

**CITY OF LAKE POINT**  
**BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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## INDEPENDENT AUDITORS' REPORT



CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

City Council Members  
City of Lake Point  
Lake Point, Utah

### ***Report on the Audit of the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Lake Point (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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lake Point as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*K&C, CPAs*

K&C, Certified Public Accountants  
Woods Cross, Utah  
February 27, 2026

## CITY OF LAKE POINT MANAGEMENT DISCUSSION AND ANALYSIS

As management of the City of Lake Point (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of Lake Point 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 assets and deferred outflows of resources of the City exceeded the liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$45,074,799 (net position). Of this amount, \$1,616,948 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City recognized significant grant revenues in the amount of \$107,500 during the fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$760,236 or 52% of total general fund expenditures.
- The City created a Capital Projects Fund to better track spending for future capital-intensive projects of the City.

### Overview of the Financial Statements

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.

### Government-wide financial statements

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

- The *statement of net position* presents information on all of the City's assets 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, you will also need to consider other non-financial factors.
- The *statement of activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The governmental activities of the City include general government, public safety, highways and public improvements, and sanitation. As of June 30, 2025, the City does not have any proprietary funds (business-type funds), or fiduciary funds. The City activated a Capital Projects Fund, which is a governmental fund, during the fiscal year.

### Fund financial statements

A *fund* is a grouping of related accounts that are 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. As of June 30, 2025, the City only has a single governmental fund, the General Fund.

- *Governmental funds* These 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.

**CITY OF LAKE POINT  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

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 impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City adopts an annual appropriated budget for its funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

**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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,074,799 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$43,299,930) reflects its net investment in capital assets (land and infrastructure). Net investment in capital assets is the total value of capital assets, less accumulated depreciation, and less any related debt used to acquire those assets that is still outstanding. Cities use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the net investment in capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. As of June 30, 2025, the City had no related debt, so the \$43,299,930 represents only the value of the capital assets, less accumulated depreciation.

	Governmental Activities		
	2025	2024	Change
Current and other assets	\$ 2,250,265	\$ 1,540,871	\$ 709,394
Capital assets	43,299,930	43,847,297	(547,367)
Total assets	45,550,195	45,388,168	162,027
Current liabilities	58,208	247,981	(189,773)
Total liabilities	58,208	247,981	(189,773)
Deferred inflows of resources	372,755	335,466	37,289
Net position:			
Net investment in capital assets	43,299,930	43,847,297	(547,367)
Restricted for streets	139,511	45,456	94,055
Restricted for unspent grant proceeds	18,410	-	18,410
Unrestricted (deficit)	1,616,948	911,968	704,980
Total net position	\$45,074,799	\$ 44,804,721	\$ 270,078

**CITY OF LAKE POINT  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

An additional portion of the City's net position (\$157,921) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,616,948) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for governmental activities.

	Governmental Activities		
	2025	2024	Change
Program revenues:			
Charges for services	\$ 596,767	\$ 496,939	\$ 99,828
Operating grants and contributions	465,257	405,470	59,787
Capital grants and contributions	-	44,394,664	(44,394,664)
General revenues:			
Other revenues	1,187,430	1,080,809	106,621
Total revenues	<u>2,249,454</u>	<u>46,377,882</u>	<u>(44,128,428)</u>
Program expenses:			
Total expenses	<u>2,012,754</u>	<u>1,755,958</u>	<u>256,796</u>
Total expenses	<u>2,012,754</u>	<u>1,755,958</u>	<u>256,796</u>
Increase (Decrease) in Net Position	236,700	44,621,924	(44,385,224)
Net Position - Beginning	44,804,721	230,534	44,574,187
Prior Period Adjustment	<u>33,378</u>	<u>(47,737)</u>	<u>81,115</u>
Net Position - Ending	<u>\$45,074,799</u>	<u>\$44,804,721</u>	<u>\$ 270,078</u>

**Governmental activities.** The City's total governmental activities net position increased by \$236,700. Key elements are as follows:

- Total revenues decreased from the prior year by \$44,132,592 (95%). Most of this decrease is attributed to there being a significant contribution of capital assets to the City in the prior year valued at \$44,394,664, with no contributions being received in the current year. If this prior year capital contribution is excluded from the comparative analysis where only the comparison of charges for services revenue and operating grants/contributions revenue is included, revenues would show as having increased from the prior year by \$285,021 (32%), which is primarily from an increase in intergovernmental revenues and increased interest income from the prior year.
- Total expenses increased by \$252,632 (14%). The increase in expenses is attributed primarily to General Government expenditures which increased by \$262,584 from the prior year, and Public Safety expenditures which increased \$49,706 from the prior year. The increased General Government expenditure was mainly driven by significant increases in consultant costs, payroll costs, and costs associated with the City's 'master transportation plan' and 'storm management plan'. The increase in Public Safety expenditure was primarily driven by an increased cost for police services. These increases were significantly offset by a decrease in Street expenditures from the prior year of \$78,647.

**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.

## **CITY OF LAKE POINT MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**Governmental funds.** The focus of the City's governmental fund 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, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. As of the end of the current fiscal year, the City's General Fund (governmental fund) reported ending fund balances of \$918,157. The unassigned fund balance is \$760,236 or 83% of total fund balance. The remainder of the fund balance is restricted for use for Class C roads (\$56,363), for unspent transit tax proceeds (\$83,149), and for unspent grant proceeds (\$18,410). The fund balance of the City's general fund decreased by \$39,267 or 4.10% during the current fiscal year. The majority of the decrease is due to transfers to the newly created Capital Projects Fund for future capital projects.

The Capital Projects Fund was created during the 2025 fiscal year to account for the acquisition of future fixed assets or construction of major capital improvements. The total fund balance of \$856,712 is assigned for future capital projects. Since this is a new fund for the City there was no prior year fund balance.

### **General Fund Budgetary Highlights**

The City's final amended budgeted revenues were \$76,886 higher than the original passed budget. Actual revenues were \$343,038 less than the final budgeted revenues, which is primarily attributed to the budget having a significant 'use of fund balance' line item. If the 'use of fund balance' line was removed, the City's actual revenues were \$155,082 more than the final budget, primarily due to receiving more sales tax and more intergovernmental revenues than anticipated. The City's final amended budgeted expenditures were \$819,132 less than the original passed budget. Actual expenditures were \$148,769 more than budgeted expenditures, which is primarily attributed to the City spending significantly more than anticipated on General Government and Streets expenditures.

### **Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$43,299,930 (net of accumulated depreciation). This investment in capital assets consists of land and roads.

Additional information on the City's capital assets can be found in Note 3.

### **Future Economic Factors**

- The City conducted studies during the fiscal year for potential stormwater and transportation projects to help plan for future projects and needs of the City.

### **Request for Information**

This financial report is designed to provide a general overview of the City of Lake Point'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 the City Recorder, 1528 Sunset Rd., Lake Point Utah, 84074.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LAKE POINT**  
**STATEMENT OF NET POSITION**  
**June 30, 2025**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 1,578,824
Accounts receivable	15,844
Property tax receivable	362,975
Due from other governments	<u>134,701</u>
<b>Total Current Assets</b>	<u>2,092,344</u>
<b>Noncurrent Assets:</b>	
Restricted cash and cash equivalents	101,559
Restricted receivable	56,362
Capital assets, not depreciated	22,500,000
Capital assets, net of accumulated depreciation	<u>20,799,930</u>
<b>Total Noncurrent Assets</b>	<u>43,457,851</u>
<b>Total Assets</b>	<u>45,550,195</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	53,872
Accrued wages	<u>4,336</u>
<b>Total Current Liabilities</b>	<u>58,208</u>
<b>Noncurrent Liabilities:</b>	
Liabilities from restricted assets:	
Due to other governments	<u>44,433</u>
<b>Total Noncurrent Liabilities</b>	<u>44,433</u>
<b>Total Liabilities</b>	<u>102,641</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows of Resources - property taxes	<u>372,755</u>
<b>Total Deferred Inflows of Resources</b>	<u>372,755</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>475,396</u>
<b>NET POSITION</b>	
Net investment in capital assets	43,299,930
Restricted for:	
Streets	139,511
Unspent grant proceeds	18,410
Unrestricted	<u>1,616,948</u>
<b>Total Net Position</b>	<u>\$ 45,074,799</u>

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

**CITY OF LAKE POINT  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2025**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Governmental Activities:</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
General government	\$ 645,035	\$ 335,280	\$ 107,500	\$ -	\$ (202,255)
Public safety	285,066	-	4,040	-	(281,026)
Highways and streets	886,781	42,257	353,717	-	(490,807)
Sanitation	195,872	219,230	-	-	23,358
<b>Total Governmental Activities</b>	<b>\$ 2,012,754</b>	<b>\$ 596,767</b>	<b>\$ 465,257</b>	<b>\$ -</b>	<b>(950,730)</b>
			<b>General Revenues:</b>		
					424,780
					662,124
					32,351
					2,959
					175
					64,602
					439
			<b>Total General Revenues</b>		<b>1,187,430</b>
					236,700
					<b>44,804,721</b>
					<b>33,378</b>
					<b>\$45,074,799</b>

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

**CITY OF LAKE POINT**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
**June 30, 2025**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 722,112	\$ 856,712	\$ 1,578,824
Restricted cash and cash equivalents	101,559	-	101,559
Accounts receivable, net	15,844	-	15,844
Tax receivable	362,975	-	362,975
Restricted receivable	56,362	-	56,362
Due from other governments	134,701	-	134,701
<b>Total Assets</b>	<b>1,393,553</b>	<b>856,712</b>	<b>2,250,265</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	53,872	-	53,872
Unearned Revenue	18,410	-	18,410
Accrued wages	4,336	-	4,336
Liabilities payable from restricted assets:			
Due to other governments	44,433	-	44,433
<b>Total Liabilities</b>	<b>121,051</b>	<b>-</b>	<b>121,051</b>
<b>Deferred inflows of resource - unavailable revenue</b>	<b>354,345</b>	<b>-</b>	<b>354,345</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>475,396</b>	<b>-</b>	<b>475,396</b>
<b>Fund Balances:</b>			
Restricted:			
Class C receivable	56,362	-	56,362
Unspent transit tax proceeds	83,149	-	83,149
Unspent grant proceeds	18,410	-	18,410
Assigned:			
Capital projects	-	856,712	856,712
Unassigned	760,236	-	760,236
<b>Total Fund Balances</b>	<b>918,157</b>	<b>856,712</b>	<b>1,774,869</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,393,553</b>	<b>\$ 856,712</b>	<b>\$ 2,250,265</b>

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

**CITY OF LAKE POINT**  
**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2025**

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

<b>Total fund balance - governmental funds</b>	\$ 1,774,869
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund.	<u>43,299,930</u>
<b>Total net position - governmental activities</b>	<u>\$ 45,074,799</u>

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

**CITY OF LAKE POINT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND  
For The Year Ended June 30, 2025**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Property tax	\$ 424,780	\$ -	\$ 424,780
Sales tax	662,124	-	662,124
Telecommunications tax	2,959	-	2,959
Room tax	32,351	-	32,351
Licenses and permits	335,280	-	335,280
Intergovernmental	507,514	-	507,514
Charges for services	219,230	-	219,230
Interest	59,746	4,856	64,602
Miscellaneous	614	-	614
<b>Total Revenues</b>	<b>2,244,598</b>	<b>4,856</b>	<b>2,249,454</b>
<b>Expenditures:</b>			
General government	645,035	-	645,035
Public safety	285,066	-	285,066
Highways and streets	339,414	-	339,414
Sanitation	195,872	-	195,872
<b>Total Expenditures</b>	<b>1,465,387</b>	<b>-</b>	<b>1,465,387</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>779,211</b>	<b>4,856</b>	<b>784,067</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	851,856	851,856
Transfers out	(851,856)	-	(851,856)
<b>Total Other Financing Sources (uses)</b>	<b>(851,856)</b>	<b>851,856</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(72,645)</b>	<b>856,712</b>	<b>784,067</b>
<b>Fund Balance, Beginning</b>	<b>957,424</b>	<b>-</b>	<b>957,424</b>
Prior Period Adjustment	33,378	-	33,378
<b>Fund Balance, Ending</b>	<b>\$ 918,157</b>	<b>\$ 856,712</b>	<b>\$ 1,774,869</b>

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

**CITY OF LAKE POINT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2025**

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

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 784,067</b>
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Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation	<u>(547,367)</u>
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<b>Change in net position of governmental activities</b>	<b><u>\$ 236,700</u></b>
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*The notes to financial statements are an integral part of this statement.*

# CITY OF LAKE POINT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF ACCOUNTING POLICIES

#### Reporting Entity

The city of Lake Point (the City) was incorporated in 2022 and is located in Tooele County. The City provides sanitation and road maintenance services. The City is governed by a council composed of five members.

#### Summary of Significant Accounting Policies

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

The following is a summary of the more significant policies.

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (the *Statement of Net Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the City. Governmental activities are supported by charges for services, contributions, and intergovernmental revenues.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those which 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) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported as general revenues.

#### 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 recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes.

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

**CITY OF LAKE POINT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

Fund Accounting

The City uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City accounts for all transactions in the General Fund, which is a governmental fund.

Tax Revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget must be done before September 1. All property taxes levied by the City are assessed and collected by Tooele County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on the January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from each County on a monthly basis.

Sales tax, transient room tax, municipal telecommunications tax, and additional transit tax are collected by the Utah State Tax Commission and are remitted to the City monthly.

Cash and Cash Equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Investments, in the form of accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool), of the City are stated at cost, which approximates fair value.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the City would then use committed, assigned and lastly, unassigned amounts from the unrestricted fund balance when expending funds.

Accounts Receivable

The accounts receivable balance is stated at the amount management expects to collect from outstanding balances.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost in excess of the applicable category's predetermined amounts per policy and an estimated useful life more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Amortization of capital assets acquired with a capital lease has been included in depreciation expense.

**CITY OF LAKE POINT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

Capitalization thresholds per City policy are as follows:

- Land – All, regardless of value.
- Construction in Progress – \$5,000
- Machinery, Equipment, and Vehicles – \$5,000
- Land Improvements – \$15,000
- Buildings – \$15,000
- Sanitary Sewers – \$15,000
- Stormwater Management Systems – \$25,000
- Sidewalks/Bike Paths – \$25,000
- Traffic Control Devices – \$30,000
- Building Improvements – \$50,000
- Roads/Roadways – \$50,000
- Bridges/Culverts – \$50,000
- Parking Lots – \$50,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Infrastructure assets      40 years

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. For the year ended June 30, 2025, there were no deferred outflows.

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 reports deferred inflows of resources relating to property tax.

Fund Equity

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

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

**CITY OF LAKE POINT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. 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, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Annual budgets are prepared and adopted, in accordance with the Uniform Fiscal Procedures Act adopted by the State of Utah, by the City Council on or before June 30 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. All annual budgets lapse at fiscal year-end.

**CITY OF LAKE POINT  
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. If an unreserved fund balance is greater than 35% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the actual total expenditures do not exceed the total expenditures per the adopted budget, in which case a public hearing must be held.

The budget for the General Fund is prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Change in Accounting Principle

During the year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. This Statement creates a unified model for reporting, as well as amends certain previously required disclosures. As a result of implementing this standard, the City noted no significant change necessary, therefore, the City has not restated its net position.

**NOTE 2 CASH AND CASH EQUIVALENTS**

The City's deposit and investment policy is to follow the Utah Money Management Act (the Act) and rules by the Utah Money Management Council, however, the City does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

As of June 30, 2025, the City had the following deposits and investments:

Cash and cash equivalents	
Cash on hand and deposits	\$ 179,512
Public Treasurer's Investment Fund	<u>1,500,871</u>
Total cash and cash equivalents	<u>\$ 1,680,383</u>

The City follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and investment transactions. This law requires the depositing of District 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 that has been certified by the state commissioner of financial institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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

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

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing mainly in the Utah Public Treasurer's Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

**CITY OF LAKE POINT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**NOTE 2 CASH AND CASH EQUIVALENTS (Continued)**

*Custodial credit risk – 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. As of June 30, 2025, \$1,597,549 of the City’s combined bank and PTIF balance of \$1,847,549 were uninsured and uncollateralized.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issues of the investment securities.

The City invests in the Utah Public Treasurer’s Investment Fund (PTIF), which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer’s Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. As of June 30, 2025, the Utah Public Treasurer’s Investment Fund was unrated. The maximum weighted average maturity (WAM) of the portfolio was 66.13 days.

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 costs basis. The income, gains, losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participants’ share to the total funds in the PTIF based on the participants’ average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available from the Utah State Treasurer’s Office.

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

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and
- *Level 3*: Unobservable inputs

For the year ended June 30, 2025, the City had deposits of \$1,500,871 with the PTIF. The fair value of these investments was \$1,503,851 using the Utah State Treasurer’s 365-day fair value factor of 1.00198542. The PTIF investment is considered a *Level 2* investment. Because the difference between the fair value and the reported amount is minimal, the reported value is deemed to be the fair value.

**CITY OF LAKE POINT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**NOTE 3 CAPITAL ASSETS**

The following summarizes the City’s capital assets:

	<u>Beginning Balance 6/30/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/2025</u>
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 22,500,000	\$ -	\$ -	\$ 22,500,000
<b>Total capital assets, not being depreciated</b>	<u>22,500,000</u>	<u>-</u>	<u>-</u>	<u>22,500,000</u>
<b>Capital assets, being depreciated</b>				
Infrastructure	21,894,664	-	-	21,894,664
<b>Total capital assets, being depreciated</b>	21,894,664	-	-	21,894,664
<b>Less accumulated depreciation for</b>				
Infrastructure	(547,367)	(547,367)	-	(1,094,734)
<b>Total accumulated depreciation</b>	(547,367)	(547,367)	-	(1,094,734)
<b>Capital assets being depreciated, net</b>	<u>21,347,297</u>	<u>(547,367)</u>	<u>-</u>	<u>20,799,930</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 43,847,297</u>	<u>\$ (547,367)</u>	<u>\$ -</u>	<u>\$ 43,299,930</u>

Depreciation/Amortization was charged to the functions/programs of the City for the year ended June 30, 2025, as follows:

<b>Governmental activities</b>	
Highways and public works	<u>\$ 547,367</u>

**NOTE 4 RESTRICTED ASSETS**

The City at times has certain assets that are restricted in their use. For June 30, 2025, these restricted assets are as follows:

Unspent grant proceeds	\$ 18,410
Unspent transit tax proceeds	83,149
Transit Tax receivable	11,929
Class C Road <sup>1</sup> receivable	<u>44,433</u>
<b>Total restricted assets</b>	<u>\$ 157,921</u>

**NOTE 5 DEFERRED INFLOWS**

In conjunction with GASB pronouncement 33, “Accounting and Financial Reporting for Nonexchange Transactions” the City has accrued property tax receivable and a deferred inflow in the General Fund in the amount of \$354,345.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 30 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2025, was not expected to be received within 30 days after the year ended June 30, 2025, the City was required to record receivable and deferred inflow of the estimated amount of the total property tax to be levied on October 1, 2025.

**CITY OF LAKE POINT  
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**NOTE 6 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 for which it carries insurance. Liability, property and casualty, and workman’s compensation insurance are all carried by the City through Utah Local Governments Trust. There were no significant reductions in coverage from the prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 7 EXCESSE OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2025, expenditures exceeded appropriations in the General Fund by \$148,769. These over-expenditures were funded by available fund balance.

**NOTE 8 TRANSFERS**

During the year transfers were made which will not be repaid. These transfers occurred in accordance with budgetary authorizations with the purpose of financing future capital outlays of the City. Interfund transfers for the year ended June 30, 2025, are as follows:

	<b>In</b>	<b>Out</b>
Governmental Funds:		
General Fund	\$ -	\$851,856
Capital Projects	851,856	-
Total Governmental Transfers	\$ 851,856	\$ 851,856

**NOTE 9 PRIOR PERIOD ADJUSTMENT**

The City determined that total expenditures in fiscal year 2024 had been erroneously overstated. The beginning General Fund balance and beginning Governmental Activities net position, has therefore been restated to correct this error, as detailed below.

	<b>Governmental Activities</b>	<b>General Fund</b>
Beginning fund balance	\$ 44,804,721	\$ 957,424
Correction of prior year overstatement of expenditures	33,378	33,378
Beginning fund balance, as restated	\$ 44,838,099	\$ 990,802

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LAKE POINT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For The Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Variance With</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Original Budget</u>		<u>Final Budget -</u>
			<u>over (under)</u>	<u>Amounts</u>	<u>over (under)</u>
			<u>Final Budget</u>		<u>Actual Amounts</u>
<b>Revenues:</b>					
Taxes:					
Property	\$ 335,466	\$ 461,606	\$ 126,140	\$ 424,780	\$ 36,826
Sales	700,000	536,977	(163,023)	662,124	(125,147)
Telecommunications	2,000	2,366	366	2,959	(593)
Room	15,000	23,392	8,392	32,351	(8,959)
Licenses and permits	348,000	364,581	16,581	335,280	29,301
Intergovernmental	381,000	424,108	43,108	507,514	(83,406)
Charges for service	205,000	212,673	7,673	219,230	(6,557)
Interest	20,000	58,496	38,496	59,746	(1,250)
Miscellaneous	2,000	1,153	(847)	614	539
Use of fund balance	498,120	498,120	-	-	498,120
<b>Total Revenues</b>	<u>2,506,586</u>	<u>2,583,472</u>	<u>76,886</u>	<u>2,244,598</u>	<u>338,874</u>
<b>Expenditures:</b>					
General government:					
City council	405,800	240,423	(165,377)	300,225	(59,802)
City recorder	41,620	49,901	8,281	55,060	(5,159)
City Treasurer	11,500	9,325	(2,175)	9,989	(664)
Planning and zoning	40,214	57,521	17,307	62,120	(4,599)
Building inspections	155,000	223,658	68,658	217,641	6,017
Reserves	565,597	-	(565,597)	-	-
Public safety:					
Emergency Services	31,500	3,027	(28,473)	3,027	-
Public Safety:	261,455	282,039	20,584	282,039	-
Highways and streets:					
Streets	455,100	261,604	(193,496)	339,414	(77,810)
Sanitation:					
Solid waste	163,800	184,958	21,158	195,872	(10,914)
<b>Total Expenditures</b>	<u>2,131,586</u>	<u>1,312,454</u>	<u>(819,132)</u>	<u>1,465,387</u>	<u>(152,933)</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<u>375,000</u>	<u>1,271,018</u>	<u>896,018</u>	<u>779,211</u>	<u>491,807</u>
<b>Other Financing Sources (Uses)</b>					
Transfer out	(375,000)	(472,000)	(97,000)	(851,856)	379,856
<b>Total Other Financing Sources (Uses)</b>	<u>(375,000)</u>	<u>(472,000)</u>	<u>(97,000)</u>	<u>(851,856)</u>	<u>379,856</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 799,018</u>	<u>\$ 799,018</u>	<u>(72,645)</u>	<u>\$ 871,663</u>
<b>Fund Balance, Beginning</b>				<u>957,424</u>	
Prior Period Adjustment				33,378	
<b>Fund Balance, Ending</b>				<u>\$ 918,157</u>	

## **SUPPLEMENTAL REPORTS**

**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**



CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

City Council Members  
City of Lake Point  
Lake Point, 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 and each major fund of the City of Lake Point (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated February 27, 2026.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as item 2025-01 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**Lake Point’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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

*K&C, CPAs*

K&C, Certified Public Accountants  
Woods Cross, Utah  
February 27, 2026

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



**CERTIFIED PUBLIC  
ACCOUNTANTS**

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

City Council Members  
City of Lake Point  
Lake Point, Utah

**Report on Compliance**

We have audited the City of Lake Point’s (the City) 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
- Restricted Taxes and Related Restricted Revenue
- Fraud Risk Assessment
- Governmental Fees
- Open and Public Meetings Act
- Cash Management

***Opinion on Compliance***

In our opinion, the 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). 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 the 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 the 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 Lake Point’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 the 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 the 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 the 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 Lake point’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.

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 2025-02, 2025-03, and 2025. Our opinion on compliance is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the City’s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and recommendations. The City’s response was not subject to the other auditing procedures applied to 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 or significant deficiencies, 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.

*K&C, CPAs*

K&C, Certified Public Accountants  
 Woods Cross, Utah  
 February 27, 2026

**CITY OF LAKE POINT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Internal Control**

**2025-01 Internal Control - Financial Close and Reporting (Material Weakness)**

**Condition:** During our audit we noted several areas of the financial statements that required material adjustments to bring them into compliance with generally accepted accounting principles for governmental entities.

**Criteria:** Utah Code Annotated (UCA) 10-6-107 states: “The accounting records of cities shall be established and maintained, and financial statements prepared from those records in conformance with generally accepted accounting principles...”

**Cause:** The financials records for the fiscal year under audit were prepared in such a way that the General Fund and the Capital Projects Fund had been combined into a single entity – and both presented as the General Fund. This fact had not been communicated to our firm when the financials were provided, and no reconciliation had been provided to us to show the intended split out of these two funds for reporting purposes. Furthermore, the Capital Project Fund accounts had also been coded using General Fund naming conventions with account names having the prefix of “10”, which further prevented their identification of belonging to a different fund entirely. This fact was only uncovered as a result of audit procedures, and material adjusting entries were needed to correct this so that the City’s financials could be presented in a manner that complies with GAAP and GASB requirements.

**Effect:** The financials that had been prepared by the City were materially misstated and required significant audit adjusting entries to bring them into compliance.

**Recommendation:** We recommend that the City prepare its financial records in such a way that it clearly identifies which accounts belong to each legally distinct funds and to provide separate accounting records for each fund of the City and to not present multiple distinct funds together as a single fund for reporting purposes.

**Management’s Response:** Management agrees with the auditor's findings and will work to correct them.

**State Compliance**

**2025-02 – State Compliance- Budgetary Compliance (Significant Deficiency)**

**Condition:** During our testing of budgetary compliance K&C noted that the fiscal year 2025 budget did not contain all the information required by Utah State Code, as it was missing the estimated total revenues and expenditures for the remaining “current fiscal period” (fiscal year 2024).

**Criteria:** Per Utah State Code annotated 10-6-111-(1)-(b): “The tentative budget of each fund shall set forth in tabular form: the actual revenues and expenditures in the last completed fiscal period; the estimated total revenues and expenditures for the current fiscal period; the budget officer’s estimates of the revenues and expenditures for the budget period...”

**Cause:** The budget was not prepared in such a way where it contained all the required information.

**Effect:** Since the budget only included the “year-to-date” balances for fiscal year 2024 it was missing the final 2-3 months of fiscal year 2024 activity that State Code requires to be estimated.

**Recommendation:** We recommend that when the City is preparing its tentative budget that the City add an additional column for the estimate of total current fiscal year revenues and expenditures.

**Management’s Response:** Management agrees with the auditor's findings and will work to correct them.

**CITY OF LAKE POINT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2025**

**2025-03 – State Compliance- Budgetary Compliance (Significant Deficiency)**

**Condition:** During our testing of State Compliance, it was noted that the City was over-budget in the General Fund by \$148,767.

**Criteria:** Utah Code Annotated (UCA) 10-6-123 states “City officers may not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended...”

**Cause:** When the City was amending the budget at the end of the fiscal year not enough was appropriated to cover estimated expenditures that would be accounted for as a result of preparing the financial records for reporting purposes.

**Effect:** The City had more expenditures than could be covered by budgeted appropriations.

**Recommendation:** We recommend that the City change the budget amendment processes so that estimates of accrued expenditures are considered when estimating the budget, including making needed inquiries of the City’s accounting personnel and resources.

**Management’s Response:** Management agrees with the auditor's findings and will work to correct them.

**2025-04 – State Compliance- Budgetary Compliance (Significant Deficiency)**

**Condition:** During our testing of State Compliance, it was noted that the City appeared to have severely mislabeled their final amended budget report which prevented the users of the budget to be able to effectively read and understand the budget as presented. The final amended budget as uploaded to the Utah Public Notice Website appears to have labeled the amended budget figures as “Actual Year to Date (YTD) 2025”, which is normally read to mean the City’s actual expenditures, not budgeted expenditures. Furthermore, the column labeled “Budget 2025” did not appear to reflect the final amended budget, and instead seemed to be the budgeted figures prior to being amended.

**Criteria:** Per Utah State Code annotated 10-6-111-(1)-(b): “The tentative budget of each fund shall set forth in tabular form: the actual revenues and expenditures in the last completed fiscal period; the estimated total revenues and expenditures for the current fiscal period; the budget officer’s estimates of the revenues and expenditures for the budget period...”

**Cause:** The budget officer failed to properly label the budget columns to reflect the information being presented.

**Effect:** The budget as presented to the public is unable to be properly interpreted due to the mislabeling.

**Recommendation:** We recommend that the City review their budget prior to presentation to the public to ensure the financial information aligns with labels assigned to that information so that a user of the budget can understand what is being presented.

**Management’s Response:** Management agrees with the auditor's findings and will work to correct them.