



To: Mayor and Town Council Members

From: Mark C. Meyers, Town Manager

Date: July 9, 2026

Subject: Fiscal Year 2025 Annual Comprehensive Financial Report

Candus Tibbits, Partner and CPA of the Town's accounting firm, Squire, will present the fiscal year 2025 audit performed by Hafen, Buckner, Everett & Graff, PC.

The audit report is attached.

VIRGIN TOWN, UTAH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

VIRGIN TOWN
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council
Virgin Town, 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 Virgin Town, Utah (the Town), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Virgin Town, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Virgin Town, 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 the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2026 on our consideration of Virgin Town, 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 Virgin Town, 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 Virgin Town, Utah's internal control over financial reporting and compliance.

Hafen, Buckner, Everett, & Graff, PC
St. George, Utah
April 24, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Virgin Town (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows exceed total liabilities and deferred inflows (net position) by \$7,759,970 at the close of the fiscal year.
- Total net position increased by \$155,730 as revenues exceeded expenditures for the year ended June 30, 2025.
- Total revenues from all sources were \$2,546,470 and the total cost of all Town programs was \$2,390,740.
- Total revenue received in the General Fund was \$477,208 more than the final budget and expenditures were \$448,707 less than the final budget.
- At the end of the current fiscal year, unrestricted fund balance for the combined governmental funds was \$2,375,432.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements. (3) Notes to the financial statements.

REPORTING THE TOWN AS A WHOLE

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in position. Net position, the difference between assets and liabilities is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the Town's property tax base or jurisdiction, the availability of capital projects, and condition of the Town's assets to accurately assess the overall health of the Town. The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, highways and streets, parks and recreation, cemetery, community development, and capital outlay. Property taxes, sales taxes, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business-type activities – The Town currently only has one proprietary activities fund, which is the water fund.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds that aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's three major kinds of funds, governmental, proprietary and fiduciary, use different accounting approaches as explained below.

- **Governmental funds** – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds reconciliation included with the Basic Financial Statements and in Note 2.
- **Proprietary funds** – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets and deferred outflows exceed liabilities and deferred inflows by \$7,759,970 as of June 30, 2025 as shown on the following condensed statement of net position. The Town has chosen to account for its water fund in an enterprise fund which is shown as a business-type activity.

	Governmental activities		Business-type activities		Total	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024	6/30/2025	6/30/2024
Current and other assets	\$ 3,339,633	\$ 2,922,932	\$ 1,862,477	\$ 1,916,073	\$ 5,202,110	\$ 4,839,005
Capital assets	3,312,554	2,201,389	1,265,982	1,169,101	4,578,536	3,370,490
Total assets	<u>6,652,187</u>	<u>5,124,321</u>	<u>3,128,459</u>	<u>3,085,174</u>	<u>9,780,646</u>	<u>8,209,495</u>
Long-term liabilities outstanding	1,822,573	143,876	12,408	291,483	1,834,981	435,359
Other liabilities	138,436	44,588	47,259	125,308	185,695	169,896
Total liabilities	<u>1,961,009</u>	<u>188,464</u>	<u>59,667</u>	<u>416,791</u>	<u>2,020,676</u>	<u>605,255</u>
Net position:						
Net investment in capital assets	1,526,061	2,119,911	1,265,982	1,166,717	2,792,043	3,286,628
Restricted	741,761	705,429	516,227	169,507	1,257,988	874,936
Unrestricted	2,423,356	2,110,517	1,286,583	1,332,159	3,709,939	3,442,676
Total net position	<u>\$ 4,691,178</u>	<u>\$ 4,935,857</u>	<u>\$ 3,068,792</u>	<u>\$ 2,668,383</u>	<u>\$ 7,759,970</u>	<u>\$ 7,604,240</u>

Governmental Activities

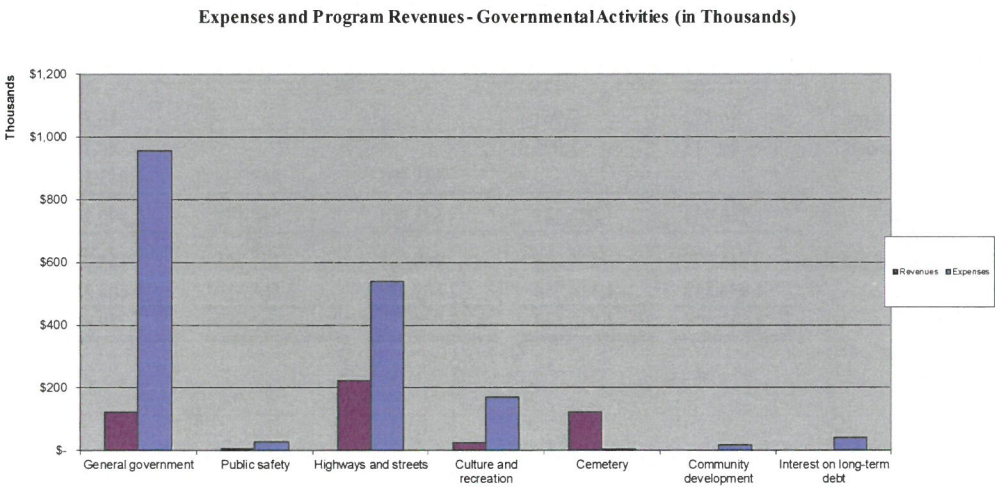
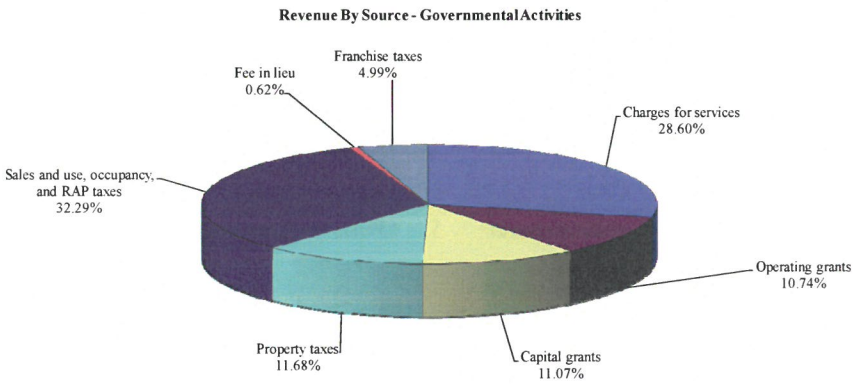
The cost of all Governmental activities this year was \$1,746,935. \$280,974 of this cost was paid for by those who directly benefited from the programs, the remainder was subsidized by \$214,220 in grants and contributions received from other governmental organizations and others for operations and capital activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$495,194. General revenues, including taxes and investment earnings totaled \$1,007,062.

The Town's programs include: General Government, Public Safety (fire and police protection), Highways and Streets, Parks and Recreation, Cemetery, and Community Development. Each program's revenues and expenses are presented below.

	Governmental activities		Business-type activities		Total	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024	6/30/2025	6/30/2024
Revenues:						
Program revenues:						
Charges for services	\$ 280,974	\$ 356,781	\$ 639,633	\$ 569,285	\$ 920,607	\$ 926,066
Operating grants and contributions	105,477	91,539	-	-	105,477	91,539
Capital grants and contributions	108,743	124,985	404,581	101,707	513,324	226,692
General revenues:						
Taxes	1,007,062	921,025	-	-	1,007,062	921,025
Total revenues	<u>1,502,256</u>	<u>1,494,330</u>	<u>1,044,214</u>	<u>670,992</u>	<u>2,546,470</u>	<u>2,165,322</u>
Expenses:						
General government	955,496	611,102	-	-	955,496	611,102
Public safety	26,614	43,068	-	-	26,614	43,068
Highways and streets	538,471	300,305	-	-	538,471	300,305
Culture and recreation	168,657	106,556	-	-	168,657	106,556
Cemetery	100	185	-	-	100	185
Community development	16,882	9,961	-	-	16,882	9,961
Interest on long term debt	40,715	2,070	-	-	40,715	2,070
Water distribution	-	-	643,805	569,138	643,805	569,138
Total expenses	<u>1,746,935</u>	<u>1,073,247</u>	<u>643,805</u>	<u>569,138</u>	<u>2,390,740</u>	<u>1,642,385</u>
Increase/(decrease) in net position	(244,679)	421,083	400,409	101,854	155,730	522,937
Net position, beginning	4,935,857	4,514,774	2,668,383	2,566,529	7,604,240	7,081,303
Net position, ending	<u>\$ 4,691,178</u>	<u>\$ 4,935,857</u>	<u>\$ 3,068,792</u>	<u>\$ 2,668,383</u>	<u>\$ 7,759,970</u>	<u>\$ 7,604,240</u>

Total resources available during the year to finance governmental operations were \$6,438,113, consisting of Net Position at June 30, 2024 of \$4,935,857, program revenues of \$495,194, and general revenues of \$1,007,062. Total Governmental Activities expenses during the year were \$1,746,935; thus Governmental Net Position was decreased by \$244,679 to \$4,691,178.

The following graphs provide a breakdown of revenues by source for all government activities and compare program expenses to program revenues.



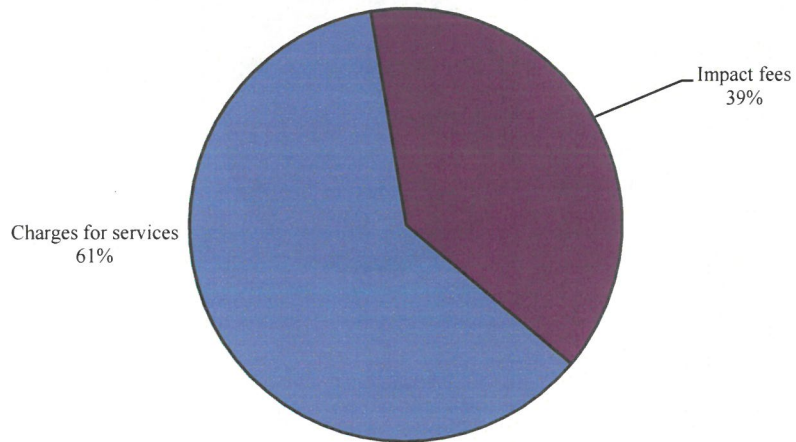
Business-Type Activities

The following graphs present water fund revenues and operating expenses compared with prior year activity.

Year ended June 30, 2025 and 2024

	<u>6/30/2025</u>	<u>6/30/2024</u>
REVENUES:		
Charges for services	\$ 639,633	\$ 569,285
Impact fees	<u>404,581</u>	<u>101,707</u>
Total revenues	<u><u>\$ 1,044,214</u></u>	<u><u>\$ 670,992</u></u>

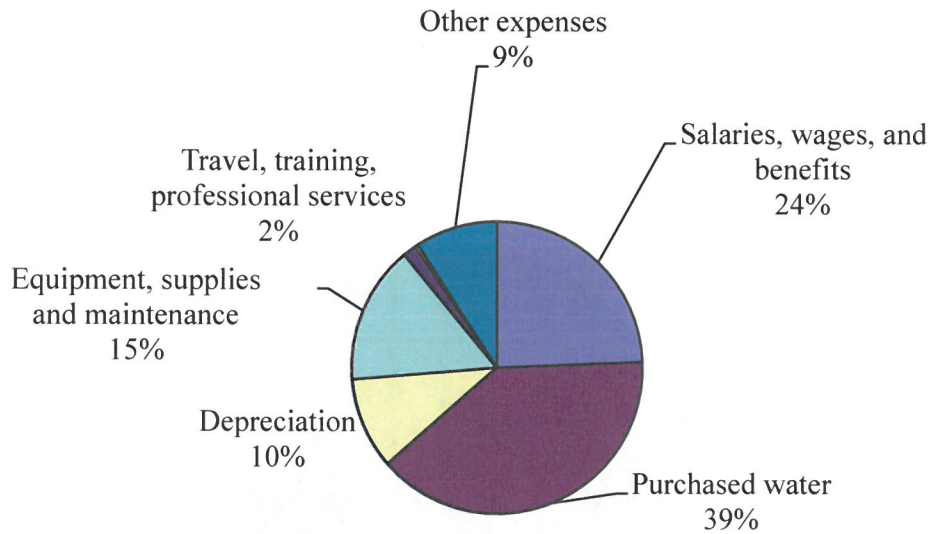
Revenues by Source - Current Year



Year ended June 30, 2025 and 2024

	<u>6/30/2025</u>	<u>6/30/2024</u>
OPERATING EXPENSES:		
Salaries, wages, and benefits	\$ 156,763	\$ 86,880
Purchased water	252,287	321,300
Depreciation	65,457	51,459
Equipment, supplies and maintenance	98,524	38,448
Travel, training, professional services	9,218	50,681
Utilities	2,581	681
Other expenses	<u>58,975</u>	<u>19,578</u>
Total Operating Expenses	<u>\$ 643,805</u>	<u>\$ 569,027</u>

WATER FUND OPERATING EXPENSES - CURRENT YEAR



General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$448,707 more than actual expenditures. Actual revenues were \$477,208 more than the final budget primarily due to increases licenses and permits and other revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions. Capital Assets include land, buildings and improvements, furniture and equipment, computers and software, and infrastructure. At the end of fiscal year 2025, net capital assets of the government activities totaled \$3,312,554 and the net capital assets of the business-type activities totaled \$1,265,982. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See notes to the financial statements.)

Debt

At year end, the Town had \$1,796,255 in governmental debt and \$0 in proprietary debt. These debts are liabilities of the government and amount to \$2,802 per capita based upon the 2020 census population figures. During the current fiscal year, the Town's total debt increased by \$1,657,345. See Note 7 to the financial statements for detailed descriptions.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town Budget for fiscal year 2025/2026, the Town Board and management expect significant decreases in both revenues and expenditures. Overall General Fund operating expenditures were budgeted so as to increase costs as compared to fiscal year 2024/2025.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Virgin Town at 114 South Mill Street Virgin, UT 84779 or call 435-635-4695.

BASIC FINANCIAL STATEMENTS

VIRGIN TOWN
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,391,392	\$ 1,263,718	\$ 3,655,110
Receivables (net of allowance)	206,480	82,532	289,012
Temporarily restricted assets:			
Cash and cash equivalents	741,761	516,227	1,257,988
Capital assets (net of accumulated depreciation):			
Land	117,100	125,937	243,037
Water shares	-	164,975	164,975
Construction in process	141,532	245,186	386,718
Buildings and improvements	1,605,993	-	1,605,993
Furniture and equipment	104,386	116,588	220,974
Water distribution system	-	613,296	613,296
Infrastructure	1,343,543	-	1,343,543
Total assets	<u>6,652,187</u>	<u>3,128,459</u>	<u>9,780,646</u>
Liabilities			
Accounts payable and other current liabilities	100,110	47,259	147,369
Construction bond payable	38,326	-	38,326
Noncurrent liabilities:			
Due within one year	104,728	7,445	112,173
Due in more than one year	1,717,845	4,963	1,722,808
Total liabilities	<u>1,961,009</u>	<u>59,667</u>	<u>2,020,676</u>
Net Position			
Net investment in capital assets	1,526,061	1,265,982	2,792,043
Restricted for:			
Capital projects - impact fees	-	507,618	507,618
Culture and recreation	311,297	-	311,297
Highway and streets	415,393	-	415,393
Debt service	-	8,609	8,609
Perpetual care	15,071	-	15,071
Unrestricted	2,423,356	1,286,583	3,709,939
Total net position	<u>\$ 4,691,178</u>	<u>\$ 3,068,792</u>	<u>\$ 7,759,970</u>

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

VIRGIN TOWN
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ 955,496	\$ 121,489	\$ 155	\$ -	\$ (833,852)	\$ -
Public safety	26,614	6,022	-	-	(20,592)	-
Highways and streets	538,471	29,529	105,322	88,181	(315,439)	-
Culture and recreation	168,657	3,257	-	20,562	(144,838)	-
Cemetery	100	120,677	-	-	120,577	-
Community development	16,882	-	-	-	(16,882)	-
Interest on long-term debt	40,715	-	-	-	(40,715)	-
Total governmental activities	1,746,935	280,974	105,477	108,743	(1,251,741)	-
Business-type activities:						
Water distribution	643,805	639,633	-	404,581	-	400,409
Total business-type activities	643,805	639,633	-	404,581	-	400,409
Total primary government	\$ 2,390,740	\$ 920,607	\$ 105,477	\$ 513,324		
General revenues:						
Taxes:						
Property taxes					114,780	-
Sales and use, occupancy, and RAP taxes					317,220	-
Resort taxes					317,872	-
Transient room taxes					202,068	-
Fee in lieu					6,117	-
Franchise taxes					49,005	-
Total general revenues & transfers					1,007,062	-
Change in net position					(244,679)	400,409
Net position - beginning					4,935,857	2,668,383
Net position - ending					\$ 4,691,178	\$ 3,068,792
					\$	\$

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

VIRGIN TOWN
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets:			
Cash	\$ 2,391,392	\$ -	\$ 2,391,392
Receivables	5,611	-	5,611
Property tax receivable	84,004	-	84,004
Due from other governments	116,865	-	116,865
Cash - restricted	79,582	662,179	741,761
Total assets	<u>\$ 2,677,454</u>	<u>\$ 662,179</u>	<u>\$ 3,339,633</u>
Liabilities, Deferred Inflows and Fund Balances:			
Liabilities:			
Accounts payable	\$ 75,930	\$ -	\$ 75,930
Accrued liabilities	24,180	-	24,180
Construction bond payable	38,326	-	38,326
Total liabilities	<u>138,436</u>	<u>-</u>	<u>138,436</u>
Deferred Inflows:			
Unearned revenue - property tax	84,004	-	84,004
Total deferred inflows	<u>84,004</u>	<u>-</u>	<u>84,004</u>
Fund Balances:			
Restricted:			
Highways and streets	24,443	390,950	415,393
Culture and recreation	40,068	271,229	311,297
Perpetual care	15,071	-	15,071
Unassigned	2,375,432	-	2,375,432
Total fund balances	<u>2,455,014</u>	<u>662,179</u>	<u>3,117,193</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,677,454</u>	<u>\$ 662,179</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,312,554
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,822,573)
Some amounts recorded as deferred inflows in governmental funds are recorded as revenue and an increase in fund balance in the government-wide statements.	84,004
Net position of governmental activities	<u>\$ 4,691,178</u>

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

VIRGIN TOWN
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 93,174	\$ -	\$ 93,174
Sales and use taxes	270,093	-	270,093
Resort taxes	317,872	-	317,872
Transient room taxes	202,068	-	202,068
Fee in lieu	6,117	-	6,117
Franchise taxes	49,005	-	49,005
Licenses and permits	54,094	-	54,094
Fines and forfeitures	6,022	-	6,022
Intergovernmental revenue	154,822	-	154,822
Interest income	148,433	21,097	169,530
Cemetery	1,773	-	1,773
Impact fees	-	37,747	37,747
Garbage fees	62,340	-	62,340
Other revenues/donations	55,595	-	55,595
Total revenues	<u>1,421,408</u>	<u>58,844</u>	<u>1,480,252</u>
Expenditures:			
Current:			
General government	2,278,327	-	2,278,327
Public safety	15,800	-	15,800
Highways and streets	336,201	-	336,201
Culture and recreation	128,197	22,512	150,709
Cemetery	100	-	100
Community development	16,882	-	16,882
Debt Service			
Principal	140,271	-	140,271
Interest	40,715	-	40,715
Total expenditures	<u>2,956,493</u>	<u>22,512</u>	<u>2,979,005</u>
Excess of revenues over (under) expenditures	<u>(1,535,085)</u>	<u>36,332</u>	<u>(1,498,753)</u>
Other Financing Source (Uses):			
Debt proceeds	<u>1,800,000</u>	<u>-</u>	<u>1,800,000</u>
Total other financing sources (uses)	<u>1,800,000</u>	<u>-</u>	<u>1,800,000</u>
Net change in fund balances	264,915	36,332	301,247
Fund balance - beginning of year	<u>2,190,099</u>	<u>625,847</u>	<u>2,815,946</u>
Fund balance - end of year	<u>\$ 2,455,014</u>	<u>\$ 662,179</u>	<u>\$ 3,117,193</u>

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

VIRGIN TOWN
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

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

Net change in fund balances - total governmental funds	\$ 301,247
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current year.	1,111,166
The issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position.	(1,800,000) ✓
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	140,270
Governmental funds report a receivable for property tax due to the Town but not yet received as of the end of the fiscal year. Any portion of the receivable not received within 60 days of the end of the fiscal year is recorded as deferred inflows in the governmental fund financial statements but as revenue in the government-wide statements. The portion of deferred inflows not previously recorded as revenues in the government-wide statements.	21,606
Change in net positions of governmental activities	<u>\$ (225,711)</u>

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

VIRGIN TOWN
Statement of Net Position
Proprietary Fund
June 30, 2025

	<u>Water Fund</u>
Assets:	
Current assets:	
Cash	\$ 1,263,718
Receivables, net of allowance	82,532
Restricted cash	<u>516,227</u>
Total current assets	<u>1,862,477</u>
Noncurrent assets:	
Land	125,937
Water shares	164,975
Construction in Progress	245,186
Machinery and equipment	223,763
Water distribution system	1,677,243
Accumulated depreciation	<u>(1,171,122)</u>
Total noncurrent assets	<u>1,265,982</u>
Total assets	<u><u>\$ 3,128,459</u></u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 22,176
Accrued liabilities and other payables	5,783
Construction meter deposits	19,300
Current portion of noncurrent liabilities	<u>7,445</u>
Total current liabilities	<u>54,704</u>
Noncurrent liabilities:	
Compensated absences	12,408
Less current portion of noncurrent liabilities	<u>(7,445)</u>
Total noncurrent liabilities	<u>4,963</u>
Total liabilities	<u>59,667</u>
Net Position:	
Net investment in capital assets	1,265,982
Restricted for:	
Debt service	8,609
Capital outlay	507,618
Unrestricted	<u>1,286,583</u>
Total net position	<u>3,068,792</u>
Total net position and liabilities	<u><u>\$ 3,128,459</u></u>

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

VIRGIN TOWN
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2025

	<u>Water Fund</u>
Operating Revenues	
Charges for services	\$ 554,566
Other revenues	<u>85,067</u>
Total operating revenues	<u>639,633</u>
Operating Expenses	
Salaries and wages	146,335
Payroll taxes and benefits	10,428
Purchased water	252,287
Depreciation	65,457
Equipment, supplies and maintenance	98,524
Travel, training, and professional services	9,218
Utilities	2,581
Other expenses	<u>58,975</u>
Total operating expenses	<u>643,805</u>
Operating income (loss)	<u>(4,172)</u>
Non-Operating Revenues (Expenses)	
Impact fees	<u>404,581</u>
Total non-operating revenues (expenses)	<u>404,581</u>
Change in net position	400,409
Net position, beginning of the year	<u>2,668,383</u>
Net position, end of the year	<u><u>\$ 3,068,792</u></u>

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

VIRGIN TOWN
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025

	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers, service fees	\$ 621,289
Cash paid to suppliers	(502,673)
Cash paid to employees	(144,422)
Cash flows from operating activities	<u>(25,806)</u>
 Cash Flows From Capital and Related Financing Activities:	
Net payment on long-term debt	(2,384)
Impact fees	118,587
Purchase of capital assets	(162,338)
Cash flows from capital and related financing activities	<u>(46,135)</u>
 Net Change in Cash and Cash Equivalents	(71,941)
 Cash and cash equivalents including restricted cash, beginning of year	<u>1,851,886</u>
Cash and cash equivalents including restricted cash, end of year	<u><u>\$ 1,779,945</u></u>
 Reconciliation of operating income (loss) to cash flows from operating activities:	
Net operating income (loss)	\$ (4,172)
Adjustments to reconcile net income (loss) to cash flows from operating activities:	
Depreciation	65,457
Changes in operating assets and liabilities	
(Increase)/decrease in receivables	(18,344)
Increase/(decrease) in accounts payable	(12,288)
Increase/(decrease) in accrued liabilities	12,341
Increase/(decrease) in construction meter deposits	1,000
Increase/(Decrease) in WCWCD connection fees payable	(69,800)
Net cash flows from operating activities	<u><u>\$ (25,806)</u></u>

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

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 1. Summary of Significant Accounting Policies

General

Virgin Town (Town) is incorporated under the laws of the State of Utah. The Town operates under a council form of government and provides the following services: general government, public safety, highways and streets, parks and recreation, cemetery, community development, and garbage collection services.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Reporting Entity

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility.

The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no separate component units combined to form the reporting entity.

The accompanying financial statements include all activities of the Town.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The government activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each major fund displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in other funds.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 1. Summary of Significant Accounting Policies

The *Capital Projects Fund* accounts for the acquisition and construction of the Town's major capital facilities, other than those financed by proprietary funds.

The Town reports the following major enterprise funds:

The *Water Fund* accounts for the activities of the Town in operating the water distribution system for residents and users of Town water.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the 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 activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, 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 statements.

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VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 1. Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 1. Summary of Significant Accounting Policies, Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

Cash includes cash on hand, demand deposits with banks 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 Town's policy allows for the investment of funds 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.

Receivables and Payables

Due to the nature of the accounts receivable in governmental type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented. All trade accounts receivable in the proprietary fund are shown net of an allowance for uncollectibles.

Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Also, the Town's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

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

Capital Assets

Capital assets in the proprietary funds are carried at cost. Depreciation is computed using the straight-line method over the assets estimated useful lives.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 1. Summary of Significant Accounting Policies, Continued

Capital assets in governmental funds, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an individual cost of more than \$500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

In accordance with GASB 34, the Town has opted not to retroactively report infrastructure fixed assets. Infrastructure normally includes assets such as roads, curb and gutter, sidewalks, street lighting, storm drains and other improvements.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-40 years
Furniture and equipment	5-7 years
Computers and software	3-7 years
Water distribution system	20-50 years
Infrastructure	20 years

Accrued Benefits

Accumulated unpaid vacation and other employee benefit amounts are accrued at year end only when the Town has such a liability.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Property Taxes

Property taxes are collected by the Washington County Treasurer and remitted to the Town in monthly installments. Taxes are levied each October on the taxable value listed as of the prior January 1 for all real property located in the Town. Taxable values are established by the County Assessor at a percent of the fair market value on primary residential property and 100 percent of the fair market value on non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on November 1 and delinquent after November 30 of each year, at which time they become liens if not paid.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 1. Summary of Significant Accounting Policies, Continued

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the Town 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 in the Town-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 government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the Town 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 report 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 Town's policy to consider restricted fund balance to have been depleted before using any 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.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 1. Summary of Significant Accounting Policies, Continued

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 Town 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 amount that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town 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 Town for specific purposes but do not meet the criteria to be classified as committed. The Council is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy. 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.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Tax Abatements

The Town has not entered into any tax abatement agreements and the Town is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the Town's tax revenues.

New Pronouncements

For the year ended June 30, 2025, the Town implemented the provisions of GASB Statement No. 101, Compensated Absences, which provides updated recognition and measurement guidance for compensated absences. Implementation of this new statement had no effect on beginning net position in the government-wide financial statements, nor did it have a significant impact on the Town.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and government-wide statement of net position:

The governmental fund balance sheet includes reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. The differences primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

When capital assets (property, plant & equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net asset includes those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 6,612,820
Accumulated depreciation	<u>(3,300,266)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 3,312,554</u></u>

When long-term liabilities (debt and other accrued long term liabilities) are incurred for governmental activities the inflow and outflow of resources is recorded in governmental funds. However, the statement of net asset includes these as long-term liabilities of the Town as a whole.

Bonds and notes payable	\$ (1,796,255)
Compensated absences payable	<u>(26,318)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (1,822,573)</u></u>

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements, Continued

Capital outlay	\$ 1,475,397
Depreciation expense	<u>(364,231)</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position - governmental activities	<u><u>\$ 1,111,166</u></u>

NOTE 3. Stewardship Compliance and Accountability

Budgets and Budgetary Accounting

Annual budgets are reported and adopted by the Town Council on or before June 22 for the fiscal year commencing the following July 1 in accordance with State Law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to June 22, a public hearing is conducted to obtain taxpayer input. Budgets are adopted and control of budget appropriations is exercised, under State Law, at the department level. Budget amendments are required to increase expenditure budgets and are adopted, in a public hearing, before the end of the fiscal year.

The General Fund budget is prepared using the modified accrual basis of accounting. Budgets for the proprietary fund types are prepared using the accrual basis of accounting.

During the current fiscal year, the budget was amended.

Further detail can be found in the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual for the General Fund on page 38.

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VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 4. Deposits and Investments

Deposits and investments of the Town at June 30, 2025 consist of the following:

Deposits:	
Cash on hand	\$ 250
Cash in bank	883,351
Investments:	
State treasurer's investment pool	4,029,497
Total deposits and investments	<u>\$ 4,913,098</u>

A reconciliation of cash and cash equivalents as shown on the statement of net position is as follows:

Cash and cash equivalents	\$ 3,655,110
Restricted cash and cash equivalents	1,257,988
Total	<u>\$ 4,913,098</u>

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 4. Deposits and Investments, Continued

Restricted cash and cash equivalents at June 30, 2025 consists of the following:

General Fund:

Restricted for:

Class B & C roads	\$ 24,443
Old Church and Town Square	40,068
Cemetery Funds	<u>15,071</u>
Total general fund restrictions	79,582

Capital Projects Fund:

Restricted for:

Impact fees -Roads	390,950
Impact fees -Parks	<u>271,229</u>
Total capital projects fund restrictions	662,179

Water Fund:

Restricted for:

Debt reserves	8,609
Impact fees - water	<u>507,618</u>
Total water fund restrictions	516,227

Total cash - restricted	<u><u>\$ 1,257,988</u></u>
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VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 4. Deposits and Investments, Continued

The Town follows the requirements of the Utah Money Management Act (*Utah code*, Section 51, chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Town funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Town does not have a formal policy for custodial credit risk. As of June 30, 2025, \$366,614 of the Town's bank balance of \$866,614 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

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

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

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments. Financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer's office.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 4. Deposits and Investments, Continued

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

As of June 30, 2025 the government had the following investments, ratings and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating (1)</u>	<u>Weighted Average to Maturity (2)</u>
State of Utah Public Treasurer's Investment Fund	\$ 4,029,497	N/A	66.13
Total Fair Value	<u>\$ 4,029,497</u>		

- (1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.
- (2) Interest rate risk is estimated using the weighted average days to maturity.

Interest rate risk

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

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing exposure to credit risk is to comply with the State's Money Management Act.

Fair value measurements

As noted above, the Town holds investments that are measured at fair value on a recurring basis. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the Town's investments, as listed above, are valued using significant other observable inputs (Level 2 inputs).

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 5. Receivables

Receivables shown on the balance sheet of the proprietary fund are amounts due from residents for water services. Receivables are shown net of allowance for doubtful accounts of \$1,000.

NOTE 6. Capital Assets

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

Governmental Activities:	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 117,100	\$ -	\$ -	\$ 117,100
Construction in progress	-	141,532	-	141,532
Total capital assets, not being depreciated	<u>117,100</u>	<u>141,532</u>	<u>-</u>	<u>258,632</u>
Capital assets, being depreciated:				
Buildings & improvements	789,097	1,300,000	-	2,089,097
Furniture & equipment	515,616	33,865	-	549,481
Computers & software	18,530	-	-	18,530
Infrastructure	3,697,080	-	-	3,697,080
Total capital assets, being depreciated	<u>5,020,323</u>	<u>1,333,865</u>	<u>-</u>	<u>6,354,188</u>
Less accumulated depreciation for:				
Buildings & improvements	(409,342)	(73,762)	-	(483,104)
Furniture & Equipment	(399,232)	(45,863)	-	(445,095)
Computers & software	(18,530)	-	-	(18,530)
Infrastructure	(2,108,931)	(244,606)	-	(2,353,537)
Total accumulated depreciation	<u>(2,936,035)</u>	<u>(364,231)</u>	<u>-</u>	<u>(3,300,266)</u>
Total capital assets, being depreciated, net	<u>2,084,288</u>	<u>969,634</u>	<u>-</u>	<u>3,053,922</u>
Governmental activities capital assets, net	<u>\$ 2,201,388</u>	<u>\$ 1,111,166</u>	<u>\$ -</u>	<u>\$ 3,312,554</u>

Depreciation expense was charged to the functions/programs of the Town as follows:

Governmental Activities:	
General government	\$ 60,972
Highways & streets	244,922
Parks & recreation	47,629
Public safety	10,708
Total depreciation expense - governmental activities	<u>\$ 364,231</u>

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 6. Capital Assets, Continued

Business-Type Activities:	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 125,937	\$ -	\$ -	\$ 125,937
Water shares	161,475	3,500	-	164,975
Construction in progress	182,888	62,298	-	245,186
Total capital assets, not being depreciated	470,300	65,798	-	536,098
Capital assets, being depreciated:				
Water distribution system	1,677,243	-	-	1,677,243
Furniture & equipment	127,223	96,540	-	223,763
Total capital assets, being depreciated	1,804,466	96,540	-	1,901,006
Less accumulated depreciation for:				
Water distribution system	(1,027,898)	(36,049)	-	(1,063,947)
Furniture & equipment	(77,767)	(29,408)	-	(107,175)
Total accumulated depreciation	(1,105,665)	(65,457)	-	(1,171,122)
Total capital assets, being depreciated, net	698,801	31,083	-	729,884
Business-type activities capital assets, net	\$ 1,169,101	\$ 96,881	\$ -	\$ 1,265,982

NOTE 7. Long-Term Liabilities

The following is a summary of long-term debt for the year ended June 30, 2025:

	Balance 06/30/24	Additions	Retirements	Balance 6/30/2025	Current Portion
Governmental Activities:					
Lease revenue bond, direct placement	\$ 131,794	\$ 1,800,000	\$ (3,794)	\$ 128,000	\$ 5,000
Notes payable, direct placement	4,732	18,968	(136,476)	1,668,255	83,804
Compensated absences +	7,350	-	-	26,318	15,924
Total governmental activities	143,876	1,818,968	(140,270)	1,822,573	104,728
Business-Type Activities:					
Notes payable, direct placement	2,384	-	(2,384)	-	-
Compensated absences +	3,105	9,303	-	12,408	7,445
Other long-term obligations	285,994	-	(285,994)	-	-
Total business-type activities	291,483	9,303	(288,378)	12,408	7,445
Total long-term liabilities	\$ 435,358	\$ 1,828,271	\$ (428,648)	\$ 1,834,981	\$ 112,172

+ The change in compensated absences above is net change for the year.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 7. Long-Term Liabilities, Continued

Long-term liabilities consists of the following issues at June 30, 2025:

Lease Revenue Bonds:

Permanent Community Impact Board Fund Bonds, due in annual installments of principal between \$5,000 and \$8,000 plus interest, bearing interest at 1.5%, maturing July 1, 2044.	\$ 128,000
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Notes Payable

Note payable to State Bank of Southern Utah in yearly installments of \$171,544 consisting of principal and interest of 5.5%, maturing March 2039.	1,668,255
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Compensated absences	
Business-type activities	12,408
Governmental-type activities	26,318

Total long-term liabilities	<u>1,834,981</u>
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Less current portion:

Business-type activities	(7,445)
Governmental-type activities	<u>(104,728)</u>

Net long-term liabilities	<u><u>\$ 1,722,808</u></u>
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VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 7. Long-Term Liabilities, Continued

The annual requirements to amortize long-term debt outstanding at June 30, 2025, are as follows:

Fiscal Year Ended June 30	Lease Revenue Bonds, Direct Placement	
	Principal	Interest
2026	\$ 5,000	\$ 1,995
2027	5,000	1,920
2028	6,000	1,845
2029	6,000	1,755
2030	6,000	1,665
2031-2035	30,000	6,975
2036-2040	32,000	4,710
2041-2045	35,000	2,175
2045	3,000	120
Total	<u>\$ 128,000</u>	<u>\$ 23,160</u>

Fiscal Year Ended June 30	Notes Payable, Direct Placement	
	Principal	Interest
2026	\$ 83,804	\$ 87,740
2027	88,204	83,340
2028	92,834	78,709
2029	97,708	73,835
2030	102,838	68,706
2031-2035	601,071	256,646
2036-2039	601,796	81,405
Total	<u>\$ 1,668,255</u>	<u>\$ 730,381</u>

The Town's outstanding bonds from direct placements, in the governmental funds, of \$1,796,255, are secured with pledged rents, securities, and an interest in the Virgin Town Historic Meeting House. The issue contains provisions that in the event of default on payment, the remaining principle and related interest become due and payable. The Town's outstanding notes payable from direct placements, in the governmental funds, of \$1,668,255, are secured with property. The issue contains provisions that in the event of default on payment, the remaining principal and related interest become due and payable.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 8. Interfund Transactions

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

The Town had no interfund transfers for the year ending June 30, 2025.

The Town had no interfund payables and receivables as of June 30, 2025.

NOTE 9. Equity Classification

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned, as described in Note 1.

At June 30, 2025, the Town's fund balances are as follows:

General Fund:

Restricted for:

Class B & C roads	\$ 24,443
State liquor funds	-
Old Church and Town Square	40,068
Cemetery perpetual care	15,071
Total general fund restrictions	<u>\$ 79,582</u>

Capital Projects Fund:

Restricted for:

Impact fees -Roads	\$ 390,950
Impact fees -Parks	271,229
Total capital projects fund restrictions	<u>\$ 662,179</u>

Water Fund:

Restricted for:

Debt reserves	\$ 8,609
Impact fees - water	507,618
Total water fund restrictions	<u>\$ 516,227</u>

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 10. Retirement and Pension Plan

The Town has not elected to be part of the Utah State Local Government Retirement System, and therefore, does not have any employees that participate in the Utah State Local Government Retirement System.

NOTE 11. Risk Management

The Town 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 Town has insurance protection, and the limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

NOTE 12. Contracts

The Town has a contract with the Washington County Solid Waste Special Service District. The Town is responsible for monthly billings, collections, and payments to the district, which is accounted for in the General Fund.

NOTE 13. Contingent Liabilities and Commitments

The Town is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of Town Management, based on the advice of the Town Attorney with respect to such litigation, such matters will not have a material adverse effect on the Town's financial position at June 30, 2025.

NOTE 14. 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.

VIRGIN TOWN
Notes to the Financial Statements
June 30, 2025

NOTE 15. Date of Management's Review

In preparing the financial statements, the Town has evaluated events and transactions from potential recognition or disclosure through April 24, 2026, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VIRGIN TOWN
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property taxes	\$ 80,000	\$ 80,000	\$ 93,174	\$ 13,174
Sales and use taxes	200,000	200,000	270,093	70,093
Resort taxes	200,000	200,000	317,872	117,872
Transient room taxes	130,000	130,000	202,068	72,068
Fee in lieu	4,000	4,000	6,117	2,117
Franchise taxes	33,000	33,000	49,005	16,005
Licenses and permits	45,200	45,200	54,094	8,894
Fines and forfeitures	1,000	1,000	6,022	5,022
Intergovernmental revenue	126,000	126,000	154,822	28,822
Interest income	40,000	40,000	148,433	108,433
Cemetery	1,000	1,000	1,773	773
Other revenues/donations	37,000	37,000	55,595	18,595
Garbage fees	47,000	47,000	62,340	15,340
Total revenues	944,200	944,200	1,421,408	477,208
Expenditures:				
Current:				
General government	2,632,790	2,598,092	2,278,327	319,765
Public safety	20,000	20,000	15,800	4,200
Highways and streets	233,067	371,429	336,201	35,228
Culture and recreation	140,067	178,429	128,197	50,232
Cemetery	6,000	6,000	100	5,900
Community development	32,000	33,750	16,882	16,868
Debt Service	7,500	197,500	180,986	16,514
Total expenditures	3,071,424	3,405,200	2,956,493	448,707
Excess of revenues over/(under) expenditures	(2,127,224)	(2,461,000)	(1,535,085)	925,915
Other Financing Sources (Uses):				
Debt proceeds	1,860,000	1,860,000	1,800,000	(60,000)
Total other financing sources (uses):	1,860,000	1,860,000	1,800,000	(60,000)
Net change in fund balance	(267,224)	(601,000)	264,915	865,915
Fund balance - beginning of year	2,190,099	2,190,099	2,190,099	-
Fund balance - end of year	<u>\$ 1,922,875</u>	<u>\$ 1,589,099</u>	<u>\$ 2,455,014</u>	<u>\$ 865,915</u>



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REQUIRED REPORTS

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

Honorable Mayor and Town Council
Virgin Town, 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 Virgin Town, Utah (the Town) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Virgin Town, Utah's basic financial statements, and have issued our report thereon dated April 24, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-01 and 2025-02 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virgin Town, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hafen, Buckner, Everett, and Graff PC
St. George, Utah
April 24, 2026

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

To the Mayor and Town Council
Virgin Town, Utah

Report on Compliance

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

General 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
Governmental Fees	Open and Public Meetings Act
Enterprise Fund Transfers, Reimbursements, Loans, and Services	Crime Insurance

Opinion on Compliance

In our opinion, Virgin Town, 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 Virgin Town, 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 the Town'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 the Town's government programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and recommendations as items 2025-1 through 2025-2. Our opinion on compliance is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the Town's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and recommendations. The Town'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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of 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.

Hafen, Buckner, Everett & Graff, PC
St. George, Utah
April 24, 2026

Virgin Town, Utah
Schedule of Findings and Recommendations for State Compliance
June 30, 2025

Current Year State Compliance Findings:

Finding – 2025-1

Condition: The Town did not publish meeting minutes within 3 days of approval as required.

Criteria: Per UCA 52-4-203, the Town is required to make meeting minutes and public materials publicly available within three days of approval.

Cause: Management oversight.

Effect: The entity was not in compliance with UCA 52-4-203 to make minutes and public materials publicly available within 3 days of approval.

Response: The Town agrees with the State Compliance Audit finding and will comply with budgetary compliance in the future.

Finding – 2025-2

Condition: The Town has stale checks on the bank reconciliation.

Criteria: Per internal control best practices, reconciling items should be reviewed and cleared in a timely manner.

Cause: Management oversight.

Effect: Cash balances may be understated due to outstanding checks that are unlikely to clear the bank.

Response: The Town agrees with the finding and will review outstanding checks on bank reconciliations regularly and clear items that will most likely not clear the bank.

Prior Year State Compliance Findings:

2024-1 – Budgetary Compliance – This finding was corrected in FY2025.

2024-2 – Open and Public Meetings Act – This finding was corrected for FY2025.

CORRECTIVE ACTION PLAN