash and cash equivalents	\$ 529,528	162,225	691,753
Receivables, net	<u>284,031</u>	<u>-</u>	<u>284,031</u>
Total assets	<u>813,559</u>	<u>162,225</u>	<u>975,784</u>
<u>Liabilities, Deferred Inflows of Resources & Fund Balance</u>			
Liabilities:			
Accounts payable and accrued liabilities	55,605	32,738	88,343
Deferred inflows of resources	<u>149,500</u>	<u>-</u>	<u>149,500</u>
Total liabilities & deferred inflows	<u>205,105</u>	<u>32,738</u>	<u>237,843</u>
Fund balance:			
Assigned for:			
Capital projects	-	129,487	129,487
Unassigned	<u>608,454</u>	<u>-</u>	<u>608,454</u>
Total fund balance	<u>608,454</u>	<u>129,487</u>	<u>737,941</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 813,559</u>	<u>162,225</u>	<u>975,784</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RIVER HEIGHTS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balance for governmental funds	\$ 737,941
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Net position is different because:

The net pension liability, deferred outflows and inflows of resources related to pensions are not reported in the funds.

Deferred outflows of resources - pensions	\$ 30,669
Deferred inflows inflows - pensions	(1,559)
Net pension liability	<u>(12,437)</u> 16,673

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 196,814
Buildings	1,093,802
Equipment	291,174
Infrastructure	3,612,618
Accumulated depreciation	<u>(1,433,418)</u> 3,760,990

Net position of governmental activities	\$ <u>4,515,604</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF RIVER HEIGHTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 611,473	-	611,473
Licenses	15,354	-	15,354
Intergovernmental	197,684	162,565	360,249
Charges for services	291,346	-	291,346
Fines and forfeitures	158	-	158
Miscellaneous revenues	<u>62,655</u>	<u>3,251</u>	<u>65,906</u>
 Total revenues	 <u>1,178,670</u>	 <u>165,816</u>	 <u>1,344,486</u>
 Expenditures:			
General government	190,235	-	190,235
Sanitation	219,698	-	219,698
Public safety	206,315	-	206,315
Streets and public improvements	231,770	-	231,770
Parks and recreation	<u>87,028</u>	<u>376,940</u>	<u>463,968</u>
 Total expenditures	 <u>935,046</u>	 <u>376,940</u>	 <u>1,311,986</u>
 Excess (deficiency) of revenues over expenditures	 <u>243,624</u>	 <u>(211,124)</u>	 <u>32,500</u>
 Other financing sources:			
Transfers in (out) - Capital Projects	<u>(155,920)</u>	<u>155,920</u>	<u>-</u>
 Total other financing uses	 <u>(155,920)</u>	 <u>155,920</u>	 <u>-</u>
 Excess (deficiency) of revenues and other financing uses over expenditures and other financing uses	 <u>87,704</u>	 <u>(55,204)</u>	 <u>32,500</u>
 Fund balance - beginning of year	 <u>520,750</u>	 <u>184,691</u>	 <u>705,441</u>
 Fund balance - end of year	 <u>\$ 608,454</u>	 <u>129,487</u>	 <u>737,941</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RIVER HEIGHTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balance - Total governmental funds	\$ 32,500
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$367,433 exceeded depreciation expense of \$120,289 in the current year.

247,144

The net effect of transactions involving net pension liability and deferred outflows and inflows of resources related to pensions, are not recorded in the governmental funds, but are reported in the Statement of Activities.

Deferred outflows - pensions	\$ 30,669
Deferred inflows - pensions	(1,559)
Net pension liability	(12,437)
Change in pension expense	<u>(16,673)</u>
	-

Change in net position of governmental activities	\$ <u>279,644</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF RIVER HEIGHTS
STATEMENT OF NET POSITION -
PROPRIETARY FUND
JUNE 30, 2025

<u>Assets</u>	<u>Water Utility</u>	<u>Wastewater Collection</u>	<u>Total Business- Type Activities</u>
Pooled cash and cash equivalents	\$ 400,117	1,196,068	1,596,185
Receivables, net	22,369	36,366	58,735
Fixed assets, net	<u>2,509,099</u>	<u>253,659</u>	<u>2,762,758</u>
 Total assets	 <u>2,931,585</u>	 <u>1,486,093</u>	 <u>4,417,678</u>
 <u>Liabilities</u>			
Accounts payable and accrued liabilities	24,709	22,130	46,839
Deferred revenues - ARPA grant	-	-	-
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>24,709</u>	 <u>22,130</u>	 <u>46,839</u>
 <u>Net Position</u>			
Investments in capital assets, net of related debt	2,509,099	253,659	2,762,758
Unrestricted	<u>397,777</u>	<u>1,210,304</u>	<u>1,608,081</u>
 Total net position	 <u>\$ 2,906,876</u>	 <u>1,463,963</u>	 <u>4,370,839</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RIVER HEIGHTS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Water Utility</u>	<u>Wastewater Collection</u>	<u>Total Business- Type Activities</u>
Operating revenues:			
Services	\$ 340,441	374,798	715,239
Connection fees	-	-	-
Other operating revenues	<u>823</u>	<u>24,588</u>	<u>25,411</u>
	<u>341,264</u>	<u>399,386</u>	<u>740,650</u>
Operating expenses:			
Wages and benefits	92,810	56,484	149,294
Current expenses	<u>119,758</u>	<u>215,997</u>	<u>335,755</u>
Depreciation	<u>105,987</u>	<u>14,669</u>	<u>120,656</u>
	<u>318,555</u>	<u>287,150</u>	<u>605,705</u>
Operating income (loss)	22,709	112,236	134,945
Non-operating income (expense):			
Interest income	16,419	49,315	65,734
Impact fee income	<u>-</u>	<u>567</u>	<u>567</u>
	<u>16,419</u>	<u>49,882</u>	<u>66,301</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	39,128	162,118	201,246
Net position - beginning of year	<u>2,867,748</u>	<u>1,301,845</u>	<u>4,169,593</u>
Net position - end of year	<u>\$ 2,906,876</u>	<u>1,463,963</u>	<u>4,370,839</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RIVER HEIGHTS
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Water</u> <u>Utility</u>	<u>Wastewater</u> <u>Collection</u>	<u>Total</u> <u>Business-</u> <u>Type</u> <u>Activities</u>
<u>Cash flows from operating activities:</u>			
Receipts from customers and users	\$ 340,538	399,675	740,213
Payments to employees	(92,810)	(56,484)	(149,294)
Payments to suppliers	<u>(114,037)</u>	<u>(230,957)</u>	<u>(344,994)</u>
Net cash provided by operating activities	<u>133,691</u>	<u>112,234</u>	<u>245,925</u>
<u>Cash flows from non-capital financing activities</u>			
	-	-	-
<u>Cash flows from capital and related financing activities:</u>			
Purchase of capital assets	(38,055)	(117,659)	(155,714)
Reduction in restricted cash - impact fees	-	85,242	85,242
Impact fee income	<u>-</u>	<u>567</u>	<u>567</u>
Net cash used in capital and related financing activities	<u>(38,055)</u>	<u>(31,850)</u>	<u>(69,905)</u>
<u>Cash flows from investing activities:</u>			
Interest on investments	<u>16,419</u>	<u>49,315</u>	<u>65,734</u>
Net cash provided by investing activities	<u>16,419</u>	<u>49,315</u>	<u>65,734</u>
Net increase in cash and cash equivalents	112,055	129,699	241,754
Cash and cash equivalents at beginning of year	<u>288,062</u>	<u>1,066,369</u>	<u>1,354,431</u>
Cash and cash equivalents at end of year	<u>\$ 400,117</u>	<u>1,196,068</u>	<u>1,596,185</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>\$ 22,709</u>	<u>112,236</u>	<u>134,945</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	105,987	14,669	120,656
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(726)	289	(437)
Increase (decrease) in accounts payable	<u>5,721</u>	<u>(14,960)</u>	<u>(9,239)</u>
Total adjustments	<u>110,982</u>	<u>(2)</u>	<u>110,980</u>
Net cash provided by operating activities	<u>\$ 133,691</u>	<u>112,234</u>	<u>245,925</u>

The accompanying notes are an integral part of these financial statements.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

River Heights City (the City) was incorporated under the laws of the state of Utah. The City operates by ordinance under the Mayor-Council form of government and provides such services as are authorized by its charter including public safety (police and fire), highway and streets, sanitation, recreation, public improvements, planning and zoning, and general administration. In addition, the City owns and operates water utilities.

The accounting and reporting policies of the City relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to December 1, 1989, which do not conflict with or contradict GASB pronouncements. The City has elected not to follow FASB pronouncements issued after November 30, 1989 in the preparation of these financial statements. The following represents the more significant accounting and reporting policies and practices used in the preparation of these financial statements:

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. The interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support.

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

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

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, state-shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the City.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Capital Project Fund is used to account for financial resources to be used for the acquisition of capital facilities and equipment by the City.

The City reports the following major proprietary funds:

- The Water Utility accounts for the activities of the City's water production, treatment, and distribution operations.
- The Wastewater Collection fund accounts for the operation and maintenance of the City-owned collection system for wastewater.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible fixed assets used is charged as an expense against the City's operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	20 to 40 years
Water system and equipment	10 to 40 years
Machinery and equipment	5 to 10 years
Roads and Infrastructure	40 years

In the governmental fund financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Long-term Debt

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. The long-term debt consists of bonds and notes payable.

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

Equity Classifications: Government-wide Financial Statements

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

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets.
- Restricted net position – Consists of net position with constraints placed on the usage whether by 1) external groups such as creditors, grantors or laws and regulations of other governments; 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications: Fund Financial Statements

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balances – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.
- c. Committed fund balance – Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council, likewise, formally changes the use.
- d. Assigned fund balance – Fund balances are reported as assigned when the City Council or management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance – Fund balances in the General Fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless City Council has provided otherwise in its commitment or assignment actions.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes attached as an enforceable lien on property as of May 22. Taxes are levied on June 15 and are due November 30. Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within 60 days after year end. This policy meets the criteria of GASB. Property taxes received within thirty (30) days of the year end are recognized as revenue at year end.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the City in its governmental funds, therefore all annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, the term “cash and cash equivalents” includes all demand deposit accounts, savings accounts, or other short-term, highly-liquid investments. For the purposes of the Statement of Cash Flows, the enterprise funds consider all highly liquid investments (including restricted position) with original maturities of three months or less to be cash equivalents.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. Property taxes (previously reported as deferred revenues) are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. These deferred inflows are reported on the Statement of Net Position and the Balance Sheet – Governmental Funds.

Subsequent Events

The City has evaluated all subsequent events through December 19, 2025, the date the financial statements were available to be issued.

Note 2 – Deposits and Investments

The City follows the requirements for the Utah Money Management Act (*Utah Code, Section 51, Chapter 7*) in handling its depository and temporary investment transactions. This Act requires the depositing of City's 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 Utah Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City does not have a formal deposit policy for custodial credit risk. The uninsured portion of the City's bank balances on June 30, 2025 was \$0.

Investments

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

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 – Deposits and Investments (continued)

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Service or Standards & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes and bonds; bonds, notes and other evidence of indebtedness of political subdivisions of the state; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in money market mutual fund as defined by the Act; and the Utah State Public Treasurer’s Investment Fund (PTIF).

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

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act established by the Money Management Council which oversees the activities of the state treasurer and the PTIF, and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

The City’s investments on June 30, 2025, consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u> (Less than one year)	<u>Quality Rating</u>
State of Utah PTIF	<u>\$2,157,413</u>	<u>\$2,157,413</u>	Unrated

Interest Rate Risk – Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits and fixed rate corporate obligations of 270 to 365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have remaining term to final maturity exceeding two years.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 – Deposits and Investments (continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the Act as previously discussed. See the quality ratings on the investment schedules above.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk in regard to the custody of the City's investments.

Concentration of Credit Risk – Concentrations of credit risk is the risk of loss attributed to the magnitude of government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of Money Management Council.

**RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 3 – Legal Compliance – Budgets

On or before the first scheduled City council meeting in May, all agencies of the City submit requests for appropriation to the City's financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the City council for review at the first scheduled meeting in May. The City council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the City financial officer or the revenue estimates must be changed by an affirmative vote of a majority of the City council. Within 30 days of adoption, the final budget must be submitted to the State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22 and adoption of budgets is done similarly.

State statute requires that City officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

Note 4 – Interfund Activities

On June 30, 2025, no interfund balances existed.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 5 – Receivables

The City has property and sales taxes, accounts receivable and receivables due from other governments as of June 30, 2025 as follows:

Governmental Funds:

Taxes:	
Property and other taxes	\$ 149,500
Sales tax	<u>77,018</u>
Total taxes receivable	<u>226,518</u>
Class “C” roads – State of Utah	29,530
A/R Garbage	23,097
A/R 911	2,428
A/R Storm Water	<u>2,458</u>
Total other receivables	<u>57,513</u>
Total receivables – Governmental Funds	<u>\$ 284,031</u>

Water Utility:

Accounts:	
Services and fees, net of allowance for bad debt	\$ <u>22,369</u>
Total receivables – Water	<u>\$ 22,369</u>

Wastewater Collection:

Accounts:	
Services and fees, net of allowance for bad debt	\$ <u>36,366</u>
Total receivables – Wastewater	<u>\$ 36,366</u>

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 6 – Capital Assets

Capital asset changes occurring for the year ended June 30, 2025, are as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 196,814	-	-	196,814
Total capital assets not being depreciated	<u>196,814</u>	<u>-</u>	<u>-</u>	<u>196,814</u>
Capital assets being depreciated:				
Buildings	1,093,802	-	-	1,093,802
Infrastructure	3,245,185	367,433	-	3,612,618
Machinery and equipment	<u>291,174</u>	<u>-</u>	<u>-</u>	<u>291,174</u>
Total capital assets being depreciated	<u>4,630,161</u>	<u>367,433</u>	<u>-</u>	<u>4,997,594</u>
Accumulated depreciation for:				
Buildings	(593,903)	(29,607)	-	(623,510)
Infrastructure	(458,164)	(82,830)	-	(540,994)
Machinery and equipment	<u>(261,062)</u>	<u>(7,852)</u>	<u>-</u>	<u>(268,914)</u>
Total accumulated depreciation	<u>(1,313,129)</u>	<u>(120,289)</u>	<u>-</u>	<u>(1,433,418)</u>
Total capital assets being depreciated, net	<u>3,317,032</u>	<u>247,144</u>	<u>-</u>	<u>3,564,176</u>
Total governmental activities				
Capital assets, net	<u>\$ 3,513,846</u>	<u>247,144</u>	<u>-</u>	<u>3,760,990</u>

Depreciation expense was charged to functions of the City as follows:

General government	\$ 20,193
Public safety	241
Streets and public improvements	70,044
Parks and recreation	29,811
Total depreciation expense	<u>\$ 120,289</u>

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 6 – Capital Assets (continued)

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land and water rights	\$ 3,450	-	-	3,450
Total capital assets not being depreciated	<u>3,450</u>	<u>-</u>	<u>-</u>	<u>3,450</u>
Capital assets being depreciated:				
Buildings and improvements	4,678,686	117,633	-	4,796,319
Machinery and equipment	<u>280,421</u>	<u>34,700</u>	<u>-</u>	<u>315,121</u>
Total capital assets being depreciated	<u>4,959,107</u>	<u>152,333</u>	<u>-</u>	<u>5,076,740</u>
Accumulated depreciation for:				
Buildings and improvements	(2,044,037)	(101,167)	-	(2,145,204)
Machinery and equipment	<u>(187,440)</u>	<u>(19,489)</u>	<u>-</u>	<u>(206,929)</u>
Total accumulated depreciation	<u>(2,231,477)</u>	<u>(120,656)</u>	<u>-</u>	<u>(2,352,133)</u>
Total capital assets being depreciated, net	<u>2,727,630</u>	<u>31,677</u>	<u>-</u>	<u>2,759,307</u>
Total business-type activities capital assets, net	\$ 2,731,080	31,677	-	2,762,758

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 7 – Restricted Net Position/Fund Balance Classifications

Restricted net position represent amounts required to be maintained to satisfy third party agreements or legal requirements. On June 30, 2025 the Wastewater Collection Fund held \$0 for impact fees. On June 30, 2025 the Water Fund held \$0 for impact fees.

Pursuant to GASB No. 54 (see Note 1, *Equity Classifications: Fund Financial Statements*) the governmental fund balances are classified as follows:

Assigned fund balance – \$129,487 for future capital projects.

The remaining fund balance is unassigned.

**RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 8 - Retirement Plans

General information about the pension plan:

Plan description

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

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

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 URS, are members of the Tier 2 Retirement System.

URS is established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. URS' defined benefit plans are amended statutorily by the State legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of URS under the direction of the Board, whose members are appointed by the Governor. URS' fiduciary funds are defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 8 - Retirement Plans (continued)

Benefits provided

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

System	Final Average Salary	age eligible for benefits	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 8 - Retirement Plans (continued)

Contributions

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

Contribution rates are as follows:

	Tier 1 - DB System			Tier 2 - DB Hybrid System			Tier 2 - 401(k) Option				
	Employee	Employer	ER 401(k)	Tier 2	Employee	Employer	ER 401(k)	Tier 2	Employee	Employer	ER 401(k)
				Fund				Fund			
Noncontributory System 15 - Local Governmental	-	17.97	-	111	0.70	15.19	-	211	-	5.19	10.00

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

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

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 18,364	\$ -
Tier 2 Public Employees System	<u>8,911</u>	<u>411</u>
Total net pension asset/liability	<u><u>\$ 27,275</u></u>	<u><u>\$ 411</u></u>

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

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 8 - Retirement Plans (continued)

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

At June 30, 2025, the City reported a net pension liability of \$12,437 and a net pension asset of \$0.

	Proportionate Share	Net Pension Assets	Net Pension Liability
Noncontributory System	0.0033615%	\$ -	\$ 10,660
Tier 2 Public Employees System	0.0005958%	<u>\$ -</u>	<u>\$ 1,777</u>
Total net pension asset/liability		<u><u>\$ -</u></u>	<u><u>\$ 12,437</u></u>

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

For the year ended June 30, 2025, the City recognized pension expense of \$10,602.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 8 - Retirement Plans (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,120	\$ 12
Change in assumptions	\$ 1,475	\$ -
Net difference between projected and actual		
earnings on pension plan investments	\$ 3,324	\$ -
Changes in proportion and differences between contributions		
proportionate share on contributions.	\$ 155	\$ 1,547
Contributions subsequent to the measurement date	<u>\$ 18,594</u>	<u>\$ -</u>
 Total	 <u>\$ 30,668</u>	 <u>\$ 1,559</u>

\$18,594 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended Dec 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>	
2025	\$ 5,217	
2026	5,709	
2027	(1,182)	
2028	(84)	
2029	385	
Thereafter	<u>470</u>	
	 <u>\$ 10,515</u>	

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 8 - Retirement Plans (continued)

Actuarial assumptions

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

- Inflation: 2.50 percent
- Salary increases: 3.25 — 9.25 percent, average, including inflation
- Investment rate of return: 6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from an actual experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement 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, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 8 - Retirement Plans (continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Asset allocation	Real return arithmetic basis	Long-term expected portfolio real rate of return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	51.00%
Real Assets	18%	5.45%	0.98%
Private Equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	49.00%	0.00%
Totals	100%		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.

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. The discount rate does not use the Municipal Bond Index Rate.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 8 - Retirement Plans (continued)

Sensitivity of Proportionate Share of the Net Pension Asset/Liability to Change in Discount Rate

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

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 45,082	\$ 10,660	\$ (18,209)
Tier 2 Public Employee System	<u>\$ 5,308</u>	<u>\$ 1,777</u>	<u>\$ (969)</u>
Total	\$ 50,390	\$ 12,437	\$ (19,178)

Pension plan fiduciary net position

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

Defined Contribution 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.

Note 9 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Utah Local Government Insurance Trust (the Trust), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. There have been no claim settlements that exceeded the City's insurance coverage for the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVER HEIGHTS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Property tax	\$ 123,200	123,200	128,415	5,215
Sales tax	390,695	390,695	388,774	(1,921)
Franchise and other taxes	87,000	87,000	94,284	7,284
Licenses and permits	53,200	53,200	15,354	(37,846)
Intergovernmental	350,000	350,000	197,684	(152,316)
Charges for services	207,300	207,300	291,346	84,046
Fines and forfeitures	600	600	158	(442)
Miscellaneous revenues	<u>47,825</u>	<u>47,825</u>	<u>62,655</u>	<u>14,830</u>
Total revenues	<u>1,259,820</u>	<u>1,259,820</u>	<u>1,178,670</u>	<u>(81,150)</u>
Expenditures:				
General government	229,195	229,195	190,235	38,960
Public safety	218,650	218,650	206,315	12,335
Streets and public improvements	295,950	295,950	231,770	64,180
Sanitation	184,000	184,000	219,698	(35,698)
Parks and recreation	<u>129,105</u>	<u>129,105</u>	<u>87,028</u>	<u>42,077</u>
Total expenditures	<u>1,056,900</u>	<u>1,056,900</u>	<u>935,046</u>	<u>121,854</u>
Excess (deficiency) of revenues over expenditures	<u>202,920</u>	<u>202,920</u>	<u>243,624</u>	<u>40,704</u>
Other financing sources (uses):				
Beginning fund balance	(182,000)	(182,000)	-	(182,000)
Transfers out:	<u>(20,920)</u>	<u>(20,920)</u>	<u>(155,920)</u>	<u>135,000</u>
Total other financing uses	<u>(202,920)</u>	<u>(202,920)</u>	<u>(155,920)</u>	<u>(47,000)</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing sources	\$ <u>-</u>	<u>-</u>	<u>87,704</u>	<u>(6,296)</u>
Fund balance - beginning of year			<u>520,750</u>	
Fund balance - end of year	\$		<u>608,454</u>	

See Independent Auditor's Report.

RIVER HEIGHTS CITY
SCHEDULE OF REQUIRED
SUPPLEMENTARY INFORMATION
JUNE 30, 2025

Schedule of Proportionate Share of the Net Pension Liability

Last 10 Fiscal years

	As of fiscal year ended June 30,	Portion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Noncontributory Retirement System	2023	-	-	-	0.00%	0.0%
	2024	-	-	-	0.00%	0.0%
	2025	0.0033615%	10,660	37,090	28.74%	96.0%
Tier 2 Public Employees Retirement	2023	-	-	-	0.00%	0.0%
	2024	-	-	-	0.00%	0.0%
	2025	0.0005958%	1,777	17,500	10.15%	87.4%

Note:

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

RIVER HEIGHTS CITY
SCHEDULE OF REQUIRED
SUPPLEMENTARY INFORMATION
JUNE 30, 2025

Schedule of Contributors
Last 10 Fiscal years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered employee payroll
Noncontributory Retirement System	2023	-	-	-	-	0.00%
	2024	-	-	-	-	0.00%
	2025	18,364	18,364	-	112,216	16.37%
Tier 2 Public Employee System	2023	-	-	-	-	0.00%
	2024	-	-	-	-	0.00%
	2025	8,911	8,911	-	58,664	15.19%

Note:

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

* Contributions 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.

Changes in Assumptions

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

GOVERNMENTAL AUDIT REPORT

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*

To the Honorable Mayor and City Council
River Heights City
River Heights, Utah

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities, business-type activities, and each major fund of River Heights City (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise River Heights's basic financial statements and have issued my report thereon dated December 19, 2025.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the River Heights's internal control over financial reporting (internal control) to determine the procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the River Heights's internal control. Accordingly, I do not express an opinion on the effectiveness of River Heights's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MATTHEW REGEN, CPA, PC



December 19, 2025

STATE COMPLIANCE REPORT

MATTHEW REGEN, CPA, PC

Certified Public Accountant/Business Consultant

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Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the *State Compliance Audit Guide* On:

To the Honorable Mayor and City Council
River Heights City
River Heights, Utah

Report on Compliance with General State Compliance Requirements

I have audited River Heights City's (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2025.

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

- Cash Management
- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Other Related Revenue
- Open and Public Meetings Act
- Fraud Risk Assessment
- Public Treasurer's Bond
- Impact Fees
- Government Fees

Opinion on Compliance

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

Basis for Opinion

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. My 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 my report.

I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. My

audit does not provide a legal determination of the City's compliance with 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's government programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 the City's compliance based on my 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 auditing standards generally accepted in the United States of America, Government Auditing Standards, and the *State Compliance Audit 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 omission, misrepresentations, or the override of internal control.

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the *State Compliance Audit Guide*, I:

- Exercise professional judgement 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 the City's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

My 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 weakness or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

MATTHEW REGEN, CPA, PC



Logan, Utah
December 19, 2025