

La Verkin City

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

La Verkin City
TABLE OF CONTENTS
June 30, 2025

	<u>Beginning on page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	14
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Notes to Financial Statements	27
REQUIRED SUPPLEMENTARY INFORMATION	52
Notes to Required Supplementary Information	54
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	55
Schedule of the Proportionate Share of the Net Pension Liability	56
Schedule of Contributions	57
SUPPLEMENTAL INFORMATION	58
Combining Balance Sheet - Nonmajor Governmental Funds	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	60
OTHER COMMUNICATIONS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61
Independent Auditor's Report on Compliance and Report on Internal Control over Compliance as Required by the <i>State Compliance Audit Guide</i>	63



To the City Council and Mayor
LaVerkin City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LaVerkin City, Utah as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise LaVerkin City, Utah'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, the business-type activities, each major fund, and the aggregate remaining fund information of LaVerkin City, Utah, 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 Opinions

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 LaVerkin City, Utah 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 LaVerkin City, Utah'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 LaVerkin City, Utah'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 LaVerkin City, Utah'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, budgetary comparison information, schedule of the proportionate share of the net pension liability, and the schedule of contributions as listed in the table of contents 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 January 30, 2026, on our consideration of LaVerkin City, Utah’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 LaVerkin City, Utah’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 LaVerkin City, Utah’s internal control over financial reporting and compliance.

Rees CPA

Rees CPA
Cedar City, Utah
January 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This page intentionally left blank.

La Verkin City
Management's Discussion and Analysis
June 30, 2025

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

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$1,106,907
- *Total unrestricted net position for the City as a whole increased by \$291,422
- *Total net position for governmental activities increased by \$569,874
- *Total net position for business-type activities increased by \$537,032

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of La Verkin City. The 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, deferred outflows, liabilities, and deferred inflows, 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.

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.

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 statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

La Verkin City
Management's Discussion and Analysis
June 30, 2025

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

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. 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.

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 government 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 government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds, the general fund and the capital projects fund.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

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 uses three enterprise funds to account for the operations of the water, irrigation, and storm drainage utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the City.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

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. The notes to the financial statements are reported later in this report; see Table of Contents.

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

La Verkin City
Management's Discussion and Analysis
June 30, 2025

FINANCIAL ANALYSIS

La Verkin City's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 3,600,231	3,597,762	2,821,186	2,291,030	6,421,418	5,888,792
Net capital assets	6,559,096	6,006,854	2,838,556	2,872,483	9,397,651	8,879,337
Deferred outflows of resources	323,658	343,628	107,369	113,994	431,027	457,622
Total assets and deferred outflows	10,482,985	9,948,244	5,767,111	5,277,506	16,250,096	15,225,751
Long-term debt outstanding	1,663,097	1,738,518	1,572,000	1,663,000	3,235,097	3,401,518
Other liabilities	732,851	705,929	506,454	462,586	1,239,305	1,168,515
Deferred inflows of resources	454,481	441,116	622	918	455,103	442,034
Total liabilities and deferred inflows	2,850,429	2,885,563	2,079,076	2,126,504	4,929,505	5,012,066
Net position:						
Net investment in						
capital assets	4,895,999	4,268,336	1,266,556	1,209,483	6,162,554	5,477,819
Restricted	718,480	598,172	387,269	376,830	1,105,750	975,002
Unrestricted	2,018,077	2,196,174	2,034,210	1,564,691	4,052,287	3,760,865
Total net position	\$ 7,632,556	7,062,682	3,688,035	3,151,003	11,320,591	10,213,684

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$11,320,591, an increase of \$1,106,907 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year are \$4,052,287 which represents an increase of \$291,422 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

La Verkin City
Management's Discussion and Analysis
June 30, 2025

La Verkin City's Change in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Program revenues:						
Charges for services	\$ 1,523,730	1,380,263	1,722,503	1,578,441	3,246,233	2,958,704
Operating grants	491,771	362,643	-	-	491,771	362,643
Capital grants	43,500	52,657	156,180	-	199,680	52,657
General revenues:						
Property taxes	487,578	484,423	-	-	487,578	484,423
Sales tax	1,325,949	1,206,643	-	-	1,325,949	1,206,643
Other taxes	553,131	469,398	-	-	553,131	469,398
Impact fees	387,780	136,234	159,841	199,239	547,620	335,473
Other revenues	195,946	278,119	111,281	93,145	307,227	371,264
Total revenues	5,009,384	4,370,381	2,149,805	1,870,825	7,159,189	6,241,206
Expenses:						
General government	840,099	660,807	-	-	840,099	660,807
Public safety	1,300,783	1,071,090	-	-	1,300,783	1,071,090
Streets and public works	1,804,142	1,713,885	-	-	1,804,142	1,713,885
Parks and recreation	544,127	568,665	-	-	544,127	568,665
Interest on long-term debt	20,359	23,020	-	-	20,359	23,020
Water	-	-	1,192,896	1,255,389	1,192,896	1,255,389
Irrigation	-	-	143,291	144,865	143,291	144,865
Drainage	-	-	206,586	159,524	206,586	159,524
Total expenses	4,509,510	4,037,468	1,542,773	1,559,778	6,052,283	5,597,246
Excess (deficiency) before transfers	499,874	332,913	607,032	311,047	1,106,907	643,959
Transfers in (out)	70,000	62,000	(70,000)	(62,000)	-	-
Change in net position	\$ 569,874	394,913	537,032	249,047	1,106,907	643,959

For the City as a whole, total revenues increased by \$917,983 compared to the previous year, while total expenses increased by \$455,037. The total net change of \$1,106,907 is, in private sector terms, the net income for the year which is \$462,948 more than the previous year.

Governmental activities revenues of \$5,009,384 is an increase of \$639,003 from the previous year. This is primarily due to an increase in impact fee revenues during the year. Governmental activities expenses of \$4,509,510 is an increase of \$472,042 from the previous year. While parks and recreation expenses decreased, all other department expenses increased.

Business-type activities revenue of \$2,149,805 is an increase of \$278,980 from the previous year. Service revenues increased by \$144,062 and impact fees decreased by \$39,398. Business-type activities expenses of \$1,542,773 is a decrease of \$17,005 from the previous year. This is primarily due to a decrease in water and irrigation operation expenses.

La Verkin City
Management's Discussion and Analysis
June 30, 2025

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net position, and any restrictions on those amounts, are described below:

General Fund

The fund balance of \$2,925,962 reflects an increase of \$593,637 from the previous year. Total revenues increased by \$465,544. Tax revenues, including property taxes and sales taxes, increased by \$206,194. Intergovernmental revenue increased by \$119,971. Revenues from charges for services increased by \$101,404. All other revenues increased by \$37,975.

Total expenditures increased by \$270,250. General government expenditures increased by \$72,765, public safety expenditures increased by \$50,707, streets and public works expenditures increased by \$75,410, and parks and recreation expenditures increased by \$126,847. Debt service expenditures decreased by \$55,479.

Fund balance restricted for debt service, impact fees, Class C roads, and recreation and parks amounted to \$41,683, \$104,326, \$143,999, \$142,551, respectively. The unassigned fund balance amounts to \$2,493,402.

Water Fund

The change in net position (income) was \$393,080, which was \$359,856 more than the prior year's change in net position. Net position restricted for debt service is \$199,097. Unrestricted net position amounts to \$1,394,763.

Irrigation Fund

The change in net position (net income) was \$23,853, which was \$4,787 more than the previous year's net change. Net position restricted for construction and debt service was \$108,449 and \$12,000, respectively. Unrestricted net position amounts to \$229,914.

Drainage Fund

The change in net position (net income) was \$120,099, which was \$76,658 less than the previous year's change in net position. Unrestricted net position amounts to \$409,533.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$3,902,922. This amount was amended in the final budget to \$4,583,716. Actual revenues, excluding transfers, amounted to \$4,987,779.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$3,909,422. This amount was amended in the final budget to \$4,650,127. Actual expenditures amounted to \$4,360,718.

Transfers in for the year were originally budgeted in the amount of \$82,000. The final budget for transfers in was unchanged from the original. Actual transfers in were made in the amount of \$82,000. Transfers out for the year were originally budgeted in the amount of \$92,500. The final budget for transfers out was for the amount of \$92,500. Actual transfers out were made in the amount of \$115,424.

La Verkin City
Management's Discussion and Analysis
June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

La Verkin City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Capital Assets:						
Land and water rights	\$ 1,070,522	1,052,353	586,167	586,167	1,656,690	1,638,520
Buildings	1,722,029	1,722,029	-	-	1,722,029	1,722,029
Improvements	11,617,969	11,507,608	-	-	11,617,969	11,507,608
Water system	-	-	3,764,059	3,764,059	3,764,059	3,764,059
Irrigation system	-	-	818,917	818,917	818,917	818,917
Drainage	-	-	269,995	269,995	269,995	269,995
Machinery and equip.	1,435,979	1,256,324	572,596	462,596	2,008,574	1,718,920
Work in progress	1,013,953	405,697	858,499	858,499	1,872,452	1,264,197
Total capital assets	16,860,452	15,944,011	6,870,233	6,760,233	23,730,685	22,704,244
Less accumulated depreciation	(10,301,356)	(9,937,158)	(4,031,677)	(3,887,750)	(14,333,034)	(13,824,908)
Net capital assets	\$ 6,559,096	6,006,854	2,838,556	2,872,483	9,397,651	8,879,336

The total amount of capital assets, net of depreciation, of \$9,397,651 is an increase of \$518,315 from the previous year.

Governmental activities capital assets, net of depreciation, of \$6,559,096 is an increase of \$552,242 from the previous year.

Business-type activities capital assets, net of depreciation, of \$2,838,556 is a decrease of \$33,927 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

La Verkin City
Management's Discussion and Analysis
June 30, 2025

La Verkin City's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2017 Sales Tax Rev - Roads	\$ 199,000	212,000
2022 Sales Tax Refunding	1,335,000	1,389,000
2023 Ford F-150 Police Lease	58,772	62,606
2024 Chevy 3500 Streets Lease	70,325	74,912
Total governmental	\$ 1,663,097	1,738,518
 Business-type activities:		
2010 Water Revenue Bond	\$ 221,000	262,000
2014 Silver Acres	133,000	147,000
2010 Irrigation Water Revenue Bond	117,000	128,000
2022 Water Revenue	1,101,000	1,126,000
Total business-type	\$ 1,572,000	1,663,000
Total outstanding debt	\$ 3,235,097	3,401,518

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the City are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of La Verkin City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the City of La Verkin, 435 North Main Street, La Verkin, UT 84745.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

La Verkin City
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,889,272	2,276,332	4,165,604
Accounts receivable, net	979,005	168,025	1,147,031
Total current assets	<u>2,868,277</u>	<u>2,444,357</u>	<u>5,312,634</u>
Non-current assets:			
Restricted cash and cash equivalents	731,954	376,830	1,108,784
Capital assets:			
Not being depreciated	2,084,475	1,444,667	3,529,142
Net of accumulated depreciation	4,474,621	1,393,889	5,868,510
Total non-current assets	<u>7,291,050</u>	<u>3,215,385</u>	<u>10,506,435</u>
Total assets	<u>10,159,327</u>	<u>5,659,742</u>	<u>15,819,069</u>
Deferred outflows of resources - pensions	323,658	107,369	431,027
Total assets and deferred outflows of resources	<u>\$ 10,482,985</u>	<u>5,767,111</u>	<u>16,250,096</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 286,738	51,606	338,344
Accrued interest payable	7,612	10,225	17,837
Customer security deposits	-	274,805	274,805
Unearned Revenue	19,563	-	19,563
Compensated absences	44,066	42,751	86,817
Long-term debt due within one year	76,856	93,000	169,856
Total current liabilities	<u>434,834</u>	<u>472,387</u>	<u>907,222</u>
Non-current liabilities:			
Compensated absences	23,352	10,455	33,807
Long-term debt due after one year	1,586,241	1,479,000	3,065,241
Net pension liability	351,520	116,612	468,132
Total non-current liabilities	<u>1,961,114</u>	<u>1,606,067</u>	<u>3,567,180</u>
Total liabilities	<u>2,395,948</u>	<u>2,078,454</u>	<u>4,474,402</u>
Deferred inflows of resources - property taxes	452,606	-	452,606
Deferred inflows of resources - pensions	1,875	622	2,497
Total liabilities and deferred inflows of resources	<u>2,850,429</u>	<u>2,079,076</u>	<u>4,929,505</u>
NET POSITION:			
Net investment in capital assets	4,895,999	1,266,556	6,162,554
Restricted for:			
Debt service	204,316	211,097	415,412
Construction	390,877	176,173	567,049
Cemetery	123,288	-	123,288
Unrestricted	2,018,077	2,034,210	4,052,287
Total net position	<u>7,632,556</u>	<u>3,688,035</u>	<u>11,320,591</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,482,985</u>	<u>5,767,111</u>	<u>16,250,096</u>

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

La Verkin City
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 840,099	189,377	-	-	(650,722)
Public safety	1,300,783	44,326	104,310	-	(1,152,147)
Streets and public works	1,804,142	1,260,940	387,461	-	(155,741)
Parks, recreation and public property	544,127	29,086	-	43,500	(471,540)
Interest on long-term debt	20,359	-	-	-	(20,359)
Total governmental activities	4,509,510	1,523,730	491,771	43,500	(2,450,509)
Business-type activities:					
Water	1,192,896	1,309,928	-	156,180	273,212
Irrigation	143,291	144,463	-	-	1,172
Drainage	206,586	268,112	-	-	61,526
Total business-type activities	1,542,773	1,722,503	-	156,180	335,910
Total primary government	\$ 6,052,283	3,246,233	491,771	199,680	(2,114,599)

(continued on next page)

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

La Verkin City
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2025

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (2,450,509)	335,910	(2,114,599)
General revenues:			
Property taxes	487,578	-	487,578
Sales tax	1,325,949	-	1,325,949
Other taxes	553,131	-	553,131
Impact fees	387,780	159,841	547,620
Gain (loss) on sales of capital assets	-	-	-
Unrestricted investment earnings	122,963	111,281	234,244
Miscellaneous	72,983	-	72,983
Total general revenues	<u>2,950,384</u>	<u>271,122</u>	<u>3,221,505</u>
Transfers in (out)	<u>70,000</u>	<u>(70,000)</u>	<u>-</u>
Total general revenues and transfers	<u>3,020,384</u>	<u>201,122</u>	<u>3,221,505</u>
Change in net position	569,875	537,032	1,106,907
Net position - beginning	<u>7,062,682</u>	<u>3,151,003</u>	<u>10,213,684</u>
Net position - ending	<u><u>\$ 7,632,556</u></u>	<u><u>3,688,035</u></u>	<u><u>11,320,591</u></u>

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

La Verkin City
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,258,330	(370,557)	1,500	1,889,272
Receivables:			-	
Customer accounts, net of allowances	100,332	-	25	100,357
Due from other governments	426,042	-	-	426,042
Property tax - current levy	452,606	-	-	452,606
Restricted cash and cash equivalents	446,059	-	285,895	731,954
TOTAL ASSETS	\$ 3,683,368	(370,557)	287,420	3,600,231
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Accounts payable	\$ 190,233	-	1,500	191,733
Accrued liabilities	95,005	-	-	95,005
Unearned revenue	19,563	-	-	19,563
Total liabilities	304,801	-	1,500	306,301
Deferred inflows of resources - property taxes	452,606	-	-	452,606
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	757,407	-	1,500	758,907
FUND BALANCES:				
Nonspendable:				
Cemetery	-	-	58,954	58,954
Restricted for:				
Debt service	41,683	-	162,633	204,316
Cemetery	-	-	64,333	64,333
Capital projects	104,326	-	-	104,326
Class C roads	143,999	-	-	143,999
Recreation and parks	142,551	-	-	142,551
Committed for:				
Capital projects	-	(370,557)	-	(370,557)
Unassigned	2,493,402	-	-	2,493,402
TOTAL FUND BALANCES	2,925,962	(370,557)	285,920	2,841,325
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,683,368	(370,557)	287,420	3,600,231

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

La Verkin City
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 487,578	-	-	487,578
Sales	1,325,949	-	-	1,325,949
Other taxes	553,131	-	-	553,131
License and permits	172,272	-	-	172,272
Intergovernmental revenues	535,271	-	-	535,271
Charges for services	1,295,192	-	20,555	1,315,747
Fines and forfeitures	35,711	-	-	35,711
Interest	121,913	1,050	-	122,963
Miscellaneous revenue	72,983	-	-	72,983
Total revenues	4,600,000	1,050	20,555	4,621,605
EXPENDITURES:				
General government	706,133	597,864	-	1,303,997
Public safety	1,247,169.42	-	-	1,247,169
Streets and public works	1,722,562	-	-	1,722,562
Parks, recreation and public property	676,433	-	-	676,433
Debt service:				
Principal	8,421	-	67,000	75,421
Interest	-	-	20,690	20,690
Total expenditures	4,360,718	597,864	87,690	5,046,272
Excess (Deficiency) of Revenues over (Under) Expenditures	239,281	(596,814)	(67,135)	(424,667)
Other Financing Sources and (Uses):				
Impact fees	387,780	-	-	387,780
Developer contributions	-	-	-	-
Proceeds from bonds	-	-	-	-
Sale of fixed assets	-	-	-	-
Transfers in	82,000	22,924	92,500	197,424
Transfers (out)	(115,424)	-	(12,000)	(127,424)
Total other financing sources and (uses)	354,356	22,924	80,500	457,780
Net Change in Fund Balances	593,637	(573,890)	13,365	33,112
Fund balances - beginning of year	2,332,325	203,333	272,555	2,808,213
Fund balance - end of year	\$ 2,925,962	(370,557)	285,920	2,841,325

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

La Verkin City
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 June 30, 2025

Total Fund Balance for Governmental Funds	<u>\$ 2,841,325</u>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	16,860,452
Less accumulated depreciation	<u>(10,301,356)</u>
Net capital assets	<u>6,559,096</u>
Net pension assets are not financial resources and, therefore, are not reported in the funds	
	<u>-</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>323,658</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(1,663,097)</u>
Interest accrued but not yet paid on long-term debt	<u>(7,612)</u>
Compensated absences	<u>(67,418)</u>
Net pension liability	<u>(351,520)</u>
Deferred inflows of resources - pensions	<u>(1,875)</u>
Total Net Position of Governmental Activities	<u><u>\$ 7,632,556</u></u>

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

La Verkin City
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 33,112

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	916,441
Depreciation expense	(364,199)
Net	<u>552,242</u>

The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements. (75,708)

Long-term debt proceeds are reported as financing sources in governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities.

Lease financing proceeds	<u>-</u>
--------------------------	----------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repayments	<u>75,421</u>
-------------------------------------	---------------

Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.

Change in accrued interest	<u>331</u>
----------------------------	------------

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in compensated absence liability	<u>(15,523)</u>
---	-----------------

Change in Net Position of Governmental Activities \$ 569,875

La Verkin City
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2025

	Water Fund	Irrigation Fund	Drainage Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,623,802	224,071	428,459	2,276,332
Accounts receivable, net	130,921	13,622	23,482	168,025
Total current assets	<u>1,754,723</u>	<u>237,693</u>	<u>451,941</u>	<u>2,444,357</u>
Non-current assets:				
Restricted cash and cash equivalents	199,097	123,415	54,318	376,830
Capital assets:				
Not being depreciated	976,767	467,899	-	1,444,667
Net of accumulated depreciation	720,620	499,305	173,964	1,393,889
Total non-current assets	<u>1,896,484</u>	<u>1,090,619</u>	<u>228,283</u>	<u>3,215,385</u>
Total assets	<u>3,651,206</u>	<u>1,328,312</u>	<u>680,224</u>	<u>5,659,742</u>
Deferred outflows of resources - pensions	72,197	13,405	21,767	107,369
Total assets and deferred outflows of resources	<u>\$ 3,723,404</u>	<u>1,341,717</u>	<u>701,990</u>	<u>5,767,111</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 29,294	3,972	18,340	51,606
Accrued interest payable	10,225	-	-	10,225
Compensated absences	32,656	3,913	6,182	42,751
Customer security deposits	274,805	-	-	274,805
Long-term debt, current position	82,000	11,000	-	93,000
Total current liabilities	<u>428,981</u>	<u>18,886</u>	<u>24,521</u>	<u>472,387</u>
Non-current liabilities:				
Compensated absences	6,346	1,628	2,481	10,455
Long-term debt, long-term portion	1,373,000	106,000	-	1,479,000
Net pension liability	78,412	14,559	23,641	116,612
Total non-current liabilities	<u>1,457,758</u>	<u>122,187</u>	<u>26,122</u>	<u>1,606,067</u>
Total liabilities	<u>1,886,739</u>	<u>141,072</u>	<u>50,643</u>	<u>2,078,454</u>
Deferred inflows of resources - pensions	418	78	126	622
Total liabilities and deferred inflows of resources	<u>1,887,157</u>	<u>141,150</u>	<u>50,769</u>	<u>2,079,076</u>
NET POSITION:				
Net investment in capital assets	242,387	850,204	173,964	1,266,556
Restricted for:				
Construction	-	108,449	67,724	176,173
Debt service	199,097	12,000	-	211,097
Unrestricted	1,394,763	229,914	409,533	2,034,210
Total net position	<u>1,836,247</u>	<u>1,200,567</u>	<u>651,221</u>	<u>3,688,035</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,723,404</u>	<u>1,341,717</u>	<u>701,990</u>	<u>5,767,111</u>

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

La Verkin City
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended June 30, 2025

	Water Fund	Irrigation Fund	Drainage Fund	Total Enterprise Funds
Operating income:				
Charges for sales and service	\$ 1,252,411	110,376	268,112	1,630,899
Connection fees	22,100	3,304	-	25,404
Other operating income	35,417	30,783	-	66,201
Total operating income	1,309,928	144,463	268,112	1,722,503
Operating expenses:				
Personnel services	644,957	85,068	147,919	877,944
Operating and maintenance	358,208	24,281	25,605	408,094
Utilities	20,965	308	-	21,274
Insurance expense	8,886	8,886	8,886	26,659
Other supplies and expenses	22,391	4,274	11,322	37,987
Depreciation expense	110,601	20,473	12,853	143,927
Total operating expense	1,166,009	143,291	206,586	1,515,886
Net operating income (loss)	143,920	1,172	61,526	206,618
Non-operating income (expense):				
Sale of fixed assets	-	-	-	-
Impact fees	78,401	8,034	73,406	159,841
Interest income	76,467	14,647	20,167	111,281
Interest on long-term debt	(26,887)	-	-	(26,887)
Total non-operating income (expense)	127,980	22,681	93,573	244,234
Income (loss) before transfers and capital contributions	271,900	23,853	155,099	450,852
Capital contributions	156,180	-	-	156,180
Net transfers in (out)	(35,000)	-	(35,000)	(70,000)
Change in net position	393,080	23,853	120,099	537,032
Net position - beginning	1,443,166	1,176,714	531,123	3,151,003
Net position - ending	\$ 1,836,247	1,200,567	651,221	3,688,035

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

La Verkin City
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Water Fund	Irrigation Fund	Drainage Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers - service	\$ 1,308,935	143,736	267,786	1,720,457
Cash paid to suppliers	(435,653)	(37,295)	(30,734)	(503,682)
Cash paid to employees	(621,032)	(81,061)	(141,422)	(843,515)
Net cash provided (used) in operating activities	252,250	25,379	95,630	373,260
Cash flows from noncapital financing activities:				
Transfers in (out)	(35,000)	-	(35,000)	(70,000)
Change in customer deposits	26,030	-	-	26,030
Net cash provided (used) in noncapital financing activities	(8,970)	-	(35,000)	(43,970)
Cash flows from capital and related financing activities:				
Cash from sale of capital assets	-	-	-	-
Cash from impact fees	78,401	8,034	73,406	159,841
Cash from capital grants	156,180	-	-	156,180
Cash payments for capital assets	(50,000)	-	(60,000)	(110,000)
Cash payments for long-term debt principal	(80,000)	(11,000)	-	(91,000)
Cash payments for long-term debt interest	(27,481)	-	-	(27,481)
Net cash provided (used) in capital and related financing activities	77,100	(2,966)	13,406	87,539
Cash flows from investing activities:				
Cash received from interest earned	76,467	14,647	20,167	111,281
Net cash provided (used) in investing activities	76,467	14,647	20,167	111,281
Net increase (decrease) in cash	396,847	37,060	94,203	528,110
Cash balance, beginning	1,426,051	310,426	388,574	2,125,051
Cash balance, ending	\$ 1,822,898	347,486	482,777	2,653,161
Cash reported on the statement of net position:				
Cash and cash equivalents	\$ 1,623,802	224,071	428,459	2,276,332
Non-current restricted cash	199,097	123,415	54,318	376,830
Total cash and cash equivalents	\$ 1,822,898	347,486	482,777	2,653,161

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

La Verkin City
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)
For the Year Ended June 30, 2025

**Reconciliation of Operating Income to Net Cash
Provided (Used) in Operating Activities:**

	Water Fund	Irrigation Fund	Drainage Fund	Total Enterprise Funds
Net operating income (expense)	\$ 143,920	\$ 1,172	\$ 61,526	206,618
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	110,601	20,473	12,853	143,927
Changes in assets and liabilities:				
(Increase) decrease in receivables	(993)	(727)	(326)	(2,046)
(Increase) decrease in non-current assets	-	-	-	-
(Increase) decrease in deferred outflows	4,455	827	1,343	6,625
Increase (decrease) in payables	(25,202)	455	15,079	(9,668)
Increase (decrease) in accrued payroll	-	-	-	-
Increase (decrease) in compensated absences	7,037	871	1,406	9,314
Increase (decrease) in net pension liability	12,632	2,345	3,809	18,786
Increase (decrease) in deferred inflows	(199)	(37)	(60)	(296)
Net cash provided (used) in operating activities	\$ 252,250	25,379	95,630	373,260

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

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

La Verkin City (the City), a municipal corporation located in Washington County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable because of the significance of their operational or financial relationships with the City.

The City has no component units and is not a component unit of another entity.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports the financial position of the governmental and business-type activities of the City and its discretely presented component units at year-end.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

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. The City 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.

Property taxes, sales taxes, intergovernmental revenues, 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, if any, receivable 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 measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Policy regarding use of restricted resources

When faced with a choice, it is the City's policy to use restricted resources first, then committed and assigned amounts before spending unassigned amounts. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* is used to account for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

The City reports the following as non-major governmental funds:

The *debt service fund* is used to account for the accumulation for, and the payment of, governmental type long-term principal and interest.

The *cemetery fund* accounts for the assets held by the City to provide for the perpetual care of the cemetery.

Proprietary funds

The City reports the following major and non-major proprietary funds:

The *water fund* is used to account for the activities of the culinary water distribution system.

The *irrigation fund* accounts for the activities of the irrigation system

The *drainage fund* accounts for the activities of the City's drainage system.

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1-E-1. Deposit and Investments

Cash includes cash on hand, demand deposits with bank and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for investment in fund in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

1-E-2. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

1-E-3. *Receivables and Payables*

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Special assessments receivable are reported at the remaining amount of the initial assessment. An allowance is made for uncollectible accounts for balances over 90 days past due.

During the course of operations, there may be transactions that occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either due to or due from other funds.

Property taxes are assessed and collected for the City by Washington County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

1-E-4. *Restricted Assets*

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

1-E-5. *Inventories and Prepaid items*

Other inventories, which mainly consist of immaterial amounts of expendable supplies for consumption, are not reported. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

1-E-6. *Capital Assets*

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and 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 of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

1-E-6. Capital Assets (continued)

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Improvements	15-20
Utility systems	25-40
Machinery and equipment	3-10

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

1-E-8. Compensated Absences

The City has a policy allowing compensated absence benefits to permanent employees for both sick and vacation leave.

Sick leave is accrued at a rate of 4 hours per pay period worked. There is no limit to the number of sick hours that may be accrued and an employee may carry over into the following year all remaining unused hours. No provision for unused sick leave has been made as the low degree of reliability and the cost of making the evaluation estimates of this liability would be too great.

Vacation leave is accrued at varying amounts per pay period worked depending on the years of service. There is no limit to the number of vacation hours that may be accrued and an employee may carry over into the following year all remaining unused hours. See Note 3-F for further detail.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

1-E-9. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources relating to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has two types of items that qualify for reporting in this category. The governmental funds report deferred revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied. The City also reports deferred inflows related to pensions as required by GASB 68.

1-E-10. *Pensions*

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

1-E-11. *Net position flow assumption*

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted – net position is applied.

1-E-12. *Fund balance flow assumptions*

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reports as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using and of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

1-E-13. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City 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.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The council has authorized the City Manager 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.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

1-F. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 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. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unassigned General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received to meet emergency expenditures, and to cover unanticipated deficits. Any unassigned General Fund balance greater than 35% of the current year's revenues must be appropriated within the following years.

Once adopted, budget amendments which increase total expenditures must be approved by the City Council following a public hearing. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

2-B. Deficit fund balance or net position

None of the City's funds carries a deficit fund balance or net position.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2025, consist of the following:

	Fair Value
Cash on hand	\$ 237
Demand deposits - checking	124,908
Reserves and escrow	26,854
State Treasurer's Investment Pool	5,122,389
Total cash	\$ 5,274,387

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents (current)	\$ 4,165,604
Restricted cash and cash equivalents (non-current)	1,108,784
Total cash and cash equivalents	\$ 5,274,387

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 72.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-A. Deposits and investments (continued)

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that city funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The City maintains monies not immediately needed for expenditure in PTIF accounts.

Fair value of investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2025, the City had \$5,122,389 invested in the PTIF, which uses a Level 2 fair value measurement.

Deposit and investment risk

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the City are available immediately.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-A. Deposits and investments (continued)

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2025, all of the City's demand deposits were insured.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

The allowance policy is described in Note 1-E-3. Receivables as of year-end for the City's funds are shown below:

	Governmental Activities	Business-type Activities	Total
Intergovernmental	\$ 406,479	-	406,479
Property taxes	452,606	-	452,606
Special assessments	19,563	-	19,563
Water services	-	161,491	161,491
Sewer services	81,113	-	81,113
Irrigation services	-	17,109	17,109
Garbage services	37,109	-	37,109
Storm drainage services	-	29,496	29,496
Other fees and services	7,823	-	7,823
Total receivables	1,004,693	208,095	1,212,788
Less allowance for uncollectibles	(25,687)	(40,070)	(65,757)
Net receivables	\$ 979,005	168,025	1,147,031

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital assets

Capital asset activity for governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and rights	\$ 1,052,353	18,170	-	1,070,522
Construction in progress	405,697	608,255	-	1,013,953
Total capital assets, not being depreciated	1,458,050	626,425	-	2,084,475
Capital assets, being depreciated:				
Buildings	1,722,029	-	-	1,722,029
Improvements other than buildings	11,507,608	110,361	-	11,617,969
Machinery and equipment	1,256,324	179,655	-	1,435,979
Total capital assets, being depreciated	14,485,961	290,016	-	14,775,977
Less accumulated depreciation for:				
Buildings	998,413	65,482	-	1,063,896
Improvements other than buildings	8,073,529	200,621	-	8,274,150
Machinery and equipment	865,216	98,095	-	963,311
Total accumulated depreciation	9,937,158	364,199	-	10,301,356
Total capital assets being depreciated, net	4,548,804	(74,183)	-	4,474,621
Governmental activities capital assets, net	\$ 6,006,854	552,242	-	6,559,096

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

Governmental activities:	
General government	\$ 42,734
Public safety	53,613
Streets and public works	240,260
Parks, recreation and public property	27,591
Total	\$ 364,199

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital assets (continued)

Capital asset activity for the business-type activities was as follows:

Business-type activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and water shares	\$ 586,167	-	-	586,167
Construction in progress	858,499	-	-	858,499
Total capital assets, not being depreciated	1,444,667	-	-	1,444,667
Capital assets, being depreciated:				
Water system	3,764,059	-	-	3,764,059
Irrigation system	818,917	-	-	818,917
Drainage system	269,995	-	-	269,995
Machinery and equipment	462,596	110,000	-	572,596
Total capital assets, being depreciated	5,315,566	110,000	-	5,425,566
Less accumulated depreciation for:				
Water system	2,997,155	101,689	-	3,098,844
Irrigation system	299,140	20,473	-	319,613
Drainage system	143,177	10,800	-	153,977
Machinery and equipment	448,279	10,965	-	459,244
Total accumulated depreciation	3,887,750	143,927	-	4,031,677
Total capital assets being depreciated, net	1,427,816	(33,927)	-	1,393,889
Business-type activities capital assets, net	\$ 2,872,483	(33,927)	-	2,838,556

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

Business-type activities:	
Water	\$ 110,601
Irrigation	20,473
Drainage	12,853
Total	\$ 143,927

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt

Long-term debt activity for the governmental activities was as follows:

	Original Principal	%	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2017 Sales Tax Rev - Roads							
Matures 10/1/2037	\$ 282,000	2.50	\$ 212,000	-	13,000	199,000	13,000
2020 2 Police Truck Lease							
Matures 11/1/2024	71,668	1.50	-	-	-	-	-
2022 Sales Tax Refunding							
Matures 6/01/2047	1,495,000	1.00	1,389,000	-	54,000	1,335,000	55,000
2023 Ford F-150 Police Lease							
Matures 2/1/2028	69,435	5.15	62,606	-	3,834	58,772	4,032
2024 Chevy 3500 Streets Lease							
Matures 2/1/2028	83,083	5.15	74,912	-	4,587	70,325	4,824
Total governmental activity long-term liabilities			\$ 1,738,518	-	75,421	1,663,097	76,856

Bond debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2026	\$ 76,856	24,969	101,825
2027	126,363	23,637	150,000
2028	131,878	19,746	151,625
2029	70,000	15,665	85,665
2030	71,000	14,755	85,755
2031 - 2035	370,000	59,580	429,580
2036 - 2040	360,000	34,805	394,805
2041 - 2045	323,000	16,460	339,460
2046 - 2047	134,000	2,010	136,010
Total	\$ 1,663,097	211,627	1,874,724

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt (continued)

Long-term debt activity for the business-type activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2010 Water Revenue Bond							
Matures 3/1/2030	\$ 720,000	2.90	\$ 262,000	-	41,000	221,000	42,000
2014 Silver Acres							
Matures 6/1/2034	274,000	1.50	147,000	-	14,000	133,000	14,000
2010 Irrigation Water Revenue Bond							
Matures 5/1/2035	272,000	-	128,000	-	11,000	117,000	11,000
2022 Water Revenue							
Matures 1/15/2058	1,151,000	1.57	1,126,000	-	25,000	1,101,000	26,000
Total governmental activity long-term liabilities			\$ 1,663,000	-	91,000	1,572,000	93,000

Bond debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2026	\$ 93,000	25,690	118,690
2027	94,000	23,854	117,854
2028	96,000	21,988	117,988
2029	99,000	20,078	119,078
2030	101,000	18,125	119,125
2031 - 2035	265,000	78,572	343,572
2036 - 2040	154,000	62,313	216,313
2041 - 2045	168,000	50,020	218,020
2046 - 2050	181,000	36,432	217,432
2051 - 2055	196,000	22,153	218,153
2056 - 2058	125,000	6,531	131,531
Total	\$ 1,572,000	365,756	1,937,756

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt (continued)

Lease Requirements:

The City leases trucks for public safety and streets, which are reported as leases. The cost of the vehicles at acquisition was \$152,518.

\$122,014 was the carrying value at June 30, 2025.

The scheduled payments for leases are as follows:

	Principal	Interest	Total
2026	\$ 8,856	6,644	15,500
2027	58,363	6,187	64,550
2028	61,878	3,171	65,050
Total	\$ 129,097	16,002	145,099

Lease payments are included in the debt service requirements to maturity schedules on the previous two pages.

Other long-term liabilities:

Compensated absences:	Beginning	(Decrease)	Ending
Governmental	\$ 51,894	15,523	67,418
Business-type	43,893	9,314	53,206
Total	\$ 95,787	24,837	120,624
 Net pension liability:			
Governmental	\$ 294,890	56,631	351,520
Business-type	97,825	18,786	116,612
Total	\$ 392,715	75,417	468,132

3-E. Receivables, payables and interfund transfers

The City had the following interfund transfers for year ended June 30, 2024:

	Transfers In	Transfers Out
General fund	\$ 82,000	115,424
Capital projects fund	22,924	-
Debt service fund	92,500	-
Cemetery fund	-	12,000
Water fund	-	35,000
Drainage fund	-	35,000
Total	\$ 197,424	197,424

The City generally makes interfund transfers so cash can be accumulated for large capital projects and loan payments in applicable funds.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - OTHER INFORMATION

4-A. 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 Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Rounding convention

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

4-C. Pension Plans

General Information about the Pension Plan

Plan description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds, which are all multiple-employer, cost-sharing, public employee retirement systems:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Safety Retirement System (Public Safety System);
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System);
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System).

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

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

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

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

Benefits provided:

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

System	Final Average Salary	and/or age eligible for benefit	Benefit percentage per year of service	Cola **
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 Years	20 years an age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5 % to 4% depending on employer
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%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020; 2% per year July 1, 2020 to present	Up to 2.5%

* with actuarial reductions

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

Contributions:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2025, are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k) Plan
Noncontributory Local Government System			
15 - Tier 1 DB System	-	16.97	-
111 - Tier 2 DB Hybrid System	0.70	15.19	-
211 - Tier 2 401(k) Option	-	5.19	10.00
Noncontributory Public Safety System - Other Div A 2.5% COLA			
43 - Tier 1 DB System	-	33.54	-
122 - Tier 2 DB Hybrid System	4.73	25.33	-
222 - Tier 2 401(k) Option	-	11.33	14.00

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

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

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

<u>System</u>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 56,937	-
Public Safety System	107,407	-
Tier 2 Public Employees System	75,840	3,495
Tier 2 Public Safety and Firefighter System	31,447	5,875
Tier 2 DC Public Employees	5,850	-
Total Contributions	\$ 277,482	9,370

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.

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

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$392,715.

	<u>(Measurement Date): December 31, 2024</u>			Proportionate Share 12/31/2023	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 154,551	0.0487370%	0.0625863%	(0.0138493%)
Public Safety System	-	259,070	0.1674331%	0.1501439%	0.0172892%
Tier 2 Public Employees System	-	43,837	0.0146987%	0.0140275%	0.0006712%
Tier 2 Public Safety and Firefighter	-	10,675	0.0236023%	0.0146248%	0.0089775%
Total	\$ -	\$ 468,132			

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.

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

For the year ended June 30, 2025, we recognize pension expense of \$378,095

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 144,880	\$ 863
Changes in assumptions	33,412	172
Net difference between projected and actual earnings on pension plan investments	94,884	-
Changes in proportion and differences between contributions and proportionate share of contributions	16,991	1,462
Contributions subsequent to the measurement date	140,860	-
Total	\$ 431,027	\$ 2,497

\$140,860 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

4-C. Pension Plans (continued)

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 132,840
2026	159,968
2027	(33,168)
2028	(1,764)
2029	11,992
Thereafter	17,802

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

Noncontributory System Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025 we recognized pension expense of \$144,083.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 92,090	\$ -
Changes in assumptions	12,784	-
Net difference between projected and actual earnings on pension plan investments	46,553	-
Changes in proportion and differences between contributions and proportionate share of contributions	5,383	392
Contributions subsequent to the measurement date	27,896	-
Total	\$ 184,706	\$ 392

\$27,896 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2025	\$ 91,970
2026	86,787
2027	(18,890)
2028	(3,449)
2029	-
Thereafter	-

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

Public Safety System Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, we recognized pension expense of \$170,862.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 27,376	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	44,837	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,675	-
Contributions subsequent to the measurement date	55,400	-
Total	\$ 132,288	\$ -

\$55,400 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2025	\$ 34,758
2026	63,643
2027	(18,212)
2028	(3,301)
2029	-
Thereafter	-

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, we recognized pension expense of \$47,775.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 18,951	\$ 302
Changes in assumptions	14,641	5
Net difference between projected and actual earnings on pension plan investments	2,802	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,173	420
Contributions subsequent to the measurement date	41,479	-
Total	\$ 84,047	\$ 727

\$41,479 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 4,950
2026	7,709
2027	3,288
2028	4,079
2029	9,754
Thereafter	12,061

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, we recognized pension expense of \$15,376.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,463	\$ 561
Changes in assumptions	5,987	168
Net difference between projected and actual earnings on pension plan investments	692	-
Changes in proportion and differences between contributions and proportionate share of contributions	760	651
Contributions subsequent to the measurement date	16,085	-
Total	\$ 29,986	\$ 1,379

\$16,085 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 1,162
2026	1,829
2027	645
2028	907
2029	2,238
Thereafter	5,741

La Verkin City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

4-C. Pension 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	3.5 - 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale 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, valuations 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:

	Expected Return Arithmetic Basis		
Assets class	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%	0.51%
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%	0.49%	0.00%
Totals	100.00%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

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

La Verkin City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

Discount rate:

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability 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:

<u>System</u>	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 653,622	\$ 154,551	\$ (264,009)
Public Safety System	795,899	259,070	(178,975)
Tier 2 Public Employees System	130,931	43,837	(23,913)
Tier 2 Public Safety and Firefighter	36,401	10,675	(9,893)
Total	<u>\$ 1,616,853</u>	<u>\$ 468,132</u>	<u>\$ (476,790)</u>

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

Defined Contribution Savings Plan:

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. The City participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems: 401(k) Plan, 457(b) Plan, and Roth IRA Plan.

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

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 16,332	\$ 7,159	\$ 6,431
Employee Contributions	4,020	10,080	12,983
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	22,520	17,800	20,000
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	16,039	12,532	8,550

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

This page intentionally left blank.

La Verkin City
Notes to Required Supplementary Information
June 30, 2025

Budgetary Comparison Schedules

The Budgetary Comparison Schedule presented in this section of the report is for the City's General Fund.

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2025, expenditures for all departments were below budgeted amounts.

Changes in Assumptions Related to Pensions

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

La Verkin City
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Property	\$ 460,700.00	\$ 468,348.00	\$ 487,578	19,230
Sales	1,135,000	1,280,000	1,325,949	45,949
Other taxes	445,000	492,450	553,131	60,681
License and permits	71,250	148,522	172,272	23,750
Intergovernmental revenues	325,000	451,180	535,271	84,091
Charges for services	1,228,000	1,303,000	1,295,192	(7,808)
Fines and forfeitures	35,000	35,000	35,711	711
Interest	90,000	210,000	121,913	(88,087)
Miscellaneous revenue	64,164	120,408	72,983	(47,425)
Total revenues	3,854,114	4,508,908	4,600,000	91,092
EXPENDITURES:				
General government	690,250	833,350	784,904	48,446
Public safety	1,257,600	1,276,569	1,168,398	108,171
Streets and public works	1,437,000	1,733,978	1,722,562	11,416
Parks, recreation and public property	507,572	785,230	676,433	108,797
Debt service	17,000	21,000	8,421	12,579
Total expenditures	3,909,422	4,650,127	4,360,718	289,409
Excess (Deficiency) of Revenues over (Under) Expenditures	(55,308)	(141,219)	239,281	380,501
Other Financing Sources and (Uses):				
Impact fees	48,808	74,808	387,780	312,972
Developer contributions	-	-	-	-
Proceeds from bonds	-	-	-	-
Sale of fixed assets	-	-	-	-
Transfers in	82,000	82,000	82,000	-
Transfers (out)	(92,500)	(92,500)	(115,424)	(22,924)
Total other financing sources and (uses)	38,308	64,308	354,356	290,048
Net Change in Fund Balances	(17,000)	(76,911)	593,637	670,548
Fund balances - beginning of year	2,332,325	2,332,325	2,332,325	-
Fund balance - end of year	\$ 2,315,325	2,255,413	2,925,962	670,548

La Verkin City
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2025
 Last 10 Fiscal Years

	As of December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Noncontributory Retirement System										
Proportion of the net pension liability (asset)	0.0487370%	0.0625863%	0.0588511%	0.0623154%	0.0608963%	0.0616969%	0.0582024%	0.0531282%	0.0005717%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 154,551	\$ 145,173	\$ 100,797	\$ (356,887)	\$ 31,236	\$ 232,528	\$ 428,586	\$ 232,771	\$ 3,671	\$ -
Covered employee payroll	\$ 406,458	\$ 578,328	\$ 533,759	\$ 551,285	\$ 534,249	\$ 529,256	\$ 493,078	\$ 453,686	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.02%	25.10%	18.88%	-64.74%	5.85%	43.93%	86.92%	51.31%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	96.02%	96.90%	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	0.00%
Contributory Retirement System										
Proportion of the net pension liability (asset)	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.2110731%	2.3087949%	1.2653731%
Proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,176	\$ 757,541	\$ 889,373
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,830	\$ 511,182	\$ 504,798
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.10%	148.19%	176.18%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	91.20%	98.20%	92.90%	85.70%
Public Safety System										
Proportion of the net pension liability (asset)	0.1674331%	0.1501439%	0.1479311%	0.1604633%	0.1554736%	0.1541550%	0.1309972%	0.0998277%	0.0993460%	0.1213690%
Proportionate share of the net pension liability (asset)	\$ 259,070	\$ 214,730	\$ 191,286	\$ (130,319)	\$ 129,081	\$ 247,514	\$ 337,001	\$ 156,596	\$ 201,600	\$ 217,402
Covered employee payroll	\$ 304,592	\$ 274,023	\$ 253,013	\$ 267,564	\$ 241,948	\$ 241,121	\$ 205,541	\$ 152,208	\$ 141,709	\$ 181,168
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	85.05%	78.36%	75.60%	-48.71%	53.35%	102.65%	163.96%	102.88%	142.26%	120.00%
Plan fiduciary net position as a percentage of the total pension liability	93.30%	93.44%	93.60%	104.20%	95.50%	90.90%	84.70%	90.20%	86.50%	87.10%
Tier 2 Public Employees Retirement System										
Proportion of the net pension liability (asset)	0.0146987%	0.0140275%	0.0115473%	0.0102969%	0.0100221%	0.0111040%	0.0109970%	0.0079483%	0.0070681%	0.0047470%
Proportionate share of the net pension liability (asset)	\$ 43,837	\$ 27,303	\$ 12,574	\$ (4,358)	\$ 1,441	\$ 2,497	\$ 4,710	\$ 701	\$ 788	\$ (10)
Covered employee payroll	\$ 435,096	\$ 362,659	\$ 251,281	\$ 190,893	\$ 160,247	\$ 154,324	\$ 127,997	\$ 77,687	\$ 57,962	\$ 3,667
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.08%	7.53%	5.00%	-2.28%	0.90%	1.62%	3.68%	0.90%	1.36%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%
Tier 2 Public Safety and Firefighters Retirement										
Proportion of the net pension liability (asset)	0.0236023%	0.0146248%	0.0135537%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0101289%	0.0375273%	0.0111914%
Proportionate share of the net pension liability (asset)	\$ 10,675	\$ 5,509	\$ 1,131	\$ -	\$ -	\$ -	\$ -	\$ (117)	\$ (326)	\$ (164)
Covered employee payroll	\$ 107,738	\$ 55,413	\$ 41,702	\$ -	\$ -	\$ -	\$ -	\$ 10,728	\$ 31,006	\$ 6,674
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.91%	9.94%	2.71%	0.00%	0.00%	0.00%	0.00%	-1.09%	-1.05%	-2.46%
Plan fiduciary net position as a percentage of the total pension liability	90.10%	89.10%	96.40%	0.00%	0.00%	0.00%	95.60%	103.00%	103.60%	110.70%

La Verkin City
SCHEDULE OF CONTRIBUTIONS
 June 30, 2025
 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 employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2017	\$ 40,140	\$ 40,140	\$ -	\$ 215,393	18.64%
	2018	88,757	88,757	-	481,465	18.43%
	2019	93,706	93,706	-	507,341	18.47%
	2020	100,368	100,368	-	543,413	18.47%
	2021	97,683	97,683	-	528,874	18.47%
	2022	95,455	95,455	-	525,171	18.18%
	2023	104,678	104,678	-	577,965	18.11%
	2024	96,781	96,781	-	557,774	17.35%
	2025	56,937	56,937	-	335,514	16.97%
Public Safety System	2016	56,052	56,052	-	164,666	34.04%
	2017	45,243	45,243	-	132,911	34.04%
	2018	58,367	58,367	-	171,466	34.04%
	2019	80,372	80,372	-	237,513	33.84%
	2020	83,901	83,901	-	246,476	34.04%
	2021	83,798	83,798	-	246,175	34.04%
	2022	87,239	87,239	-	267,038	32.67%
	2023	93,341	93,341	-	274,210	34.04%
	2024	98,034	98,034	-	287,998	34.04%
	2025	107,407	107,407	-	320,237	33.54%
Tier 2 Public Employees System*	2016	7,242	7,242	-	43,445	16.67%
	2017	9,684	9,684	-	61,728	15.69%
	2018	14,828	14,828	-	98,132	15.11%
	2019	23,250	23,250	-	149,615	15.54%
	2020	24,898	24,898	-	159,041	15.66%
	2021	25,905	25,905	-	164,010	15.79%
	2022	34,370	34,370	-	213,709	16.08%
	2023	50,673	50,673	-	316,361	16.02%
	2024	61,332	61,332	-	383,084	16.01%
	2025	75,840	75,840	-	499,276	15.19%
Tier 2 Public Safety and Firefighter System *	2016	2,997	2,997	-	13,320	22.50%
	2017	6,704	6,704	-	29,794	22.50%
	2022	3,877	3,877	-	14,791	26.21%
	2023	13,660	13,660	-	53,077	25.74%
	2024	19,717	19,717	-	76,333	25.83%
	2025	31,447	31,447	-	124,151	25.33%
Tier 2 DC Public Employees System*	2016	2,491	2,491	-	29,477	8.45%
	2017	2,384	2,384	-	31,808	7.50%
	2018	2,267	2,267	-	33,892	6.69%
	2019	3,067	3,067	-	45,840	6.69%
	2020	2,665	2,665	-	39,828	6.69%
	2021	2,599	2,599	-	38,844	6.69%
	2022	2,907	2,907	-	43,449	6.69%
	2023	3,385	3,385	-	54,401	6.22%
	2024	3,730	3,730	-	60,264	6.19%
	2025	5,850	5,850	-	112,716	5.19%
Tier 2 DC Public Safety and Firefighter System*	2020	5,100	5,100	-	43,111	11.83%
	2021	3,272	3,272	-	27,663	11.83%
Contributory System	2014	68,219	68,219	-	513,698	13.28%
	2015	72,523	72,523	-	501,544	14.46%
	2016	72,363	72,363	-	500,434	14.46%
	2017	44,144	44,144	-	305,282	14.46%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 1 systems were created July 1, Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

SUPPLEMENTAL INFORMATION

La Verkin City
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2025

	Debt Service Fund	Cemetery Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,500	-	1,500
Receivables:			
Customer accounts	-	25	25
Restricted cash and cash equivalents	162,633	123,263	285,895
TOTAL ASSETS	\$ 164,133	123,288	287,420
LIABILITIES			
Accounts payable	\$ 1,500	-	1,500
TOTAL LIABILITIES	1,500	-	1,500
FUND BALANCES:			
Nonspendable for cemetery	-	58,954	58,954
Restricted for cemetery	-	64,333	64,333
Committed for capital projects	-	-	-
Assigned for deb service	162,633	-	162,633
TOTAL FUND BALANCES	162,633	123,288	285,920
TOTAL LIABILITIES AND FUND BALANCES	\$ 164,133	123,288	287,420

La Verkin City
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2025

	Debt Service Fund	Cemetery Fund	Total Nonmajor Governmental Funds
REVENUES:			
Charges for services	\$ -	20,555	20,555
Interest	-	-	-
Total revenues	-	20,555	20,555
EXPENDITURES:			
Debt service:			
Principal	67,000	-	67,000
Interest	20,690	-	20,690
Total expenditures	87,690	-	87,690
Excess (Deficiency) of Revenues over (Under) Expenditures	(87,690)	20,555	(67,135)
Other Financing Sources and (Uses):			
Transfers in	92,500	-	92,500
Transfers (out)	-	(12,000)	(12,000)
Total other financing sources and (uses)	92,500	(12,000)	80,500
Net Change in Fund Balances	4,810	8,555	13,365
Fund balances - beginning of year	157,823	114,733	272,555
Fund balance - end of year	\$ 162,633	123,288	285,920



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 City Council and Mayor
LaVerkin City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LaVerkin City, Utah, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise LaVerkin City, Utah's basic financial statements, and have issued our report thereon dated January 30, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaVerkin City, Utah'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 LaVerkin City, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of LaVerkin City, Utah'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LaVerkin City, Utah's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Rees CPA

Rees CPA
Cedar City, Utah
January 30, 2026



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

To the City Council and Mayor
LaVerkin City, Utah

Report On Compliance

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

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

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Fraud Risk Assessment
- Government Fees
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Impact Fees

Opinion on Compliance

In our opinion, LaVerkin City, Utah 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 LaVerkin City, Utah 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 LaVerkin City, Utah’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 LaVerkin City, Utah'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 LaVerkin City, Utah'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 LaVerkin City, Utah'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 LaVerkin City, Utah'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 LaVerkin City, Utah'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 LaVerkin City, Utah'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 item 2025-01. Our opinion on compliance is not modified with respect to these matters.

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

Report On Internal Control over Compliance

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

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

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

Purpose of this Report

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

Rees CPA

Rees CPA
Cedar City, Utah
January 30, 2026



**LETTER OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

To the City Council and Mayor
LaVerkin City, Utah

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. During our audit of the accounting records of LaVerkin City, Utah for the fiscal year ended June 30, 2025, we noted a few circumstances that should be addressed for the City to be in compliance with state laws and regulations. These areas, if improved, would strengthen the City’s accounting system and control over its assets. These items are discussed below for your consideration. We commend the City and its staff for their attentiveness to controls and high ethical standards.

Internal Control Over Financial Reporting

Material Weaknesses: None noted

Significant Deficiencies: None noted

Compliance and Other Matters

Compliance Findings:

2025-01 Deficit Fund Balance

For the fiscal year ended June 30, 2025 the Capital Projects Fund had a negative fund balance. The negative fund balance arose from the lack of reimbursing the fund for expenditures incurred on behalf of other funds for projects capital in nature. Utah law prohibits negative fund balance accumulation for governmental entities. Furthermore, when a negative fund balance has been incurred, Utah state code annotated 10-6-117(2) requires that entities shall include a line item of appropriation within the budget to begin removing the negative fund balance. Management did not contain such an appropriation within the budget established for fiscal year ending June 30, 2026.

Recommendation

We recommend that management review the budget and identify funds available to begin removing the negative fund balance within the Capital Projects Fund. Once the funds have been identified, then we recommend amending the budget to ensure that Utah law is followed by conforming to budgets.

Other Matters: None noted

This letter is intended solely for the Mayor, City Council and members of management and is not intended to be used and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the City this past year. We would like to express thanks to all of those who assisted us with this year's audit. We invite you to ask questions of us throughout the year as you feel it necessary and we look forward to a continued pleasant professional relationship.

Sincerely,

Rees CPA

Rees CPA
Cedar City, Utah
January 30, 2026



435 North Main Street
La Verkin, Utah 84745
(435) 635-2581 (435) 635-2104 Fax

Amanda Barr
Micah Gubler
Scot Pectol
Darren Prince
John Valenti

Kyle Gubler

Kelly B. Wilson

City Administrator

Mayor

Council Members

February 27th, 2026

Utah State Auditor
Salt Lake City, Utah

Dear State Auditor,

On behalf of La Verkin City, I am writing in response to a finding identified during our recent independent audit regarding a negative fund balance within the City's Capital Projects Fund.

The negative fund balance resulted from capital expenditures that exceeded available resources in the fund at fiscal year-end. While the expenditures were associated with approved capital improvements, the corresponding funding transfers were not completed within the same fiscal period, resulting in the reported deficit.

We take this matter seriously and are committed to correcting the deficiency promptly. The City will conduct a review of its current budget to identify available funding sources to offset the negative balance in the Capital Projects Fund. Once appropriate funds have been identified, we will formally amend the budget to authorize and account for the necessary transfer(s) into the Capital Projects Fund, thereby eliminating the negative fund balance.

Additionally, we will review our internal budgeting and fund monitoring procedures to ensure more timely transfers and improved oversight of fund balances. Our goal is to prevent similar occurrences in future reporting periods.

We appreciate the opportunity to address this matter and remain committed to maintaining sound financial management practices and full compliance with state requirements. Please do not hesitate to contact me if you need any further information or documentation.

Sincerely,

A handwritten signature in blue ink that reads "Kyle Gubler". The signature is written in a cursive style.

Kyle Gubler

La Verkin City Administrator