City of La Verkin

435 North Main St., La Verkin Utah, 84745
(435) 635-2581 Fax (435) 635-2104
www.laverkin.org

La Verkin City Council Meeting Agenda
Wednesday, December 1, 2021, 6:00 p.m.
Council Chambers, 111 S. Main, La Verkin, Utah

A. Meeting Called to Order: Invocation by Invitation; Pledge of Allegiance

B. Presentation:
1. Fiscal year ending June 30, 2021, Financial Audit-Rees CPA

C. Consent Agenda: (Items on the consent agenda may not require discussion. These items will be a single motion unless removed at the request of the Mayor or City Council.)
1. Declarations of conflict of interest
2. Agenda
3. Minutes: October 20, 2021, regular meeting
4. Checks and Invoices: $13,683.16

D. Citizen Comment & Request for Future Agenda Items: No action may be taken on a matter raised under this agenda item. This item is reserved for the citizens of La Verkin who have items not listed on this agenda. There is a time limit of 20 minutes with each individual taking no more than 3 minutes.

E. Public Hearing:
1. The issuance of the Parity Water Revenue Bonds of La Verkin City and any potential impact to the private sector from the construction of the 100 South Project.

F. Business:
1. Discussion and possible action to accept the fiscal year ending June 30, 2021, Financial Audit.
2. Discussion and possible action to approve Proclamation No. 2021-*05*; a proclamation designating January 23-29, 2022, as School Choice Week.
3. Discussion and possible action to approve Resolution No. R-2021-*23*; a resolution amending the City's culinary water fees and adjusting the base water rate for short-term rentals.

G. Mayor & Council Reports:
Mayor Hirschi:
Wilson: Ash Creek Sewer District, Public Works, Water, La Verkin Hot Springs
Wise: Planning Commission/Zoning, Beautification/Trails Committee, Economic Development/Tourism
Justice: Washington County Solid Waste, Homeland Security/CERT, Confluence Park
Gubler: Public Safety, Recreation/City Festivals
Hardy: Southwest Mosquito Abatement, Historical Preservation

H. Adjourn:

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Christy Ballard, City Recorder, (435) 635-2581, at least 48 hours in advance.

Certificate of Posting
The undersigned City Recorder does hereby certify that the agenda was sent to each member of the governing body, sent to the Spectrum newspaper, posted on the State website at, posted on the La Verkin City website at www.laverkin.org and the city office buildings, 111 S. Main and 435 N. Main on November 24, 2021.
Christy Ballard, City Recorder

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Christy Ballard, City Recorder

La Verkin City
Invoice Register - 11/12/2021 to 11/22/2021 - All Invoices

11/23/2021

Invoice No.	Vendor	Check No.	Ledger Date	Due Date	Amount	Account No.	Account Name.	Description
Refund: 1000402	*Ingalls, Theodore		11/22/2021	11/22/2021	$90.24			
					90.24	511311	Accounts Receivable	Refund: 100040252 - *Ingalls, T
981507	ALSCO		11/3/2021	11/20/2021	$52.67			
					0.53	104160.250	Bldg EQUIPMENT OPERATING	
					6.32	104240.250	Inspect EQUIPMENT OPERATI	
					9.46	104410.250	Streets EQUIPMENT OPERATI	
					0.53	104410.745	Streets STREET IMPROVEME	
					0.53	104510.250	Parks EQUIPMENT OPERATIN	
					24.23	516340.250	O&M EQUIPMENT OPERATIN	
					0.53	516340.450	O&M SYSTEMS MAINTENANC	
					3.16	536310.250	Irrigation EQUIPMENT OPERA	
					0.53	536310.450	Irrigation WATER MAIN REPAIR	
					6.32	556350.250	Drainage EQUIPMENT OPERA	
					0.53	556350.440	Drainage NEW SERVICES	
RFD 100040792.	Armstrong, Thomas	48864	11/15/2021	11/15/2021	$149.79			
					149.79	512330	Turn on Fee/Renter Deposit	Deposit Refund: 100040792 - Ar
112021	BELTRAN, PATRICIA		11/20/2021	11/20/2021	$200.00			
					200.00	102331	Building/Park Rental deposit	Refund building rental deposit
949-1021	CenturyLink	48850	10/19/2021	11/13/2021	$53.45			
					53.45	104253.280	Animal UTILITIES	Animal shelter
101821	Davis Food & Drug #4/Farmers Market	48851	10/18/2021	11/15/2021	$31.98			
					31.98	104210.250	Police EQUIPMENT OPERATIN	Batteries
174889	Fire Pro	48852	10/29/2021	11/15/2021	$93.90			
					0.94	104160.250	Bldg EQUIPMENT OPERATING	
					11.27	104240.250	Inspect EQUIPMENT OPERATI	
					16.90	104410.250	Streets EQUIPMENT OPERATI	
					0.94	104410.745	Streets STREET IMPROVEME	
					0.94	104510.250	Parks EQUIPMENT OPERATIN	
					43.19	516340.250	O&M EQUIPMENT OPERATIN	
					0.94	516340.450	O&M SYSTEMS MAINTENANC	
					5.63	536310.250	Irrigation EQUIPMENT OPERA	
					0.94	536310.450	Irrigation WATER MAIN REPAIR	
					11.27	556350.250	Drainage EQUIPMENT OPERA	
					0.94	556350.440	Drainage NEW SERVICES	
RFD 100040152.	Fuller, Raymond & Lori		11/19/2021	11/19/2021	$22.38			
					22.38	512330	Turn on Fee/Renter Deposit	Deposit Refund: 100040152 - Fu
111321	GUERRERO, ZENAIDA	48867	11/13/2021	11/13/2021	$200.00			
					200.00	102331	Building/Park Rental deposit	Refund building rental deposit
11052021	Health Equity	11102021	11/17/2021	11/17/2021	$13.50			
					2.50	104140.130	Admin EMPLOYEE BENEFITS	
					4.50	104210.130	Police EMPLOYEE BENEFITS	
					2.25	104230.130	Victims EMPLOYEE BENEFITS	
					4.25	516660.130	Admin EMPLOYEE BENEFITS	
2021-1682	HURRICANE CITY JUSTICE COURT	48855	10/29/2021	11/13/2021	$250.00			
					250.00	104121.240	Police JUSTICE COURT	Nov. 2021 Court billing
102021	HURRICANE CITY POWER	48856	10/5/2021	11/15/2021	$20.29			
					20.29	104140.280	Admin UTILITIES	LaVerkin City sign power
11-560	HURRICANE CITY WATER DEPT	48868	11/1/2021	11/20/2021	$1,317.21			
					669.11	516660.410	Admin PRODUCT OR SERVIC	Power for Ash Creek Sept 2021
					258.12	516660.410	Admin PRODUCT OR SERVIC	Chlorine and cilinder rental
					72.19	516660.410	Admin PRODUCT OR SERVIC	Overload repair- Flood damage

Invoice No.	Vendor	Check No.	Ledger Date	Due Date	Amount	Account No.	Account Name.	Description
					317.79	516660.410	Admin PRODUCT OR SERVIC	Labor to install power cord ext
SG3273152	Intermountain WorkMed	48858	11/1/2021	11/15/2021	$44.00			
					0.44	104160.250	Bldg EQUIPMENT OPERATING	
					5.28	104240.250	Inspect EQUIPMENT OPERATI	
					7.92	104410.250	Streets EQUIPMENT OPERATI	
					0.44	104410.745	Streets STREET IMPROVEME	
					0.44	104510.250	Parks EQUIPMENT OPERATIN	
					20.24	516340.250	O&M EQUIPMENT OPERATIN	
					0.44	516340.450	O&M SYSTEMS MAINTENANC	
					2.64	536310.250	Irrigation EQUIPMENT OPERA	
					0.44	536310.450	Irrigation WATER MAIN REPAIR	
					5.28	556350.250	Drainage EQUIPMENT OPERA	
					0.44	556350.440	Drainage NEW SERVICES	
21233	LANTIS FIREWORKS & LASERS		11/18/2021	11/18/2021	$3,500.00			
PO# 4162					3,500.00	104510.480	Parks RAP Tax	Fireworks for Winter Fest
112021	LaVerkin City Petty Cash	48877	11/19/2021	11/19/2021	$1,350.00			
					1,350.00	104540.610	Rec MISCELLANEOUS EXPEN	winterfest cash boxes, Festival o
103021	RANDALL, DANA		11/19/2021	11/19/2021	$46.91			
PO# 4164					46.91	104540.610	Rec MISCELLANEOUS EXPEN	Fence Posts for Talent Fest
112021	SCHOLZEN PRODUCTS CO INC		11/22/2021	11/22/2021	($1,321.46)			
					-132.15	104240.250	Inspect EQUIPMENT OPERATI	
					-185.00	104410.250	Streets EQUIPMENT OPERATI	Returns
					-66.07	104410.745	Streets STREET IMPROVEME	
					-66.08	104510.250	Parks EQUIPMENT OPERATIN	
					-528.58	516340.250	O&M EQUIPMENT OPERATIN	
					-66.07	516340.450	O&M SYSTEMS MAINTENANC	
					-52.86	536310.250	Irrigation EQUIPMENT OPERA	
					-26.43	536310.450	Irrigation WATER MAIN REPAIR	
					-132.15	556350.250	Drainage EQUIPMENT OPERA	
					-66.07	556350.440	Drainage NEW SERVICES	
6608631	SCHOLZEN PRODUCTS CO INC	48861	10/28/2021	11/15/2021	$248.25			
					248.25	516340.450	O&M SYSTEMS MAINTENANC	10 S 500 W- setter
6608778	SCHOLZEN PRODUCTS CO INC	48861	10/28/2021	11/15/2021	$240.90			
					2.41	104160.250	Bldg EQUIPMENT OPERATING	
					28.91	104240.250	Inspect EQUIPMENT OPERATI	
					43.36	104410.250	Streets EQUIPMENT OPERATI	Multi tool- blades- Max's truck
					2.41	104410.745	Streets STREET IMPROVEME	
					2.41	104510.250	Parks EQUIPMENT OPERATIN	
					110.81	516340.250	O&M EQUIPMENT OPERATIN	
					2.41	516340.450	O&M SYSTEMS MAINTENANC	
					14.45	536310.250	Irrigation EQUIPMENT OPERA	
					2.41	536310.450	Irrigation WATER MAIN REPAIR	
					28.91	556350.250	Drainage EQUIPMENT OPERA	
					2.41	556350.440	Drainage NEW SERVICES	
	Vendor Total:				**($832.31)**			
4173163	SPECTRUM	48872	10/31/2021	11/20/2021	$178.40			
					178.40	104140.220	Admin PUBLIC NOTICES	General election info, Public noti
7341878375	STAPLES	48873	10/19/2021	11/16/2021	$55.22			
					5.52	104240.250	Inspect EQUIPMENT OPERATI	
					7.74	104410.250	Streets EQUIPMENT OPERATI	paper
					2.76	104410.745	Streets STREET IMPROVEME	

Invoice No.	Vendor	Check No.	Ledger Date	Due Date	Amount	Account No.	Account Name.	Description
					2.76	104510.250	Parks EQUIPMENT OPERATIN	
					22.09	516340.250	O&M EQUIPMENT OPERATIN	
					2.76	516340.450	O&M SYSTEMS MAINTENANC	
					2.21	536310.250	Irrigation EQUIPMENT OPERA	
					1.10	536310.450	Irrigation WATER MAIN REPAIR	
					5.52	556350.250	Drainage EQUIPMENT OPERA	
					2.76	556350.440	Drainage NEW SERVICES	
4566	T HUNT STORAGE	48875	11/15/2021	11/15/2021	$260.00			
					260.00	104620.610	Comm COMMUNITY DEVELOP	Storage, Sept, Oct
PR111921-501	UTAH RETIREMENT SYSTEMS		11/15/2021	11/15/2021	$496.88			
					496.88	102223	Retirement Payable	Retirement
PR111921-449	Utah State Tax Commission		11/15/2021	11/15/2021	$472.19			
					472.19	102222	State Witholding	State Income Tax
RFD 100041149.	Wood, Jordan		11/18/2021	11/18/2021	$967.20			
					967.20	512330	Turn on Fee/Renter Deposit	Deposit Refund: 100041149 - W
102621	ZIONS FIRST NATIONAL BANK CC		10/26/2021	11/15/2021	$103.00			
					103.00	104210.230	Police TRAVEL & TRAINING	Utah Chiefs of Police Assocation
14227	ZIONS FIRST NATIONAL BANK CC		10/20/2021	11/15/2021	$131.30			
					131.30	104253.250	Animal EQUIPMENT OPERATI	Dog license tags for 2022
323044078 PO# 4124	ZIONS FIRST NATIONAL BANK CC		11/1/2021	11/15/2021	$991.67			
					734.87	104510.470	Parks IMPACT FEES	Elecrtical Fittings from Border St
					256.80	104510.470	Parks IMPACT FEES	Electrical Fitting from Border Sta
46-326-023-45	ZIONS FIRST NATIONAL BANK CC		10/26/2021	11/15/2021	$81.97			
					81.97	104210.230	Police TRAVEL & TRAINING	Abringer training- hotel
	Vendor Total:				**$1,307.94**			
5161272-22	ZIONS FIRST NATIONAL BANK.		11/12/2021	11/12/2021	$250.00			
					250.00	304711.830	Paying agent fees S2006 - S201	Paying agent fee
5161272-22a	ZIONS FIRST NATIONAL BANK.		11/12/2021	11/12/2021	($1.29)			
					-1.29	304711.820	Interest payment S2006 - S2015	Less cash on hand
PR111921-234	ZIONS FIRST NATIONAL BANK.	10102022	11/15/2021	11/15/2021	$3,092.61			
					1,182.86	102221	FICA & FWT Witholding	Social Security Tax
					276.64	102221	FICA & FWT Witholding	Medicare Tax
					1,633.11	102221	FICA & FWT Witholding	Federal Income Tax
	Vendor Total:				**$3,341.32**			
			Total:		**$13,683.16**			

GL Account Summary

3,092.61	102221	FICA & FWT Witholding
472.19	102222	State Witholding
496.88	102223	Retirement Payable
400.00	102331	Building/Park Rental deposit
250.00	104121.240	Police JUSTICE COURT
2.50	104140.130	Admin EMPLOYEE BENEFITS
178.40	104140.220	Admin PUBLIC NOTICES
20.29	104140.280	Admin UTILITIES
4.32	104160.250	Bldg EQUIPMENT OPERATING
4.50	104210.130	Police EMPLOYEE BENEFITS
184.97	104210.230	Police TRAVEL & TRAINING
31.98	104210.250	Police EQUIPMENT OPERATIN
2.25	104230.130	Victims EMPLOYEE BENEFITS
-74.85	104240.250	Inspect EQUIPMENT OPERATI
131.30	104253.250	Animal EQUIPMENT OPERATI
53.45	104253.280	Animal UTILITIES

La Verkin City
Invoice Register - 11/12/2021 to 11/22/2021 - All Invoices

Invoice No.	Vendor	Check No.	Ledger Date	Due Date	Amount	Account No.	Account Name.	Description
					-99.62	104410.250	Streets EQUIPMENT OPERATI	
					-58.99	104410.745	Streets STREET IMPROVEME	
					-59.00	104510.250	Parks EQUIPMENT OPERATIN	
					991.67	104510.470	Parks IMPACT FEES	
					3,500.00	104510.480	Parks RAP Tax	
					1,396.91	104540.610	Rec MISCELLANEOUS EXPEN	
					260.00	104620.610	Comm COMMUNITY DEVELOP	
					11,181.76		**Total**	
					-1.29	304711.820	Interest payment S2006 - S2015	
					250.00	304711.830	Paying agent fees S2006 - S201	
					248.71		**Total**	
					90.24	511311	Accounts Receivable	
					1,139.37	512330	Turn on Fee/Renter Deposit	
					-308.02	516340.250	O&M EQUIPMENT OPERATIN	
					189.26	516340.450	O&M SYSTEMS MAINTENANC	
					4.25	516660.130	Admin EMPLOYEE BENEFITS	
					1,317.21	516660.410	Admin PRODUCT OR SERVIC	
					2,432.31		**Total**	
					-24.77	536310.250	Irrigation EQUIPMENT OPERA	
					-21.01	536310.450	Irrigation WATER MAIN REPAIR	
					-45.78		**Total**	
					-74.85	556350.250	Drainage EQUIPMENT OPERA	
					-58.99	556350.440	Drainage NEW SERVICES	
					-133.84		**Total**	
					$13,683.16		**GL Account Summary Total**	

MASTER RESOLUTION

OF

LAVERKIN CITY,
WASHINGTON COUNTY, UTAH

AS ISSUER

DATED AS OF *, 2022

MASTER RESOLUTION

WHEREAS, LaVerkin City, Washington County, State of Utah, considers it desirable and necessary and for the benefit of the Issuer to construct, operate and maintain the Project (as hereinafter defined) to be owned and operated by the Issuer, but does not have on hand money sufficient to pay for the Project (as hereinafter defined); and

WHEREAS, pursuant to the provisions of a Resolution adopted on November 3, 2021 (the "Authorizing Resolution"), the Governing Board of the City (the "Governing Board") has authorized and approved certain actions to be taken by the City in connection with the financing of the Project, including the adoption this Master Resolution and the issuance of the Series 2022 Bonds hereunder; and

WHEREAS, it has been determined by the City that the estimated amount necessary to finance the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of the Series 2022 Bonds in the principal amount of $1,151,000, as hereinafter provided; and

WHEREAS, the City has determined that the Series 2022 Bonds shall be secured as provided herein and has ascertained and determined that the provisions herein contained for protecting and enforcing the rights and remedies of the registered owners of such Series 2022 Bonds are reasonable, proper and in accordance with law, and that this Master Resolution is necessary to the performance of its duties and the execution of its powers under law, and does deem and determine all of the provisions herein contained to be reasonable and proper for the security of the registered owners of the Series 2022 Bonds; and

WHEREAS, all acts and things required by law to make this Master Resolution a valid and binding instrument for the security of all Bonds duly issued hereunder have been done and performed, and the execution and delivery of this Master Resolution have been in all respects duly authorized; and

WHEREAS, the Series 2022 Bonds in registered form are to be in substantially the appropriate form set forth in Section 2.6 and if issued as Exchange Bonds are to be in substantially the appropriate form set forth in Section 2.8, with appropriate variations, omissions and insertions as permitted or required by this Master Resolution; and

WHEREAS, all things necessary to make the Series 2022 Bonds when authenticated by the City and issued as in this Master Resolution provided, the valid, binding and legal obligations of the City according to the import thereof, and to constitute this Master Resolution a valid assignment and pledge of the amounts pledged to the payment of the principal on the Series 2022 Bonds, and to

constitute this Master Resolution a valid assignment of the rights of the City with respect to the Project have been done and performed and the creation, execution and delivery of this Master Resolution, and the creation, execution and issuance of the Series 2022 Bonds, subject to the terms hereof, have in all respects been duly authorized:

NOW, THEREFORE, Be It and It Is Hereby Resolved by the Mayor and City Council of LaVerkin City, Washington County, Utah, as follows:

ARTICLE I

DEFINITIONS

Section 1.1: As used in this Master Resolution, the following terms shall have the following meanings unless the context clearly indicates otherwise:

"Act" means the provisions of the Local Government Bonding Act of the State of Utah, Chapter 14, Title 11, Utah Code Annotated, 1953, as amended and the Registered Public Obligations Act of the State of Utah, Chapter 7, Title 15, Utah Code Annotated, 1953, as amended.

"Annual Bond Service Requirements" means the maximum amount required to be paid into the Bond Fund for payment of principal on the Bond in any given Bond Fund Year.

"Annual Net Revenues" means the Net Revenues for any 12 consecutive calendar months.

"Bond" shall mean, the Water Revenue Bond, Series 2022 (sometimes hereinafter referred to as the "Series 2022 Bond") of LaVerkin City, Washington County, State of Utah, in principal amount of $1,151,000, authorized hereby and shall mean, alternately, interchangeably, or collectively, the single Fully Registered Bond or the Serial Bonds issued in lieu of a Fully Registered Bond.

"Bondholder" means the registered holder of any registered bond, the issuance of which is authorized herein.

"Capital Facilities Replacement Fund" means an account into which shall be placed annual deposits representing 5% of the annual operating budget of the System, inclusive of debt service and depreciation.

"Delivery Date" means the date the Bond or Bonds are delivered to the initial purchaser and this date to be known on the Bond or Bonds as the issue date.

"Depository" or "Depository Bank" means a Qualified Depository (defined hereinafter).

"Drinking Water Board" means the State of Utah, Department of Environmental Quality,

Drinking Water Board or any successor agency.

"Escrow Account" means an account to be held in escrow by the Escrow Agent pursuant to an Escrow Agreement to be entered into between the Issuer and the Drinking Water Board on the date of delivery of the Bonds, said account to be used for the purpose of depositing the proceeds of the sale of the Bonds as well as certain grant monies and supervising said proceeds pursuant to the terms of the Escrow Agreement.

"Escrow Agent" means the Utah State Treasurer, who shall so act pursuant to the terms of the Escrow Agreement hereinabove referred to.

"Executive Officer" means the Mayor of the Issuer.

"First Payment Date" means a payment of principal and interest on January 15, 2024 (provided, however, that there shall also be a payment of interest only on January 15, 2023).

"Fully Registered Bond" means a single Fully Registered Bond in the denomination equal to the aggregate amount of the Bond authorized herein.

"Future Parity Bonds" means any bonds hereafter issued by the Issuer on a parity with the Bond herein authorized pursuant to the conditions and restrictions set forth in Article VI hereof.

"Governing Body" means the Mayor and City Council of the Issuer.

"Installment Amount" means the amount of each annual registered installment of principal and interest, if any, on the Bond, as shown in the Repayment Schedule in the Bond.

"Issue Amount" means the principal amount of the Bond authorized to be issued hereunder which is the sum of $1,151,000.

"Issuer" means LaVerkin City, Washington County, Utah.

"Master Resolution" means this resolution providing for the issuance of a revenue bond payable from the Revenues of the System, as from time to time amended or supplemented in accordance with the provisions hereof.

"Net Revenues" means the Revenues remaining after provision has been made for the payment therefrom of Operation and Maintenance Expenses.

"Outstanding" or "Outstanding Bonds" means any Bond which has been issued and delivered in accordance with the provisions hereof; but shall not include a Bond in lieu of which another Bond has been issued to replace a mutilated, lost, destroyed or stolen bond.

"Payment Date" means the 15th day of January in each year beginning with the year 2024 (provided, however, that there shall also be a payment of interest only on January 15, 2023).

"Payment Years" means the years in which an Installment Amount comes due, described as the years 2024 through 2058.

"Permitted Investments" means those investments specified in Section 51-7-11, Utah Code Annotated, 1953, as amended.

"Pledged Revenues" means 100% of the Net Revenues hereinafter pledged to the payment of the Revenue Bonds.

"Prior Lien Bonds" means Issuer's Parity Water Revenue Bond, Series 2000A in the original principal amount of $723,000 payable to the Utah Board of Water Resources, its Parity Water Revenue Bond, Series 2000B in the original principal amount of $584,000 payable to the USDA Rural Development, and its Parity Water Revenue Bond, Series 2014 in the original principal amount of $274,000 payable to the Utah Permanent Community Impact Fund Board.

"Project" means the construction of culinary water system improvements, including pipeline replacement, adding a 12" culinary water line to improve pressure to the system and upgrades to service connections, together with related improvements, the acquisition of necessary land and easements and in all other respects to pay the cost of foregoing including engineering and expenses and costs of and issuance of the bonds and to acquire and provide all appurtenant facilities therefor, together with all necessary or related work and improvements.

"Qualified Depository" means a depository institution constituting a "qualified depository" under Chapter 7 of Title 51, Utah Code Annotated 1953, as amended.

"Reserve Fund Installment" means an annual payment in an amount equal to 1/10th of the Reserve Fund Requirement as to the Series 2022 Bond.

"Reserve Fund Requirement" means the amount equal to the maximum annual installment of principal of the Bond.

"Revenues" means all income and revenue of any kind derived from the operation of the System including the proceeds of all connection charges not applied directly to the payment of the cost of improving or extending the system or of making connections thereto and all interest earned by and profits derived from the sale of investments made with the Revenues.

"Serial Bonds" means the registered $1000 denomination water revenue bonds which may be issued in exchange for the Fully Registered Bond.

"System" means the complete water system of the Issuer, as such system now exists, together

with the Project, and any other properties now or hereafter owned or operated by the Issuer relating to said system and as may hereafter be improved and extended, including specifically all properties of every nature owned by the Issuer and used or useful in the operation of said system, including real estate, personal and intangible properties, contracts, franchises, leases and choses in action, whether lying within or without the boundaries of the Issuer.

"Year" means the twelve-month period beginning on January 1st of each calendar year and ending on the next succeeding December 31st.

Except where the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing the male gender shall include the female gender and vice versa.

ARTICLE II

TERMS AND PROVISIONS OF SERIES 2022 BOND

Section 2.1. Purpose and Authority.

(a) The Governing Body hereby finds, determines and declares that the Project to be acquired, constructed, improved and extended with the proceeds of the Series 2022 Bond is necessary for the proper operation of the System and is economically feasible, and the Revenues will be sufficient to retire the Series 2022 Bond.

(b) For the purpose of paying the cost of the Project, including the payment of all fees and expenses incident thereto and to the issuance of the Series 2022 Bond, the Series 2022 Bond shall be issued in the amount or amounts set forth in the Treasurer's Certificate of Dates of Payment and Amounts at the end of the Series 2022 Bond. The Series 2022 Bond shall be payable solely from the Revenues to be derived from the operation and ownership of the System, as more specifically provided herein, and, to the extent available, monies remaining in the Construction Fund as described in Section 4.1 upon completion of the Project.

Section 2.2. Parity Designation. The Series 2022 Bond is issued and sold upon a par with the Issuer's Parity Water Revenue Bond, Series 2000A in the original principal amount of $723,000 payable to the Utah Board of Water Resources, its Parity Water Revenue Bond, Series 2000B in the original principal amount of $584,000 payable to the USDA Rural Development, and its Parity Water Revenue Bond, Series 2014 in the original principal amount of $274,000 payable to the Utah Permanent Community Impact Fund Board (the "Prior Lien Bonds"). Neither the Series 2022 Bond nor the Prior Lien Bonds shall be entitled to any priority one over the other in the application of the Net Revenues of the System pledged to the payment of the Series 2022 Bond and the Prior Lien Bonds, regardless of the time or times of their issuance or delivery and there shall be no priority between the Series 2022 Bond or the Prior Lien Bonds in any rights provided in this Master Resolution for entitlement to payment or provisions made for payment.

Section 2.3. Designation and Terms of the Series 2022 Bond. The Series 2022 Bond shall be designated as the "Water Revenue Bond, Series 2022," shall be dated as of the date of delivery to the Drinking Water Board, shall be issued as a single fully-registered bond, without coupons, in the denomination of the amount or amounts set forth in the Treasurer's Certificate of Dates of Payment of Amounts at the end of the Series 2022 Bond and shall be numbered R-1, the principal amount of which shall bear no interest and shall be in such amount as set forth in the table and column of Payment Dates and Amounts as set forth in the form of the Series 2022 Bond.

Any installment of principal and/or interest which shall not be paid when due shall bear interest, to the extent permitted by law, at the rate of eighteen percent (18%) per annum from the date of maturity of such installment until that installment is paid.

Subject to prepayment of principal as herein provided, principal on the Series 2022 Bond shall be payable in the number of annual registered installments equal to the number of Payment Years, with no provision for any grace period as to the due date of such payments; provided, however, that the last such installment payment shall be in such amount as will pay the remaining principal due on the Series 2022 Bond on the date of such payment each in the amount of the Installment Amount, due on the Payment Date of each of the Payment Years. Each payment shall be first applied to any applicable interest accrued to the date of payment of that installment, then to principal. Principal and interest, if any, on the Series 2022 Bond shall be payable in any coin or currency which, on the respective dates of payments, is legal tender for the payment of debts to the United States of America and, except as hereinafter otherwise provided, shall be made by check or draft mailed to the Office of the Drinking Water Board in Salt Lake City, Utah, or to its designee or to such other registered owner of the Series 2022 Bond as is shown on the registration books maintained by the Issuer at the close of business on the fifteenth day of the month next preceding each Payment Date at the address of such registered owner as it appears on such registration books or to such other address furnished in writing by such registered owner to the Issuer, and payment shall be endorsed thereon in the payment record attached thereto.

The single, Fully-Registered Bond may be exchanged for Serial Bonds in increments of $1000 at the option of the holder.

Section 2.4. Prepayment Provisions and Provisions Regarding Notation of Payments - Series 2022 Bond.

(a) The Series 2022 Bond shall be subject to prepayment at the option of the Issuer at any time in whole or in part in multiples of $1000 as to each bond plus accrued interest to the date of prepayment, and without premium. In the event of a partial prepayment, each installment payment due on the Payment Date of each Payment Year after such partial prepayment shall remain in the Installment Amount regardless of any such partial prepayment; provided that any such partial prepayment shall reduce the principal due on the Series 2022 Bond in inverse order of installment maturities; and provided further that the final payment on the Series 2022 Bond shall be fully sufficient to pay all principal and interest, if any, remaining due thereon. With the exception of

prepayments described in Section 3.1, each prepayment on the Series 2022 Bond shall be applied to any interest then due on the Series 2022 Bond and then to principal. Notice of any call for prepayment shall be given by registered mail not less than 30 days prior to the prepayment date to the State or to its designee, or to such other registered owner of the Series 2022 Bond as is shown on the registration books at the close of business on the fifteenth day next preceding the mailing of such prepayment notice at the registered owner's address as shown on such registration books or at such other address furnished in writing by such registered owner to the Issuer.

(b) In the event of a partial prepayment, such prepayment shall be made in the manner provided for herein for the payment of Installment Amounts (except that prepayments need not be made on Payment Dates) and endorsed on the Series 2022 Bond on the prepayment record attached thereto.

(c) If notice of prepayment shall have been given as aforesaid, the Series 2022 Bond or the portion thereof specified in said notice shall become due and payable at the prepayment price and on the prepayment date therein designated and if, on the prepayment date, money for the payment of the prepayment price of the Series 2022 Bond or the portion thereof to be prepaid shall be available for such prepayment on said date, then from and after the prepayment date, interest, if any, on the Series 2022 Bond or the portion thereof so called for prepayment shall cease to accrue and become payable.

(d) The registered owner of the Series 2022 Bond shall endorse any payment or prepayment of principal on the Series 2022 Bond upon the payment record or prepayment record attached to the Bond.

Section 2.5. Execution of Series 2022 Bond and Representations Relating to the Master Resolution. The Series 2022 Bond shall be executed on behalf of the Issuer by the manual signature of the Executive Officer and attested and countersigned by the manual signature of the City Recorder. The City Recorder shall impress or imprint the official seal of the Issuer on the Series 2022 Bond. The Treasurer is authorized and directed to complete the Certificate of Dates of Payment and Amount on the Series 2022 Bond. All of the covenants, promises, statements, recitals, representations and agreements contained in the Series 2022 Bond and this Master Resolution are hereby considered and understood, and it is hereby ordered and declared that the covenants, promises, statements, recitals, representations and agreements therein and herein are covenants, promises, statements, recitals, representations and agreements of the Issuer.

Section 2.6. Form of Series 2022 Bond: The Series 2022 Bond shall be in such form as to authorize the maximum amount to be loaned in incremental advances and the Series 2022 Bond shall provide at the end thereof a Certificate of Dates of Payment and Amount which shall reflect the amount and date of each advance and to be certified by the Treasurer of the Issuer. The Series 2022 Bond shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF WASHINGTON
LAVERKIN CITY

R-1

WATER REVENUE BOND, SERIES 2022

THIS BOND HAS BEEN DESIGNATED BY THE AUTHORITY AND THE CITY FOR PURPOSES OF THE EXCEPTION CONTAINED IN SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, RELATING TO THE DEDUCTIBILITY OF A FINANCIAL INSTITUTION'S INTEREST EXPENSE ALLOCABLE TO TAX-EXEMPT INTEREST.

Principal Sum	Interest Rate	Original Issue Date
$1,151,000.00	**1.57%**	***, 2022**

LaVerkin City, Washington County, Utah (the "Issuer") for value received, promises to pay from the special fund hereinafter described and in the manner hereinafter set forth, and not otherwise, to the order of the registered owner hereof, the Total Principal Sum set forth in the Certificate of Dates of Payment and Amount (hereinafter "Principal Certificate") set forth in the Certificate of Dates of Payment and Amount (hereinafter "Principal Certificate") set forth at the end of this Bond, but in no event more than a Maximum Principal Amount of ONE MILLION ONE HUNDRED FIFTY-ONE THOUSAND DOLLARS ($1,151,000.00) in thirty-five (35) annual installments due January 15th of each of the years set forth below:

Maturity Date January 15th	Principal Amount	Interest Amount	Total Amount
2023	$ 0.00	$14,255.77	$14,255.77
2024	$25,000.00	$18,070.70	$43,070.70
2025	$25,000.00	$17,678.20	$42,678.20
2026	$26,000.00	$17,285.70	$43,285.70
2027	$26,000.00	$16,877.50	$42,877.50
2028	$27,000.00	$16,469.30	$43,469.30
2029	$27,000.00	$16,045.40	$43,045.40
2030	$27,000.00	$15,621.50	$42,621.50
2031	$28,000.00	$15,197.60	$43,197.60
2032	$28,000.00	$14,758.00	$42,758.00
2033	$29,000.00	$14,318.40	$43,318.40
2034	$29,000.00	$13,863.10	$42,863.10
2035	$30,000.00	$13,407.80	$43,407.80
2036	$30,000.00	$12,936.80	$42,936.80
2037	$30,000.00	$12,465.80	$42,465.80
2038	$31,000.00	$11,994.80	$42,994.80

2039	$31,000.00	$11,508.10	$42,508.10
2040	$32,000.00	$11,021.40	$43,021.40
2041	$32,000.00	$10,519.00	$42,519.00
2042	$33,000.00	$10.016.60	$43.016.60
2043	$34.000.00	$ 9,498.50	$43,498.50
2044	$34,000.00	$ 8,964.70	$42,964.70
2045	$35,000.00	$ 8,430.90	$43,430.90
2046	$35,000.00	$ 7,881.40	$42,881.40
2047	$36,000.00	$ 7,331.90	$43,331.90
2048	$36,000.00	$ 6,766.70	$42,766.70
2049	$37,000.00	$ 6,021.50	$43,021.50
2050	$37,000.00	$ 5,620.60	$42,620.60
2051	$38,000.00	$ 5,039.70	$43,039.70
2052	$39,000.00	$ 4,443.10	$43,443.10
2053	$39,000.00	$ 3,830.80	$42,830.80
2054	$40,000.00	$ 3,218.50	$43,218.50
2055	$40,000.00	$ 2,590.50	$42,590.50
2056	$41,000.00	$ 1,962.50	$42,962.50
2057	$42,000.00	$ 1,318.80	$43,318.80
2058	$42,000.00	$ 659.40	$42,659.40

To each installment of principal there shall be added interest accruing from the date of issuance, at the rate of One and fifty-seven hundredths (1.57%) per cent per annum on the entire balance remaining due under this Bond. Interest shall be payable on the same day as the due date for a payment of principal; provided, however, that there shall also be a payment of interest only on January 15, 2023.

If less than the Maximum Principal Amount is advanced, the principal amount payable on the due date shall be the total unpaid principal sum set forth in the "Treasurer's Certificate of Dates of Payment and Amount". The Issuer shall pay the Installment Amounts on each Payment Date thereafter and liability of Issuer shall continue until the Total Principal Sum, together with accrued interest, if any, shall be paid in full, irrespective of the initial amount advanced by the Purchaser.

Any installment of principal and/or interest hereof which shall not be paid when due shall bear interest at the rate of eighteen (18%) per cent per annum from the date of maturity of such installment until paid. This Bond is payable in lawful money of the United States of America by check or draft of the Issuer mailed to the State of Utah Department of Environmental Quality, Drinking Water Board, Salt Lake City, Utah, or its designee, or to such other registered owner hereof, as such registered owner is shown on the registration books maintained by the Issuer at the close of business on the fifteenth day of the month next preceding each installment payment date at the address of such registered owner as it appears on such registration books or to such other address as is furnished in writing by such registered owner to the Issuer. The registered owner of this Bond,

by acceptance hereof, agrees that such registered owner shall endorse each payment received on the Payment Record attached hereto. Payments received on this Bond shall be applied first to the payment of interest payable and then to principal.

THE ISSUER IS OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND SOLELY FROM THE REVENUES (THE "REVENUES") DERIVED FROM THE ISSUER'S CULINARY WATER SYSTEM ("SYSTEM") AND OTHER FUNDS OF THE ISSUER PLEDGED THEREFOR UNDER THE TERMS OF THE MASTER RESOLUTION (AS HEREINAFTER DEFINED). THIS BOND IS NOT A DEBT OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON INDEBTEDNESS. PURSUANT TO THE MASTER RESOLUTION, REVENUES FROM THE SYSTEM HAVE BEEN PLEDGED AND WILL BE SET ASIDE INTO SPECIAL FUNDS BY THE ISSUER TO PROVIDE FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND.

This Bond is issued in conformity with and after full compliance with the Constitution of the State of Utah and pursuant to the provisions of the Act (as hereinafter defined) and all other laws applicable thereto.

This Bond is also issued and sold upon a par with the Issuer's Parity Water Revenue Bond, Series 2000A in the original principal amount of $723,000 payable to the Utah Board of Water Resources, its Parity Water Revenue Bond, Series 2000B in the original principal amount of $584,000 payable to the USDA Rural Development, and its Parity Water Revenue Bond, Series 2014 in the original principal amount of $274,000 payable to the Utah Permanent Community Impact Fund Board (the "Prior Lien Bonds"). This Bond and the Prior Lien Bonds shall not be entitled to any priority one over the other in the application of the Net Revenues of the System (as defined in the Resolution described below) pledged to the payment of this Bond and the Prior Lien Bonds, regardless of the time or times of their issuance or delivery and there shall be no priority between this Bond or among this Bond and the Prior Lien Bonds in any rights provided in the Resolution authorizing the same for entitlement to payment or provisions made for payment.

This Bond is a special obligation of the Issuer and is the only one of an issue of a total series of fully-registered Water Revenue Bond, designated as "Water Revenue Bond, Series 2022", in the aggregate principal amount of $1,151,000, dated as of the date set forth below and is issued under, by virtue of, in full conformity with and after full compliance with the Constitution and laws of the State of Utah, including particularly the Utah Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended, the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated, 1953, as amended, (collectively the "Act") and a Parameters Resolution duly adopted by the Mayor and City Council of the Issuer (the "Governing Body") on November 3, 2021 and a Master Resolution dated *, 2022, authorizing this Bond (the "Master Resolution"), for the purpose of paying all or part of the cost of construction of culinary water

system improvements, including pipeline replacement, adding a 12" culinary water line to improve pressure to the system and upgrades to service connections, together with related improvements (the "Project") including, without limitation, all fees and expenses reasonably incurred in connection therewith and with the issuance of such bonds as may be properly payable from the proceeds thereof. Principal on this Bond is payable solely from the revenues, funds and other monies pledged or provided therefor under the terms of the Master Resolution.

This Bond is dated as of date of delivery and is duly issued under and by virtue of the Act and under and pursuant to the Master Resolution. A copy of the Master Resolution is on file at the office of the City Recorder of the Issuer in LaVerkin, Utah, and reference to the Master Resolution and to the Act is made for a description of the pledge and covenants securing the Series 2022 Bond, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Bond is issued and a statement of the rights, duties, immunities and obligations of the Issuer. Such pledge and other obligations of the Issuer under the Master Resolution may be discharged at or prior to the maturity or redemption of the Series 2022 Bond upon the making of provision for the payment thereof on the terms and conditions set forth in the Master Resolution.

To the extent and in the respects permitted by the Master Resolution, the Master Resolution may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed in the Master Resolution. The holder or owner of this Bond shall have no right to enforce the provisions of the Master Resolution or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default under the Master Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Master Resolution.

This Bond is transferable, as provided in the Master Resolution, only upon the books of the Issuer kept for that purpose at the office of the City Recorder of the Issuer by the registered owner hereof in person or by his attorney duly authorized in writing. The Issuer may treat and consider the person in whose name this Series 2022 Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest payable hereon and for all other purposes whatsoever.

Subject to the provisions of the Master Resolution, the Series 2022 Bond is issuable in fully registered form, without coupons, in a denomination equal to the aggregate principal amount of the Series 2022 Bond or, upon exchange, in the denomination of $1000 and any integral multiple thereof.

This Bond is subject to redemption at any time at the option of the Issuer in whole or in part (if in part, in integral multiples of $1000) in inverse order of the due date of the principal installments hereon, upon notice given as hereinafter set forth, at a redemption price equal to the principal amount to be so redeemed, and without premium. The registered owner of this Series 2022 Bond, by acceptance hereof, agrees to endorse each such redemption on the Prepayment Record attached hereto.

Notice of redemption shall be given by the Issuer by registered mail, not less than 30 days nor more than 45 days prior to the redemption date, to the registered owner of this Bond, at his address as it appears on the bond registration books of the Issuer, or at such address as he may have filed with the Issuer for that purpose. Each notice of redemption shall state the redemption date and the principal amount to be redeemed.

If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated.

Except as otherwise provided herein and unless the context clearly indicates otherwise, words and phrases used herein shall have the same meanings as such words and phrases in the Master Resolution.

In accordance with Section 265 of the 1986 Internal Revenue Code, the Issuer designates this Bond as an issue qualifying for the exception to the rule denying banks and other financial institutions the deduction for interest expenses allocable to tax-exempt interest. The Issuer reasonably anticipates that the total amount of qualified tax-exempt obligations (other than private activity bonds as defined in Section 141 of the 1986 Internal Revenue Code) which will be issued by the Issuer and by any aggregated issuer during the current calendar year will not exceed $10,000,000. The total amount of obligations designated by the Issuer and all aggregated issuers for the current calendar year does not exceed $10,000,000.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Utah or by the Act or the Master Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issue of the series of Bonds of which this Bond is a part, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said Constitution and statutes.

IN WITNESS WHEREOF, LaVerkin City, Washington County, Utah, has caused this Bond to be signed by its Mayor and attested and countersigned by its City Recorder and the official seal of LaVerkin City, Washington County, Utah, to be impressed or imprinted hereon, all as of the ____ day of _____, 2022.

LAVERKIN CITY

(DO NOT SIGN-FORM ONLY)

By_____
Mayor

ATTEST AND COUNTERSIGN:
(DO NOT SIGN-FORM ONLY)

By_____
City Recorder

(SEAL)

CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

I, the undersigned duly authorized representative of the Utah Drinking Water Board, hereby certify that the Utah Drinking Water Board has delivered to the Issuer the amount or amounts indicated below on the date or dates set forth opposite such amount(s); that the amount last inserted under the column "Total Principal Sum" is the total amount delivered to the Issuer as principal indebtedness under this Bond, and the amount inserted under the column "Debt Forgiveness Proceeds" represents the amounts delivered to the Issuer as debt forgiveness proceeds. I further certify that I have received written authorization from the Issuer to enter said amounts on this certificate.

Amount of Total Payment	Date of Payment	Total Principal (Loan Proceeds)	Total Cumulative Principal Amount (Loan Proceeds)	Authorized Signature
$_____	_____	$_____	_____	_____
$_____	_____	$_____	_____	_____
$_____	_____	$_____	_____	_____
$_____	_____	$_____	_____	_____

REGISTRATION CERTIFICATE

(No writing to be placed herein except by Bond Registrar.)

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
_____	State of Utah, Dept of Environmental Quality, Drinking Water Board	_____
_____	_____	_____
_____	_____	_____

PAYMENT RECORD

I, the undersigned registered owner or authorized officer of the registered owner of the bond to which this Payment Record is attached (the "Owner"), hereby certify that the Owner has received from LaVerkin City, Washington County, Utah, the amounts indicated below on the dates set forth opposite such amounts in repayment of the loan of $1,151,000 to LaVerkin City, Washington County, Utah, as referenced by the bond to which this Payment Record is attached, and have placed my signature in the space provided opposite such amounts to evidence receipt of same.

As long as the State of Utah, Department of Environmental Quality, Drinking Water Board, Salt Lake City, Utah is the registered owner of the bond to which this Payment Record is attached, the Chairman of said Board or designee, shall sign below as the owner of such bond.

Date Due	Amount	Interest Paid	Principal Paid or Prepaid	Date Due	Remaining Unpaid Principal Balance	Name, Title and Signature of Owner or Authorized Officer Thereof

PREPAYMENT RECORD

I, the undersigned registered owner or authorized officer of the registered owner of the bond to which this Payment Record is attached (the "Owner"), hereby certify that the Owner has received from LaVerkin City, Washington County, Utah, the amounts indicated below on the dates set forth opposite such amounts in repayment of the loan of $1,151,000 to LaVerkin City, Washington County, Utah, as referenced by the bond to which this Prepayment Record is attached and have placed my signature in the space provided opposite such amounts to evidence receipt of same.

As long as the State of Utah, Department of Environmental Quality, Drinking Water Board, is the registered owner of the Bond to which this Prepayment Record is attached, the Chairman of said Board shall sign below as the owner of such Bond.

Principal Due

Date	Amount	Payment	Principal Balance	Date Paid	Name, Title and Signature of Owner or Authorized Officer Thereof

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

_____

/_____/

Insert Social Security or Other
Identifying Number of Assignee

_____

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of La Verkin City, Washington County, Utah, and does hereby irrevocably constitute and appoint _____ attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature: _____

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 2.7. Exchange of the Series 2022 Water Revenue Bond for Serial (Exchange) Bonds. It is recognized that the Drinking Water Board may sell or otherwise transfer the Series 2022 Bond pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated, 1953, as amended, or otherwise. The Series 2022 Bond, may be exchanged at the office of the Issuer for a like aggregate principal amount of Serial Bonds in accordance with the provisions of this Section 2.7. Serial Bonds shall be substantially in the form set forth in Section 2.8 hereof and shall be in increments of $1000. Each Principal Installment on the Series 2022 Bond not previously paid or cancelled shall be represented by an equivalent principal amount of Serial Bonds, in authorized denominations and of like maturity. The Issuer and its officers shall execute and deliver such documents and perform such acts as may reasonably be required by the Issuer to accomplish the exchange of the Series 2022 Bond for Serial Bonds and the Issuer shall pay or cause to be paid all costs and other charges incident to such exchange.

Section 2.8. Form of Serial Bond. The Serial Bond shall be in substantially the following form:

REGISTERED **REGISTERED**

No. R-__ **$_____**

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF WASHINGTON
LAVERKIN CITY

WATER REVENUE BOND, SERIES 2022

[SEE REVERSE SIDE FOR ADDITIONAL PROVISIONS]	INTEREST RATE	MATURITY DATE	DATED DATE
	1.57%	January 15, ____	_____, 20__

Registered Owner:

Principal Amount: _____ **DOLLARS**

KNOW ALL MEN BY THESE PRESENTS that LaVerkin City, Washington County, Utah (the "Issuer"), acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and

surrender hereof, the principal amount identified above, bearing interest at the rate of One and fifty-seven hundredths (1.57%) percent per annum. If the principal amount of this Bond and any Interest is not paid when due, said principal and/or Interest shall bear interest at the rate of eighteen (18%) per annum from said due date until paid. Principal of and interest, if any, on this Bond shall be payable at the office of the registered owner. The principal of and interest, if any, on this Bond shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. Payments received on this Bond shall be applied first to the payment of interest, if any, then to principal.

Interest on this Bond shall be mailed to the registered owner hereof at his address as shown on the records of the Issuer on January 15th of each year until the total principal amount of this Bond, plus all accrued interest hereon, is paid in full. In the event this Bond is exchanged for Serial Bonds as herein provided, interest will continue to accrue from January 15th previous to date of exchange and shall be payable commencing on the first January 15th following the dated date of said Serial Bonds.

THE ISSUER IS OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND SOLELY FROM THE REVENUES (THE "REVENUES") DERIVED FROM THE ISSUER'S STORM DRAIN SYSTEM ("SYSTEM") AND OTHER FUNDS OF THE ISSUER PLEDGED THEREFOR UNDER THE TERMS OF THE MASTER RESOLUTION (AS HEREINAFTER DEFINED). THIS BOND IS NOT A DEBT OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON INDEBTEDNESS. PURSUANT TO THE MASTER RESOLUTION, REVENUES FROM THE SYSTEM HAVE BEEN PLEDGED AND WILL BE SET ASIDE INTO SPECIAL FUNDS BY THE ISSUER TO PROVIDE FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND AND ALL BONDS OF THE SERIES OF WHICH IT IS A PART.

This Bond is also issued and sold upon a par with the Issuer's Parity Water Revenue Bond, Series 2000A in the original principal amount of $723,000 payable to the Utah Board of Water Resources, its Parity Water Revenue Bond, Series 2000B in the original principal amount of $584,000 payable to the USDA Rural Development, and its Parity Water Revenue Bond, Series 2014 in the original principal amount of $274,000 payable to the Utah Permanent Community Impact Fund Board (the "Prior Lien Bonds"). This Bond and the Prior Lien Bonds shall not be entitled to any priority one over the other in the application of the Net Revenues of the System (as defined in the Resolution described below) pledged to the payment of this Bond and the Prior Lien Bonds, regardless of the time or times of their issuance or delivery and there shall be no priority between this Bond or among this Bond and the Prior Lien Bonds in any rights provided in the Resolution authorizing the same for entitlement to payment or provisions made for payment.

This Bond and the issue of Bonds of which it is a part are issued in conformity with and after

full compliance with the Constitution of the State of Utah and pursuant to the provisions of the Act (as hereinafter defined) and all other laws applicable thereto.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE OR AT THE END HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

In accordance with Section 265 of the 1986 Internal Revenue Code, the Issuer designates this Bond as an issue qualifying for the exception to the rule denying banks and other financial institutions the deduction for interest expenses allocable to tax-exempt interest. The Issuer reasonably anticipates that the total amount of qualified tax-exempt obligations (other than private activity bonds as defined in Section 141 of the 1986 Internal Revenue Code) which will be issued by the Issuer and by any aggregated issuer during the current calendar year will not exceed $10,000,000. The total amount of obligations designated by the Issuer and all aggregated issuers for the current calendar year does not exceed $10,000,000.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Utah or by the Act or the Master Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issue of the series of Bonds of which this Bond is a part, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said Constitution and statutes.

This Bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Issuer.

IN WITNESS WHEREOF, LaVerkin City, Washington County, Utah, has caused this Bond to be signed in its name and on its behalf by its Mayor and [a facsimile of] its corporate seal to be [imprinted] [impressed] hereon and attested and countersigned by its City Recorder [(the signatures of said Mayor and City Recorder being by facsimile), and said officials by the execution hereof do adopt as for their own proper signatures their facsimile signatures appearing on each of the Bonds], all as of the Issue Date specified above.

LAVERKIN CITY
(FORM ONLY-DO NOT SIGN)
By_____
Mayor

ATTEST AND COUNTERSIGN:

(FORM ONLY-DO NOT SIGN)
By_____
City Recorder

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Master Resolution and is one of the Water Revenue Bond, Series 2022, of LaVerkin City, Washington County, Utah.

LAVERKIN CITY
as Bond Registrar

By_____
City Recorder

Date of Registration and Authentication:

_____

Bond Registrar and Paying Agent:

LaVerkin City, Washington County, Utah

[FORM OF REVERSE SIDE OF OR TO BE APPENDED TO THE BONDS]

This Bond is a special obligation of the Issuer and is one of an issue of a total series of fully-registered Water Revenue Bonds, designated as "Water Revenue Bonds, Series 2022", in the aggregate principal amount of $_____ dated as of the date set forth below, issued under, by virtue of, in full conformity with and after full compliance with the Constitution and laws of the State of Utah, including particularly the Utah Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended, the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated 1953, as amended, and a Parameters Resolution duly adopted by the Mayor and City Council of the Issuer (the "Governing Body") on November 3, 2021 and a Master Resolution dated *, 2022, authorizing this Bond (the "Master Resolution"), for the purpose of paying all or part of the cost of construction of culinary water system improvements, including pipeline replacement, adding a 12" culinary water line to improve pressure to the system and upgrades to service connections, together with related improvements (the "Project") including, without limitation, all fees and expenses reasonably incurred in connection therewith and with the issuance of such bonds as may be properly payable from the proceeds thereof. Principal of, premium, if any, and interest, if any, on this Bond is payable solely from the revenues, funds and other monies pledged or provided therefor under the terms of the Master Resolution.

To the extent and in the respects permitted by the Master Resolution, the Master Resolution may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed in the Master Resolution. The holder or owner of this Bond shall have no right to enforce the provisions of the Master Resolution or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default under the Master Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Master Resolution.

The Bonds are dated as of _____, 2022 and are duly issued under and by virtue of the Act and under and pursuant to the Master Resolution. A copy of the Master Resolution is on file at the office of the City Recorder of the Issuer in LaVerkin, Utah, and reference to the Master Resolution and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Bonds are issued and a statement of the rights, duties, immunities and obligations of the Issuer. Such pledge and other obligations of the Issuer under the Master Resolution may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Master Resolution.

This Bond is transferrable, as provided in the Master Resolution, only upon the books of the Issuer kept for that purpose at the office of the City Recorder of the Issuer, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in a form approved by the Issuer, duly executed by the registered owner or his duly authorized attorney, and thereupon the Issuer shall issue in the name of the transferee a new registered Bond or Bonds of the same aggregate principal amount, series

designation and maturity as the surrendered Bond, all as provided in the Master Resolution and upon the payment of the charges therein prescribed. The Issuer, the Trustee, and any paying agent may treat and consider the person in whose name this Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest, if any, payable hereon and for all other purposes whatsoever.

Subject to the provisions of the Master Resolution, the Bonds are issuable in fully registered form, without coupons, in the denomination of $1000 and any integral multiple thereof.

The Bonds are subject to redemption at any time at the option of the Issuer in whole or in part (if in part, in integral multiples of $1000) in inverse order of maturity upon notice given as hereinafter set forth, at a redemption price equal to the principal amount of each Bond or portion thereof to be so redeemed, and without premium.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected as provided in the Master Resolution; provided, however, that subject to other applicable provisions of the Master Resolution, the portion of any Bond to be redeemed shall be in a principal amount equal to a denomination in which the Bond was authorized to be issued, and that in selecting Bonds for redemption, the Issuer shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by $1000. If part but not all of a Bond in a denomination in excess of $1000 is to be redeemed, the registered owner thereof shall present and surrender such Bond to the Issuer, and the Issuer shall execute and authenticate and deliver to the registered owner thereof, without charge therefor, a Bond or Bonds of the same maturity for unredeemed balance of the principal amount of such Bond, all as more fully set forth in the Master Resolution.

Notice of redemption shall be given by the Issuer by registered mail, not less than 30 days nor more than 45 days prior to the redemption date, to the registered owner of this Bond, at his address as it appears on the bond registration books of the Issuer, or at such address as he may have filed with the Issuer for that purpose. Each notice of redemption shall state the redemption date and the principal amount and, if less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds to be redeemed.

If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated.

Except as otherwise provided herein and unless the context clearly indicates otherwise, words and phrases used herein shall have the same meanings as such words and phrases in the Master Resolution.

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

/_____/

Insert Social Security or Other
Identifying Number of Assignee

_____

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of LaVerkin City, Washington County, Utah, and does hereby irrevocably constitute and appoint _____ attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature: _____

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

* * * * * * * *

Section 2.9. Provisions for the registration of the Bonds set forth in Article IV shall be applicable to the Series 2022 Bond.

Section 2.10. The Issuer agrees, in accepting the proceeds of the Series 2022 Bond, to comply with all applicable state and federal regulations related to the Utah State Revolving Fund administered by the Drinking Water Board. These requirements include, but are not limited to, Title XIV of the Safe Drinking Water Act of 1996, OMB Circular A-133, the Utah Federal State Revolving Fund (SRF) Program (R309-351 of the Utah Administrative Code), the Utah Local Government Bonding Act, the Utah Money Management Act, the Utah Procurement Code and the State of Utah Legal Compliance Audit Guide.

ARTICLE III

SALE OF BONDS; SYSTEM OF REGISTRATION

Section 3.1 Sale of Bonds. The proceeds of the sale of the Series 2022 Bond shall be deposited at the time of sale in the Escrow Account as defined in Article I herein to be administered by the Escrow Agent. All monies so deposited in said fund shall be used solely for the purpose of acquiring the necessary property and constructing improvements, additions and extensions to the System, including any architectural, engineering, legal, fiscal agent and other expenses incidental thereto.

Any unexpended bond proceeds remaining in said Escrow Account after completion of the Project shall be paid immediately into the "LaVerkin City, Washington County, Utah Series 2022 Water Revenue Bond Fund" hereafter described. The said unexpended proceeds shall be used only for the prepayment of amounts of principal due or to become due on the Bonds in inverse order of maturities or for redemption of any Serial Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof and as provided in the Escrow Agreement. Redemptions made under this condition shall be made pro-rata, in direct proportion to the respective amounts then remaining unpaid under the Bonds. Any bonds so redeemed shall be cancelled and shall not be reissued. Following the transfer of unexpended funds from the Escrow Account to the said Revenue Fund, the Escrow Account will be closed.

Section 3.2. Registration and Exchange of Bonds.

(a) This Article shall constitute a system of registration within the meaning and for the purpose of Chapter 7 of Title 15, Utah Code Annotated, 1953, as amended. The Issuer shall cause books for the registration and for the transfer of the Bonds to be kept at the office of its City Recorder.

(b) Upon surrender for transfer of any of the Bonds at the office of the Issuer, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Issuer and duly executed by the registered owner or his attorney duly authorized in writing, the City Recorder or other duly authorized official of the Issuer shall note the name of the transferee or transferees and the date of the transfer in the place provided on the back of the Bonds and shall affix his or her official signature thereon. The City Recorder shall thereupon deliver the Bond or Bonds to the transferee and shall enter in the registration books of the Issuer the name and address of the transferee.

(c) The Issuer shall not be required to transfer any of the Bonds during the period from the fifteenth day of the month next proceeding any Payment Date on the Bonds to and including such Payment Date, nor to transfer the Bonds during a period of 15 days next preceding mailing of a notice of prepayment of any installment, or portion thereof, on the Bonds.

(d) The person in whose name the Bonds shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and the Issuer shall not be affected by any notice to the contrary. Payment of the principal of and interest, if any, on the Bonds shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bonds to the extent of the sum or sums so paid.

(e) No service charge shall be made by the Issuer for any transfer of the Bonds but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the Bonds.

(f) Prior to making any transfer of the Bonds as provided in this Section, the City Recorder shall verify that the payment record and prepayment record attached to the Bonds have been accurately completed as of the date of such transfer and, if necessary, conform such payment record and prepayment record to accurately reflect all payments of principal on the Bonds, based on the records and information with respect to such Bonds maintained by the Issuer and the registered owner surrendering such Bonds.

Section 3.3. Mutilated, Lost, Destroyed or Stolen Bond. If any of the Bonds shall become mutilated, the Issuer, at the expense of the registered owner thereof, shall execute and deliver a new Bond of like tenor in exchange for the Bond so mutilated, but only upon surrender to the Treasurer of the Bond so mutilated, which Bond shall thereupon be cancelled by the Issuer. If the Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuer and if such evidence be satisfactory and given, the Issuer, at the expense of the registered owner thereof, shall execute and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if the entire principal amount of the Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same without surrender thereof). Any Bond issued under the provisions of this Section in lieu of a Bond alleged to be lost, destroyed or stolen shall constitute an additional contractual obligation of the Issuer and shall be equally and proportionately entitled to the benefits of this Master Resolution. The Issuer shall not be required to treat both the original Bond and the duplicate Bond as being Outstanding for the purpose of determining the principal amount of the Bond and Parity Bonds which may be issued under this Master Resolution or for the purpose of determining any percentage of the Bond or Parity Bonds Outstanding under this Master Resolution, but both the original and duplicate Bond shall be conformed by the City Recorder to accurately reflect all payments of principal on the lost, destroyed or stolen Bond, based on the records and information with respect to such lost, destroyed or stolen Bond maintained by the Issuer and the registered owner of the Bond.

ARTICLE IV

FLOW OF FUNDS

Section 4.1. Pledge Effected by the Master Resolution.

(a) The Bonds are special obligations of the Issuer payable from and secured by the Revenues. There is hereby pledged for the payment of the principal of, prepayment premium, if any, and interest, if any, on the Bonds in accordance with their terms and the provisions of this Master Resolution, subject only to the provisions of this Master Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Master Resolution, (i) the proceeds of sale of the Bonds, (ii) the Revenues, and (iii) all funds established hereunder, including the investments, if any, thereof. Except as otherwise provided in this Section, the Bonds herein authorized shall enjoy complete priority of lien on the Revenues.

(b) In no event shall the Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than those derived from the operation of the System.

Section 4.2. Establishment of Funds. The following funds are hereby established and confirmed:

(1) Construction Fund, to be held by the Escrow Agent;

(2) Revenue Fund, to be held by the Issuer;

(3) Bond Fund, to be held by the Issuer;

(4) Reserve Fund, to be held by the Issuer; and

(5) Capital Facilities Replacement Fund, to be held by the Issuer.

Section 4.3. Revenue Fund.

(a) There shall be deposited into the Revenue Fund, as received, the Revenues of the System. The Revenue Fund shall be deposited with the Depository and the monies credited to said Revenue Fund shall be expended only in the manner herein specified.

(b) Expenses of Maintenance and Operation shall be paid by the Issuer from time to time as they become due and payable and shall be a first charge on the Revenue Fund.

Section 4.4. Flow of Funds.

(a) As soon as practicable in each year after the deposit of Revenues in the Revenue Fund, and after payment of unpaid Expenses of Maintenance and Operation then due, but in any case prior to the end of such year, the Issuer shall transfer, or cause the Depository to transfer, to the extent of monies available in the Revenue Fund, to the following funds in the following order the amounts set forth below:

(1) In the Bond Fund, in each month so long as the Bond is outstanding, one-twelfth of (i) the amount of the principal and interest falling due on the Series 2022 Bond on the next Payment Date, plus (ii) the payments due to the bond fund on the Prior Lien Bonds. In the event revenues are insufficient to fully fund the Series 2022 Bond and the Prior Lien Bonds, amounts shall be deposited to the respective Bond Funds on a pro rata basis based upon the respective face amount of each bond as compared to the combined face amount of all bonds.

(2) In the Reserve Fund, (i) on a monthly or annual basis such amounts as required to satisfy the Reserve Fund Requirement with respect to each of the Prior Lien Bonds, and (ii) on an annual basis a sum equal to the Reserve Fund Installment so as to cause to be on deposit in the Reserve Fund an amount equal to the Reserve Fund Requirement not later than 10 years following the commencement of such annual transfers.

If monies shall ever be paid out of the Reserve Fund, monies shall be deposited, in addition to other deposits required by this paragraph (2), into the Reserve Fund from available Revenues (after making all other payments of Expenses of Maintenance and Operation and deposits into the Reserve Funds heretofore provided in this Section) to the extent necessary to cause the amount paid out to be replaced; and

(3) In the Capital Facilities Replacement Fund for the Series 2022 Bond, an annual deposit equal to 5% of the total operating budget of the System. The first installment shall be payable on the anniversary date of the issuance of the Series 2022 Bond hereunder and shall continue until the Series 2022 Bond is redeemed. For purposes of this provision, annual operating budget shall include debt service and depreciation.

If available Revenues in the Revenue Fund (after payment of Expenses of Maintenance and Operation and deposits into the Bond Fund) are not sufficient to allow the deposit of the full amount payable to all reserve funds, then those available revenues shall be allocated among the reserve funds on a pro rata basis, based upon the relative amount of the required installments then due as to each reserve fund. In addition, if amounts are subsequently withdrawn from the reserve funds as provided in Section 4.6, the Issuer shall thereafter make deposits from first available Revenues to the Reserve Fund created herein, in such amounts as is necessary to restore the amounts withdrawn; provided, however, that such deposits shall be made on a pro rata basis among said reserve funds until the amounts withdrawn have been fully restored.

(b) Amounts remaining in the Revenue Fund after payment of the amounts required by paragraphs (1) through (3) subsection (a) of this Section and not required to meet Expenses of Maintenance and Operation or used for remedying any deficiencies in the payments previously made to the funds herein established, may be used, at the option of the Issuer and to the extent permitted by law, (1) to purchase or prepay any Bond in accordance with the provisions hereof governing prepayment of the Bond authorized hereunder in advance of maturity or, in the case of Future Parity Bonds, in accordance with the provisions of the resolution authorizing such Future Parity Bonds governing prepayment of such Future Parity Bonds in advance of maturity, including payment of expenses in connection with such purchase or prepayment; (2) to pay the principal or prepayment price of and interest on any bonds, including general obligation or junior lien revenue bonds of the Issuer issued to acquire, construct, improve or extend the System; (3) to pay the costs of capital improvements to the System; and (4) for any other lawful purpose, including, without limitation, payment of other obligations of the Issuer.

Section 4.5. Bond Fund. Monies in the Bond Fund shall be used for the purpose of paying principal, prepayment premium, if any, and any applicable interest when due on the Bonds, such use of the Bond Fund shall be applicable to the Prior Lien Bonds. The Bond Fund shall be kept on deposit with the Depository.

Section 4.6. Reserve Fund. In the event that the money on deposit in the 2022 Bond Fund on the final day of any month is less than the amount required to be in such Fund pursuant to Section 4.4(a)(1) hereof, then the Issuer shall cause any funds on deposit in the respective Reserve Funds to be immediately transferred by the Depository to such corresponding Bond Fund in the amount required to eliminate the deficiency in such Bond Fund(s). The Reserve Fund shall be kept on deposit with the Depository.

Section 4.7. Capital Facilities Replacement Fund. For so long as the Series 2022 Bond is outstanding, the amounts in the Capital Facilities Replacement Fund shall be kept on deposit with the Depository and may be applied from time to time by the Issuer solely for the purpose of paying costs and expenses relating to the construction and acquisition of additions, improvements and extensions to the System or to replace portions of the System which have become obsolete or no longer function properly or efficiently. The Capital Facilities Replacement Fund shall not serve as security for the payment of either principal, premium or interest on the Series 2022 Bond, and the Issuer shall not be obligated to obtain consent of any registered owner of the Series 2022 Bond to make disbursements from the Capital Facilities Replacement Fund for the purposes described in this Section 4.7; provided, however, that for so long as the Drinking Water Board is registered owner of the Series 2022 Bond, the Issuer shall make no disbursements from the Capital Facilities Replacement Fund unless and until the Issuer has given prior written notice to the Drinking Water Board setting forth the nature, purpose and amount of the proposed disbursement. Upon payment in full of the Series 2022 Bond, any amount remaining in the Capital Facilities Replacement Fund may be withdrawn by the Issuer and used for any lawful purpose of the Issuer.

Section 4.8. Investment of Funds. All money maintained on deposit with the Depository

shall be held as special and not as general deposits, the beneficial interest in which shall be in the registered owners from time to time of the Bonds. All money so maintained on deposit with the Depository shall be secured to the fullest extent required or permitted by the laws of the State of Utah pertaining to the securing of public deposits. All or part of the money in the Bond Fund, in the Reserve Fund and in the Capital Facilities Replacement Fund shall be invested by the Depository, at the direction of the Issuer, in Permitted Investments, but any such investments so made shall always be such that the obligations mature or become optional for redemption in amounts and at times so as to assure the availability of the proceeds thereof when needed for the purpose for which such funds were created. Interest received on all such investments permitted hereunder shall be deposited in the Revenue Fund, except that at any time less than the required amount is on deposit in either the Bond Fund, the Reserve Fund or the Capital Facilities Replacement Fund, then interest attributable to such fund, respectively, shall be deposited into such fund. Whenever any money so invested from the Bond Fund, the Reserve Fund or the Capital Facilities Replacement Fund is needed for the purpose for which such fund was created, such investments, to the amount necessary, shall be liquidated by the Depository at the direction of the Issuer, and the proceeds thereof applied to the required purpose.

Section 4.9. Use of Funds When Reserves Sufficient to Pay Outstanding Bonds. Whenever there is sufficient available money in the Bond Funds and in the respective Reserve Fund to pay in full all principal and interest under these Bonds and all Bonds in accordance with their terms and the terms of this Master Resolution or, in the case of Future Parity Bonds, the resolutions authorizing the issuance of such Future Parity Bonds, the money in such funds shall be used for such purpose and no other purpose but no additional payments need to be made into either fund unless necessary to replace monies lost or otherwise dissipated therefrom. If all payments of principal and interest under the Bonds authorized by this Resolution are fully paid before Prior Lien Bonds are fully paid, all payments required under the Resolutions authorizing the Prior Lien Bonds shall be paid into the Sinking and Reserve Funds until the Prior Lien Bonds are satisfied in full or defeased.

ARTICLE V

COVENANTS AND UNDERTAKINGS

Section 5.1. Punctual Payment. The Issuer will punctually pay or cause to be paid the principal, the prepayment premium, if any, and any applicable interest when due on the Bonds, in strict conformity with the terms of the Bonds and of this Master Resolution or, in the case of Future Parity Bonds, the resolutions authorizing the issuance of such Future Parity Bonds, according to the true intent and meaning thereof. The Issuer agrees that there shall be no grace period as to the date of any payment required to be made pursuant to the terms of the Bond and of this Master Resolution or, in the case of Future Parity Bonds, the resolutions authorizing the issuance of such Future Parity Bonds.

Section 5.2. Operation and Maintenance. The Issuer will cause the System to be operated continuously for the furnishing of System services to the inhabitants of the Issuer, to the extent

practicable under conditions as they may from time to time exist, in an efficient and economical manner, and will at all times cause to be maintained, preserved and kept, the System, including all parts thereof and appurtenances thereto, in good repair, working order and condition, and in such manner that the operating efficiency thereof will be of high character. The Issuer will from time to time cause to be made all necessary and proper repairs and replacements so that the rights and security of the registered owners of the Bonds may be fully protected and preserved, and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Utah, including the making and collecting of sufficient rates, fees and charges as appropriate, for all services supplied by the System and the segregation and application of the Revenues of the System in the manner provided in this Master Resolution.

Section 5.3. Compliance with Contracts and Agreements; Maintenance of Revenues.

(a) The Issuer will comply with all terms, covenants and provisions, express or implied, of all contracts and agreements entered into by it for System use and services and all other contracts or agreements affecting or involving the System or the business of the Issuer with respect thereto, and will fix and collect rates, fees and charges, as appropriate for all services supplied by the System fully sufficient, after making due allowance for delinquencies in collection, to provide for the payment of the Expenses of Maintenance and Operation, to provide for the payment of all obligations payable from the Revenues of the System, including the Bonds, as and when the same become due and payable, and to establish the Bond Fund, the Reserve Fund and the Capital Facilities Replacement Fund and to make the deposits into the Bond Fund, the Reserve Fund and the Capital Facilities Replacement Fund as hereinabove required.

(b) In order to assure full and continuous performance of the covenants contained by sub-section (a) of this Section with a margin for contingencies and temporary unanticipated reduction in Revenues, the Issuer hereby covenants and agrees that it will, at all times while any of the Bonds shall be outstanding, continue in effect and establish, fix, prescribe and collect rates and charges for the sale or use of System services furnished by the Issuer which, together with any other income, are reasonably expected to yield Net Revenues equal to at least 1.25 times the aggregate annual debt service on all Bonds issued hereunder, the Parity Bonds and Future Parity Bonds which will be outstanding in the forthcoming year.

(c) If at any time the Revenues arising from such rates, fees and charges, as appropriate, shall not be sufficient to make all such payments promptly as herein required, the Issuer shall revise the rates, fees and charges, as appropriate, to the users of System services so that such deficiency will be remedied before the end of the next ensuing Year. If the Issuer shall fail to revise such charges as herein required, the registered owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds, whether or not any of the Bonds shall then be in default, shall have authority, to the extent permitted by law, to bring an appropriate action in any court of competent jurisdiction to compel the Governing Body to carry out the provisions of this Section.

Section 5.4. Delinquencies; Single Billing.

(a) If any delinquent charge for System services, with applicable penalty and interest, is not paid in full within 60 days from the date on which the charge has become delinquent, the Issuer will, when appropriate and necessary to effect collection, cause all System services to be discontinued to the delinquent customers or premises, or forbid further use of such services by such customers or premises, to the extent permitted by law, until such delinquency, with penalties and interest has been paid in full. The Issuer further agrees in addition to the foregoing that it will do all things and exercise all remedies legally available to assure the prompt payment of all charges made for System services.

(b) The Issuer further covenants and agrees, to the extent permitted by law, that the Issuer will bill each customer receiving System services in a single bill, will refuse to accept payment for any of such services unless payment for the other services is also made, and if payment for any of such services is permitted to become delinquent and remain so for a period of 60 days, will treat such delinquency as provided in subsection (a) of this Section.

(c) If any customer or user of System services shall become delinquent for more than six months in the payment of his charges for such services, the Issuer agrees that, in addition to all of the remedies for which provision is made in this Master Resolution, the Issuer will proceed immediately, and it is hereby authorized to proceed, with a suit at law or in equity against such customer or user to recover the amount of any such delinquent charges, together with penalties and interest to the extent permitted by law.

Section 5.5. Consideration Required for Services. The Issuer will not permit System services to be supplied to any person, firm or corporation, public or private, or to any public agency or instrumentality including the Issuer without due consideration to be received in exchange therefor.

Section 5.6. Observance of Laws and Regulations; Permits, Licenses and Claims.

(a) The Issuer will well and truly keep, observe and perform all valid and lawful obligations or orders or regulations now and hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of Utah, or by any officer, board or commission having jurisdiction or control over the Issuer or the System or both, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Issuer, including its right to exist and carry on business, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired; provided, however, that the Issuer shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

(b) The Issuer shall at all times undertake reasonable efforts to perfect, and protect and maintain rights of any kind, all purchase contracts of any kind, and all permits, licenses and

claims, necessary for the operation of the System.

Section 5.7. Payment of Taxes and Claims. The Issuer will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon any of the properties of the System or upon the Revenues when the same shall become due, and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. The Issuer will keep the System and all parts thereof free from judgments, mechanics' and materialmen's liens (other than those arising by mere operation of law from the construction of the Project and other improvements to the System which are promptly discharged in due course) and free from all other liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of this Master Resolution on the Revenues may at all times be maintained and preserved, and free from any claim or liability which might embarrass or hamper the Issuer in conducting its business.

Section 5.8. Accounts and Reports.

(a) The Issuer will maintain and keep proper books of record and accounts separate and apart from all other records and accounts of the Issuer, in which there shall be made full and correct entries of all transactions relating to the System and the Revenues. Not later than 90 days after the close of each fiscal year, the Issuer will cause an audit of such books and accounts to be made by an independent public accountant, or state auditing official, if appropriate, showing the receipts of and disbursements made for the account of the System. Each such audit, in addition to whatever matter may be thought proper by the accountant to be included therein, shall include the following:

(1) A statement in detail of the income and expenditures of the System for such fiscal year;

(2) A balance sheet as of the end of such fiscal year;

(3) The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Master Resolution, and the accountant's recommendations for any change or improvements in the operation of the System;

(4) A list of the insurance policies and fidelity bonds in force at the end of such fiscal year, setting out as to each policy and bond that amount of the policy, the risks covered, the name of the insurer and the expiration date;

(5) The number and type or class, if applicable, of customers of the System, and the number of connections, if applicable, to the System;

(6) The amount of money in each of the funds created in Article V hereof at the end of such fiscal year and the amount of money paid into and expended from each of said funds

during such fiscal year;

(7) To the extent applicable, a statement of all schedules of rates in effect at the close of the fiscal year and the aggregate dollar amount billed for the System services during such fiscal year and the Revenues received from charges for System services by types or classes of customers, if applicable;

(8) A list of the official titles of the Executive Officer and the City Recorder and members of the Governing Body, and the name of each person occupying said positions; and

(9) A general statement concerning any events or circumstances which might affect the financial status of the System.

All expenses incurred in the making of the audits required herein shall be regarded and paid as Expense of Maintenance and Operation. The Issuer further agrees to furnish a copy of each such audit to each Bondholder who shall request the same in writing. Any registered owner of any of the Bonds shall have the right to discuss with the accountant making the audit the contents of the audit and to ask for such additional information as he may reasonably require in connection with such audit. The Issuer agrees that said books of record and account herein referenced, and any and all other books, records and accounts of the Issuer relating to the System, shall at all reasonable times be open to inspection by any registered owner of any of the Bonds or their representatives duly authorized in writing, during normal business hours.

(b) The Issuer shall send a copy of each annual audit to the Drinking Water Board and the United States of America without prior request or any notice to do so by the State or Government.

Section 5.9. Insurance and Fidelity Bonds.

(a) The Issuer agrees to procure and maintain, or cause to be procured and maintained, insurance on the System and public liability insurance in such amounts and against such risks as are usually insurable in connection with similar systems and as is usually carried by municipalities operating similar systems.

(b) The Issuer further agrees to procure and maintain, or cause to be procured and maintained, adequate fidelity insurance or bonds on the positions of Executive Officer, City Recorder and on any other person or persons handling or responsible for funds of the Issuer related to the System.

(c) The provisions of this Section relating to the procurement and maintenance of insurance are subject to the condition that insurance of the type described herein is obtainable at reasonable rates and upon reasonable terms and conditions.

Section 5.10. Against Sale or Other Disposition of System Property Except Under Conditions. The Issuer will not sell, lease, encumber, alienate or in any manner dispose of the System or any substantial part thereof until all of the Bonds have been paid in full; provided, however, that nothing herein contained shall be construed to prevent disposal by the Issuer, upon prior written notice to the registered owners of the Bonds, of property which it deems has become inexpedient to use in connection with the System, when other property of equal value is substituted therefor.

Section 5.11. Against Competition with System Services. The Issuer, so far as it legally may, covenants and agrees that it will not operate or grant a franchise for the operation of any system competing with the System within the boundaries of the Issuer as long as any of the Bonds are Outstanding.

Section 5.12. Future Parity Bonds.

(a) The Issuer will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Revenues, unless such other bonds or obligations are made subordinate to the Bonds herein authorized; provided that at any time Future Parity Bonds may be authorized by resolution of the Governing Body if all the following conditions are met:

(1) The Issuer is in full compliance with all of the covenants and undertakings in connection with all Bonds of the Issuer then Outstanding and payable from the Revenues of the System;

(2) The Annual Net Revenues of the System for the 12 consecutive months ending with the calendar month next preceding the adoption by the Governing Body of the resolution authorizing the issuance and confirming the sale of the Future Parity Bonds, as shown by an audit rendered by an independent public accountant employed by the Issuer, when added to the estimated amount of the increase in such Annual Net Revenues for the first full twelve-month period in which the improvements, extensions, additions or betterments to the System to be acquired with the proceeds of the Future Parity Bonds will be in operation (such estimated amount to be evidenced by a certificate of an independent consulting engineer approved by the Governing Body of recognized skill and experience in the field of engineering matters related to the construction and maintenance of systems similar to the System), are equal to at least 1.25 times the maximum annual debt service on (i) all Series 2022 Bonds and Future Parity Bonds then outstanding plus (ii) the Future Parity Bonds then proposed to be issued;

(3) If the Future Parity Bonds are to be issued solely for the purpose of refunding a portion of the Bonds then outstanding then, for the purpose of making the calculation required under the foregoing paragraph, the maximum annual debt service on the Outstanding Bonds in any future Year shall take into consideration only Bonds that will remain outstanding after the issuance of such Future Parity Bonds, provided that if before the

issuance and delivery of such Future Parity Bonds all of the Bonds theretofore issued will have been retired, nothing herein contained shall limit or restrict the issuance of any such Future Parity Bonds;

(4) Future Parity Bonds may be issued only for the purpose of acquiring, constructing, improving or extending the System, or for the purpose of refunding any outstanding Bonds, or for any combination of such purposes;

(5) The resolution authorizing the issuance of such Future Parity Bonds shall provide that the last maturity date of the Future Parity Bonds shall not be earlier than the last maturity date of any Bonds theretofore issued and then outstanding and shall provide for fixed serial maturities or mandatory minimum sinking fund payments, of any combination thereof, in such amounts as will be sufficient to provide for the payment or retirement of all such Future Parity Bonds on or before their respective maturity dates; and

(6) The payments required to be made into the various funds provided in Article V hereof must be current at the time of the issuance of such Future Parity Bonds;

(b) A certificate evidencing compliance with the foregoing requirements of this Section signed by the Executive Officer and attested and countersigned by the City Recorder shall be delivered to the State so long as it is the registered owner of any of the Bonds and to any other registered owner of any of the Bonds requesting a copy thereof, prior to the issuance of any Future Parity Bonds.

Section 5.13. Rights and Remedies of Bondholders.

(a) The registered owner of any outstanding Bonds from time to time shall be permitted the exercise of all rights and powers to which such registered owner is entitled under the Constitution and laws of the State of Utah.

(b) In addition to all other rights afforded by the Constitution and laws of the State of Utah, to the extent permitted by law, the Issuer agrees that the registered owner of any outstanding Bonds shall have the right (i) to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the officials of the Issuer to charge and collect rates for services supplied by the System sufficient to meet all requirements of this Master Resolution, and (ii) if any of the Bonds shall be permitted to default as to payment of principal, prepayment premium, if any, and interest thereon to apply to a court of competent jurisdiction to appoint a receiver for the System.

(c) Further, in the event of default the bondholder has the remedy to impose interest on the total outstanding principal balance of the Series 2022 Bond at the rate of 18% per annum until the default is cured.

Section 5.14. Master Resolution to Constitute Contract Between the Issuer and the Holders of the Bond. The provisions of this Master Resolution shall constitute a contract between the Issuer and the registered owners from time to time of the Bond. After the issuance of any such Bond, no change, variation or alteration in the provisions of this Master Resolution may be made, except as provided in Article VII hereof. The provisions of such contract shall be enforceable by appropriate proceedings to be taken by any of such registered owners either at law or in equity, to the extent permitted by law.

Section 5.15. Compliance with Master Resolution. The Issuer will not issue, or permit to be issued, any bonds or other obligations in any manner other than in accordance with the provisions of this Master Resolution and will not suffer or permit any default to occur under this Master Resolution, but will faithfully observe and perform all of the covenants, conditions and requirements hereof. The Issuer will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Master Resolution and for the better assuring and confirming to the registered owners of the Bonds of the rights, benefits and security provided in this Master Resolution. The Issuer for itself, its successors and assigns represents, covenants and agrees with the registered owners of the Bonds, as a material inducement to the purchase of the Bonds, that so long as any of the Bonds shall remain outstanding and the principal thereof, prepayment premium, if any, or interest thereon shall be unpaid or unprovided for, it will faithfully perform all of the covenants and agreements contained in this Master Resolution and the Bonds.

Section 5.16. Power to Issue Bonds and Pledge Revenues and Funds; Power to Own the System and Collect Rates and Fees; Ownership of Project. The Issuer is duly authorized under all applicable laws to create and issue the Bonds and to adopt this Master Resolution and to pledge the Revenues purported to be pledged by resolution in the manner and to the extent provided herein. The Bonds and the provisions of this Master Resolution are and will be the valid and legally enforceable obligations of the Issuer in accordance with the terms of the Bonds and the terms of this Master Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues under this Master Resolution and all the rights of the registered owners of the Bonds under this Master Resolution against all claims and demands of all persons whomsoever. The Issuer has, and will have so long as any Bonds are outstanding, good, right and lawful power to acquire, construct, improve, extend and own the Project and the System and to fix and collect rates, fees and charges, as appropriate, in connection with the System. The Issuer will, so long as any Bonds are Outstanding, own and operate the Project.

ARTICLE VI

MODIFICATION OR AMENDMENT OF MASTER RESOLUTION

Section 6.1. Amendments Permitted. The registered owners of seventy-five percent (75%) in principal amount of the outstanding Bonds (not including any Bonds which may then be held or owned by or for the account of the Issuer), shall have the right from time to time to approve the

adoption by the Governing Body of any amendment to this Master Resolution which may be deemed necessary or desirable by the Governing Body; provided, however, that nothing herein contained shall permit or be construed to permit the modification of the terms and conditions in this Master Resolution or in the Bonds so as to:

(1) Make any change in the maturity of the Bonds;

(2) Reduce the rate of interest borne by any of the Bonds;

(3) Reduce the amount of the principal payable on the Bonds;

(4) Modify the terms of payment of principal of, prepayment premium, if any, or interest on the Bonds or impose any conditions with respect to such payment;

(5) Affect the rights of the registered owners of less than all of the Bonds then Outstanding; and

(6) Make any change in the provisions of this Article.

Section 6.2. Notice of Proposed Amendment; Consent of Bondholders.

(a) If at any time the Governing Body shall have proposed an amendatory resolution, it shall cause the notice of the proposed adoption of such resolution to be sent by registered mail to the registered owners of the Bonds then Outstanding. No notice by publication shall be required.

(b) Whenever at any time within one year from the date of the mailing of said notice, there is filed in the office of the City Recorder an instrument or instruments executed by the registered owners of at least seventy-five percent (75%) in principal amount of the Bonds then Outstanding, specifically consenting to and approving the adoption of the amendatory resolution; thereupon, but not otherwise, said resolution shall become effective and the provisions thereof binding upon the registered owners of all of the Bonds then outstanding and no registered owners of any Bond then outstanding, whether or not he shall have consented to or shall have revoked any consent as in this Article provided, subject to the limitations of the subsequent paragraph, shall have any right to object to the adoption of such amendatory resolution or to the operation of any of the terms and provisions thereof.

(c) Any consent given by the registered owners of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of six months from the date of the mailing of the notice aforesaid and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of mailing of such notice by the registered owners who gave such consent, or by a successor in title, by filing notice with the Governing Body in form satisfactory to the Governing Body of such revocation of consent, but such revocation shall not be effective if the registered owners of seventy-

five percent (75%) in principal amount of the Bonds then Outstanding have prior to the attempted revocation consented to and approved the amendatory resolution.

(d) Proof of the execution of any such instrument of consent or the ownership by any person of such Bonds shall be conclusive, if made in the manner provided in this Article. The fact and date of the execution by any person of any such instrument of consent may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the person signing such instrument of consent acknowledged to him/her the execution thereof.

(e) The amount and number of Bonds owned by any person executing any such instrument of consent and the date of his holding the same may be proved by a certificate executed by any bank, trust company or member of the New York Stock Exchange, showing that on the date therein mentioned such person had on deposit with or exhibited under the claim of ownership to such bank, trust company or member of the New York Stock Exchange the Bonds therein described. The Governing Body may nevertheless in its discretion require further proof in cases where it deems further proof desirable.

ARTICLE VII

COVENANT AGAINST ARBITRAGE

Section 7.1. The Issuer covenants and agrees that, so long as the Bonds are outstanding, it will not take or omit to be taken, or permit to be taken or omitted to be taken, any action which will cause the interest on the bonds to be subject to federal income taxation. Without limiting the generality of the foregoing sentence, the Issuer in furtherance of the foregoing, covenants and agrees that it will not use or invest or cause to be used or invested any of the proceeds of the Bond in any manner which will cause the Bond to be an "arbitrage bond" within the meaning of Code Section 103 of the Internal Revenue Code as amended, and applicable regulations, including without limitations contained in an "Arbitrage Certificate" or other certificates of the Issuer delivered to the purchaser at the time of and in connection with the issuance and delivery of the Bond.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Discharge of Indebtedness. Any Bond and Future Parity Bonds shall not be deemed Outstanding when:

(1) It is cancelled because of payment or prepayment prior to maturity; or

(2) Cash funds for the payment or prepayment of such Bond or Parity Bond shall have been theretofore deposited with the Depository for such Bond or Parity Bond, respectively (whether upon

or prior to maturity of or the prepayment date established for such Bond or Parity Bond); provided that if the Bond or Parity Bond is to be prepaid prior to maturity, notice of such prepayment shall have been given or waiver of such notice shall have been filed with the Issuer by the registered owner of the Bond or Parity Bond, respectively, to be prepaid and there shall have been deposited irrevocably and arrangements shall have been made with the Depository to assure payment of all fees and expenses of the Depository to become due on and prior to the maturity or prepayment date, with no monies to be invested in any investments but direct obligations of or obligations guaranteed by the United States of America, maturing and bearing interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal when due.

Section 8.2. Execution of Escrow Agreement. The Executive Officer and the City Recorder are hereby authorized and directed to execute and deliver an Escrow Agreement to the parties thereto, with such changes, if any, as the Executive Officer may direct prior to such execution and delivery. Said execution of the Escrow Agreement shall constitute conclusive evidence of the approval thereof by the Executive Officer.

Section 8.3. Depository. The Depository hereunder shall be a Qualified Depository. If at any time the Depository hereunder shall cease to be a Qualified Depository, the Issuer shall, as soon as reasonably practicable, select a successor thereto who shall be a Qualified Depository.

Section 8.4. Master Resolution Not to be Construed to Make the Bond an Indebtedness of the Issuer. Nothing in this Master Resolution shall be construed in such a manner as to result in making the Bond an indebtedness of the Issuer, and if it shall ever be held by any court of competent jurisdiction that any or all of the provisions of this Master Resolution are invalid or that the enforcement of the provisions of this Master Resolution would make the Bond invalid or unenforceable, said provisions of this Master Resolution shall be considered to be null and void.

Section 8.5. Partial Invalidity. If any one or more articles, sections, paragraphs, clauses or provisions of this Master Resolution or the application thereof to any person or circumstances are held to be invalid by final decision in any court of competent jurisdiction, such invalidity shall not affect the other articles, sections, paragraphs, clauses and provisions of this Master Resolution which can be given effect without the article, section, paragraph, clause or provision so held to be invalid or the application of which is held to be invalid and shall not affect the application of such article, section, paragraph, clause or provision to other persons or circumstances and to this end the provisions of this Master Resolution are declared to be severable.

Section 8.6. Article and Section Headings. All references herein to "Articles", "Sections" and subdivisions are to the corresponding articles, sections or words of similar import refer to this Master Resolution as a whole and not to any particular Article, Section or subdivision hereof. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience or reference and shall not affect the meaning, construction or effect of this Master Resolution.

Section 8.7. Publication of Notice of Bonds to Be Issued. In accordance with the provisions of Section 11-14-21, Utah Code Annotated, 1953, as amended, the City Recorder has heretofore caused "Notice of Bonds to be Issued" to be published one (1) time in the Spectrum, a newspaper having general circulation in LaVerkin, Utah, which is hereby confirmed and ratified.

Section 8.8. Conflicting Resolutions. All resolutions and parts thereof in conflict herewith and hereby repealed to the extent of such conflict.

Section 8.9. Effective Date. Immediately after its adoption, this Master Resolution shall be signed by the Mayor and the City Recorder shall have the official seal of the Issuer impressed or imprinted hereon, shall be recorded in a book kept for that purpose and shall take immediate effect.

PASSED AND APPROVED this ____ day of _____, 2022.

LAVERKIN CITY

By_____
Mayor

ATTEST AND COUNTERSIGN:

By_____
City Recorder

[SEAL]

PROCLAMATION NO. 2021-_____

Proclamation of the Mayor of the City of LaVerkin

LaVerkin City School Choice Week

WHEREAS, all children in the community of LaVerkin, Utah, should have access to the highest-quality education possible; and,

WHEREAS, LaVerkin City recognizes the important role that an effective education plays in preparing all students in Government Name to be successful adults; and,

WHEREAS, quality education is critically important to the economic vitality of the community of LaVerkin; and,

WHEREAS, Washington County, Utah, is home, or otherwise has access, to a multitude of high-quality public and nonpublic schools from which parents can choose for their children, in addition to families who educate their children in the home; and

WHEREAS, educational variety not only helps to diversify our economy, but also enhances the vibrancy of our community; and,

WHEREAS, Washington County, Utah, has many high-quality teaching professionals in all types of school settings who are committed to educating our children; and,

WHEREAS, School Choice Week is celebrated across the country by millions of students, parents, educators, schools, and organizations to raise awareness of the need for effective educational options.

NOW, I, **RICHARD M. HIRSCHI**, Mayor of the City of LaVerkin, Utah, do hereby recognize, set aside, designate, and **PROCLAIM** the week of **January 23 through January 29, 2022**, as **"LaVerkin City School Choice Week"** in and throughout the community of LaVerkin, Utah, and I call this observance to the attention of all of our residents.

DATED this _____ day of _____, 2021.

_____
RICHARD M. HIRSCHI, Mayor

ATTEST:

_____
CHRISTY BALLARD, City Recorder

City of LaVerkin
435 N. Main St., LaVerkin Utah, 84745
(435) 635-2581 Fax (435) 635-2104

RESOLUTION R-2021-___

A RESOLUTION AMENDING CITY'S CULINARY WATER FEES, ADJUSTING THE BASE WATER RATE FOR SHORT-TERM RENTALS, AND ESTABLISHING AN EFFECTIVE DATE

Water Increase Res - Draft 2021a

WHEREAS, the City operates and maintains a culinary water system for its residents and businesses; and

WHEREAS, a portion of the culinary water provided to said residents and businesses is purchased from the Washington County Water Conservancy District (hereinafter "the District"), pursuant to a *Water Supply Agreement* adopted and entered into by LaVerkin City (and other local municipalities) and the District in 2006, and later by the *Washington County Water Conservancy District Revised Regional Water Supply Agreement* entered into in 2019; and

WHEREAS, the District—pursuant to authority contained in said agreements—has increased the water rates charged to the cities for water that it provides; and

WHEREAS, said rate increase, since 2016 has increased and continues to increase at the rate of ten cents ($0.10) per one thousand (1,000) gallons; and

WHEREAS, the City has been advised by the District that the District's rate is expected to increase on a yearly basis until it reaches the increased rate of three dollars ($3.00) per one thousand (1,000) gallons; and

WHEREAS, the City cannot continue to absorb such increases without passing them on to the water consumers in the City; and

WHEREAS, a popular use of many residential properties in the community of LaVerkin in recent years has been the commercial use thereof for short-term rentals; and

WHEREAS, a study has been commissioned by the City and conducted by Sunrise Engineering regarding the use of water by short-term rentals as opposed to residential homes that do not constitute short-term rentals, and the results of that study showed that short-term rentals use (on average) approximately thirty-two percent (32%) more culinary water than other residential homes within the City, and that this has a direct impact on the availability, conservation and use of culinary water within the City and the cost of its purchase, treatment, and delivery; and

RESOLUTION R-2021-___

WHEREAS, it is the desire of the City Council (a) that the City residents pay for the continuing increases in the cost of water as assessed by the District, so that the City's other funds are not called upon to cover such costs; (b) that short-term rentals be treated as commercial uses of the residential properties and assessed commercial base rates for water consumed on such premises; and (c) that the City's water rates be amended to reflect the increases to the District and the commercial treatment/assessment of short-term rentals for culinary water-rate purposes; and

WHEREAS, the City Water Board has reviewed the proposed increase in the culinary water rate for all properties to reflect the increases assessed by the District, as well as the proposed change in short-term rental culinary water base rates, and has provided an affirmative recommendation thereon; and

WHEREAS, it is recommended that the City Council review, approve, and authorize the imposition and implementation of the increased fees as provided hereinbelow, and modify the current the fee schedule in accordance therewith; and

WHEREAS, it is the considered determination of the LaVerkin City Council that the fees and assessments, as revised and set forth herein, are fair, reasonable and in the best interests of the City and its residents and water users.

NOW THEREFORE, BE IT RESOLVED by the LaVerkin City Council that:

1. The rate assessed per one thousand (1,000) gallons of culinary water be increased by ten cents ($0.10), per connection within the City, commencing January 1, 2022; and that it automatically increase by ten cents ($0.10) per one thousand (1,000) gallons, at 12:01 a.m. on January 1st of each calendar year thereafter, until otherwise provided by resolution or ordinance of the City Council.

2. Short-term rentals (whether or not properly licensed) shall be assessed and charged a commercial base rate (a rate increase of roughly $11.50 per month), and residential rates for each tier above the base (per 1,000 gallons), as follows:

   a. For short-term rentals with a 5/8" meter:
      (1) The base rate will be $46.75 (an increase from $35.25)
      (2) The gallon range for tier rates shall remain:
         (a) $1.18 (for 0-20,000 gallons)
         (b) $1.47 (for 20,001-35,000 gallons)
         (c) $1.76 (for 35,001 gallons and above)

Water Increase Res - Draft 2021a

b. For short-term rentals with a 3/5" meter:
   (1) The base rate will be $66.64 (an increase from $50.25)
   (2) The gallon range for tier rates shall remain:
      (a) $1.18 (for 0-20,000 gallons)
      (b) $1.47 (for 20,001-35,000 gallons)
      (c) $1.76 (for 35,001 gallons and above)

c. For short-term rentals with a 1" meter:
   (1) The base rate will be $117.31 (an increase from $88.45)
   (2) The gallon range for tier rates shall remain:
      (a) $1.18 (for 0-26,000 gallons)
      (b) $1.47 (for 26,001-52,000 gallons)
      (c) $1.76 (for 52,001 gallons and above)

BE IT FURTHER RESOLVED that the City's current water fee schedule be modified to reflect the above changes.

BE IT FURTHER RESOLVED that (a) if any part of this resolution shall be declared invalid, such declaration shall not affect the validity of the remainder of this resolution; (b) all resolutions or policies in conflict herewith are hereby repealed to the extent of any such conflict; and (c) this resolution shall **take effect at 12:01 a.m., January 1, 2022**.

PASSED, ADOPTED AND APPROVED this _____ day of _____, 2021.

RICHARD M. HIRSCHI, Mayor

ATTEST:

CHRISTY BALLARD
City Recorder

Water Increase Res - Draft 2021a

Rees CPA

November 29, 2021

City Council and Mayor
LaVerkin City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LaVerkin City for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by LaVerkin City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2021. We noted no transactions entered into by LaVerkin City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the City's financial statements were:

> Management's estimate of the useful lives of capital assets is based on management's past experience regarding the useful lives of capital assets and discussions with Treasurers of other municipalities regarding their past experiences with useful lives. We evaluated the key factors and assumption used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

337 S. Main, Ste 130 • Cedar City, Utah 84720 • Office: 435-586-5312
TAX • ACCOUNTING • CONSULTING • AUDITS

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 29, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to LaVerkin City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as LaVerkin City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussoin and Analysis, Budget Comparison, Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements for combining nonmajor governmental funds which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of LaVerkin City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Rees CPA

Rees CPA

November 29, 2021

Rees CPA
337 S Main Street Suite 130
Cedar City, UT 84720

This representation letter is provided in connection with your audit(s) of the financial statements of LaVerkin City, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 29, 2021, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 1, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3) We acknowledge our responsibility 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.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.

b) Additional information that you have requested from us for the purpose of the audit.

c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

d) Minutes of the meetings of LaVerkin City or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the City and involves—

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the names of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

22) The City has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or

debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

28) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

29) The financial statements include all fiduciary activities required by GASBS No 84.

30) The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.

31) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

33) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

34) Provisions for uncollectible receivables have been properly identified and recorded.

35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

40) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

43) With respect to the combining nonmajor governmental statements.

    a) We acknowledge our responsibility for presenting the combining nonmajor governmental statements in accordance with accounting principles generally accepted in the United States of America, and we believe the combining nonmajor governmental statements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of

measurement and presentation of the combining nonmajor governmental statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the combining nonmajor governmental statements is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: _____

Title: _____

La Verkin City

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2021

La Verkin City

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June 30, 2021

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Rees CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Mayor
LaVerkin City, Utah

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City of LaVerkin, Utah's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, 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.

337 S. Main, Ste 130 • Cedar City, Utah 84720 • Office: 435-586-5312
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Other Matters

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, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaVerkin, Utah's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the City of LaVerkin 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 the City of LaVerkin 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 the City of LaVerkin Utah's internal control over financial reporting and compliance.

Rees CPA

Rees CPA
Cedar City, Utah
November 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2021.

FINANCIAL HIGHLIGHTS

*Total net position for the City as a whole increased by $1,221,095

*Total unrestricted net position for the City as a whole increased by $1,029,550

*Total net position for governmental activities increased by $1,046,271

*Total net position for business-type activities increased by $174,824

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.

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 one major governmental fund, the general 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.

FINANCIAL ANALYSIS

La Verkin City's Net Position

	Governmental Activities		Business-type Activities			
	Current Year	Previous Year	Current Year	Previous Year	Total Current Year	Total Previous Year
Current and other assets	$ 2,912,617	1,777,144	1,339,051	1,010,372	4,251,668	2,787,516
Net capital assets	3,679,675	3,588,121	2,353,265	2,489,151	6,032,939	6,077,272
Deferred outflows of resources	154,586	226,092	51,282	75,003	205,868	301,095
Total assets and deferred outflows	**$ 6,746,878**	**5,591,357**	**3,743,597**	**3,574,526**	**10,490,475**	**9,165,883**
Long-term debt outstanding	$ 1,056,184	1,005,000	724,000	801,489	1,780,184	1,806,489
Other liabilities	640,368	743,297	427,960	405,412	1,068,329	1,148,709
Deferred inflows of resources	707,612	546,617	102,500	53,312	810,112	599,929
Total liabilities and deferred inflows	**2,404,164**	**2,294,914**	**1,254,460**	**1,260,213**	**3,658,624**	**3,555,127**
Net position:						
Net investment in capital assets	2,623,491	2,583,121	1,629,265	1,687,662	4,252,756	4,270,783
Restricted	504,708	324,164	169,819	140,790	674,527	464,954
Unrestricted	1,214,515	389,158	690,054	485,861	1,904,569	875,019
Total net position	**$ 4,342,714**	**3,296,443**	**2,489,137**	**2,314,313**	**6,831,851**	**5,610,756**

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 $6,831,851, an increase of $1,221,095 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 $1,904,569 which represents an increase of $1,029,550 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'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	$ 1,104,293	996,041	1,355,829	1,289,572	2,460,121	2,285,613
Operating grants	759,199	372,034	(3,478)	-	755,722	372,034
Capital grants	49,603	66,479	-	-	49,603	66,479
General revenues:						
Property taxes	484,694	420,293	-	-	484,694	420,293
Sales tax	1,013,513	782,089	-	-	1,013,513	782,089
Other taxes	521,124	380,780	-	-	521,124	380,780
Impact fees	177,484	58,390	137,923	50,852	315,407	109,242
Other revenues	137,064	104,136	-	-	137,064	104,136
Total revenues	**4,246,974**	**3,180,243**	**1,490,274**	**1,340,424**	**5,737,248**	**4,520,666**
Expenses:						
General government	674,189	525,841	-	-	674,189	525,841
Public safety	1,051,714	1,205,763	-	-	1,051,714	1,205,763
Streets and public works	1,166,975	1,073,297	-	-	1,166,975	1,073,297
Parks and recreation	384,598	356,430	-	-	384,598	356,430
Interest on long-term debt	20,226	41,444	-	-	20,226	41,444
Water	-	-	956,624	920,599	956,624	920,599
Irrigation	-	-	142,875	151,317	142,875	151,317
Drainage	-	-	118,951	121,917	118,951	121,917
Total expenses	**3,297,703**	**3,202,774**	**1,218,450**	**1,193,833**	**4,516,153**	**4,396,607**
Excess (deficiency) before transfers	**949,271**	**(22,532)**	**271,824**	**146,591**	**1,221,095**	**124,059**
Transfers in (out)	97,000	91,400	(97,000)	(91,400)	-	-
Change in net position	**$ 1,046,271**	**68,868**	**174,824**	**55,191**	**1,221,095**	**124,059**

For the City as a whole, total revenues increased by $1,216,582 compared to the previous year, while total expenses increased by $119,546. The total net change of $1,221,095 is, in private sector terms, the net income for the year which is $1,097,036 more than the previous year.

Governmental activities revenues of $4,246,974 is an increase of $1,066,731 from the previous year. This is primarily due to an increase in tax revenues and grant revenues during the year. Governmental activities expenses of $3,297,703 is an increase of $94,929 from the previous year. While general government expenses increased, all other department expenses decreased.

Business-type activities revenue of $1,490,274 is an increase of $149,850 from the previous year. Service revenues increased by $66,257 and operating grants decreased by $3,478. Business-type activities expenses of $1,218,450 is an increase of $24,617 from the previous year. This is due to an overall decrease in operation expenses.

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 $1,572,122 reflects an increase of $844,957 from the previous year. Total revenues increased by $973,138. Tax revenues, including property taxes and sales taxes, increased by $436,169. Intergovernmental revenue increased by $395,303. Revenues from charges for services increased by $22,384. All other revenues increased by $119,282.

Total expenditures increased by $515,156. General government expenditures increased by $308,039, public safety expenditures increased by $37,152, streets and public works expenditures increased by $192,046, and parks and recreation expenditures increased by $43,739. Debt service expenditures increased by $8,484.

Fund balance restricted for debt service, impact fees, Class C roads, and recreation and parks amounted to $161,700, $85,330, $136,185, $51,625, respectively. The unassigned fund balance amounts to $1,137,282.

Water Fund
The change in net position (income) was $103,479, which was $52,198 less than the prior year's change in net position. Net position restricted for construction and debt service is $4,040 and $48,598, respectively. Unrestricted net position amounts to $394,810.

Irrigation Fund
The change in net position (net income) was $36,954, which was $134,458 more than the previous year's net change. Net position restricted for construction and debt service was $95,262 and $12,000, respectively. Unrestricted net position amounts to $135,178.

Drainage Fund
The change in net position (net income) was $34,391, which was $6,992 more than the previous year's change in net position. The amount restricted for construction is $9,919. Unrestricted net position amounts to $160,066.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of $2,949,908. This amount was amended in the final budget to $3,776,455. Actual revenues, excluding transfers, amounted to $4,217,633.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of $2,893,908. This amount was amended in the final budget to $3,720,455. Actual expenditures amounted to $3,321,079.

Transfers in for the year were originally budgeted in the amount of $6,000. The final budget for transfers in was unchanged from the original. Actual transfers in were made in the amount of $6,000. Transfers out for the year were originally budgeted in the amount of $80,200. The final budget for transfers out was for the amount of $80,200. Actual transfers out were made in the amount of $72,200.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	Governmental Activities		Business-type Activities			
	Current Year	Previous Year	Current Year	Previous Year	Total Current Year	Total Previous Year
Capital Assets:						
Land and water rights	$ 1,052,353	1,052,353	586,167	586,167	1,638,520	1,638,520
Buildings	1,651,447	1,651,447	-	-	1,651,447	1,651,447
Improvements	9,079,070	9,079,070	-	-	9,079,070	9,079,070
Water system	-	-	3,687,800	3,687,800	3,687,800	3,687,800
Irrigation system	-	-	818,917	818,917	818,917	818,917
Drainage	-	-	240,995	240,995	240,995	240,995
Machinery and equipment	983,260	809,153	462,596	461,540	1,445,856	1,270,693
Work in progress	151,752	57,034	-	-	151,752	57,034
Total capital assets	**12,917,881**	**12,649,056**	**5,796,475**	**5,795,419**	**18,714,356**	**18,444,475**
Less accumulated depreciation	(9,238,207)	(9,060,935)	(3,443,210)	(3,306,268)	(12,681,417)	(12,367,203)
Net capital assets	**$ 3,679,675**	**3,588,121**	**2,353,265**	**2,489,151**	**6,032,939**	**6,077,272**

The total amount of capital assets, net of depreciation, of $6,032,939 is a decrease of $44,333 from the previous year.

Governmental activities capital assets, net of depreciation, of $3,679,675 is an increase of $91,554 from the previous year.

Business-type activities capital assets, net of depreciation, of $2,353,265 is a decrease of $135,886 from the previous year.

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

La Verkin City's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2015 Sales Tax Refunding	$ 745,000	745,000
2017 Sales Tax Rev - Roads	248,000	260,000
2020 2 Police Truck Lease	63,184	-
Total governmental	**$ 1,056,184**	**1,005,000**
Business-type activities:		
2010 Water Revenue Bond	$ 376,000	412,000
2014 Silver Acres	187,000	200,000
2010 Irrigation Water Revenue Bond	161,000	172,000
2019 Truck Lease	-	17,489
Total business-type	**$ 724,000**	**801,489**
Total outstanding debt	**$ 1,780,184**	**1,806,489**

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.

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BASIC FINANCIAL STATEMENTS

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La Verkin City

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	$ 1,554,105	1,048,364	2,602,469
Accounts receivable, net	870,039	110,709	980,747
Total current assets	2,424,143	1,159,072	3,583,216
Non-current assets:			
Restricted cash and cash equivalents	488,474	179,979	668,452
Capital assets:			
Not being depreciated	1,204,105	586,167	1,790,272
Net of accumulated depreciation	2,475,570	1,767,098	4,242,667
Total non-current assets	4,168,148	2,533,243	6,701,392
Total assets	6,592,292	3,692,316	10,284,607
Deferred outflows of resources - pensions	154,586	51,282	205,868
Total assets and deferred outflows of resources	**$ 6,746,878**	**3,743,597**	**10,490,475**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	$ 423,874	133,239	557,113
Accrued interest payable	9,619	3,881	13,501
Customer security deposits	-	207,718	207,718
Unearned Revenue	19,563	-	19,563
Compensated absences	25,000	32,373	57,373
Long-term debt due within one year	132,000	69,894	201,894
Total current liabilities	610,056	447,105	1,057,162
Non-current liabilities:			
Compensated absences	40,848	10,455	51,303
Long-term debt due after one year	924,184	654,106	1,578,290
Net pension liability	121,464	40,294	161,758
Total non-current liabilities	1,086,496	704,855	1,791,351
Total liabilities	1,696,552	1,151,960	2,848,512
Deferred inflows of resources - property taxes	398,630	-	398,630
Deferred inflows of resources - pensions	308,982	102,500	411,482
Total liabilities and deferred inflows of resources	**2,404,164**	**1,254,460**	**3,658,624**
NET POSITION:			
Net investment in capital assets	2,623,491	1,629,265	4,252,756
Restricted for:			
Debt service	161,700	60,598	222,298
Construction	273,140	109,221	382,361
Cemetery	69,868	-	69,868
Unrestricted	1,214,515	690,054	1,904,569
Total net position	**4,342,714**	**2,489,137**	**6,831,851**
Total liabilities, deferred inflows of resources and net position	**$ 6,746,878**	**3,743,597**	**10,490,475**

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, 2021

FUNCTIONS/PROGRAMS:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
Primary government:					
Governmental activities:					
General governement	$ 674,189	197,627	384,946	-	(91,616)
Public safety	1,051,714	58,161	146,314	-	(847,240)
Streets and public works	1,166,975	833,355	227,939	14,603	(91,078)
Parks, recreation and public property	384,598	15,150	-	35,000	(334,448)
Interest on long-term debt	20,226	-	-	-	(20,226)
Total governmental activities	**3,297,703**	**1,104,293**	**759,199**	**49,603**	**(1,384,608)**
Business-type activities:					
Water	956,624	1,047,592	(3,478)	-	87,491
Irrigation	142,875	143,840	-	-	965
Drainage	118,951	164,396	-	-	45,445
Total business-type activities	**1,218,450**	**1,355,829**	**(3,478)**	**-**	**133,901**
Total primary government	**$ 4,516,153**	**2,460,121**	**755,722**	**49,603**	**(1,250,707)**

(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, 2021

CHANGES IN NET POSITION:	Governmental Activities	Business-type Activities	Total
Net (expense) revenue (from previous page)	**$ (1,384,608)**	**133,901**	**(1,250,707)**
General revenues:			
Property taxes	484,694	-	484,694
Sales tax	1,013,513	-	1,013,513
Other taxes	521,124	-	521,124
Impact fees	177,484	137,923	315,407
Unrestricted investment earnings	14,494	-	14,494
Miscellaneous	122,570	-	122,570
Total general revenues	2,333,879	137,923	2,471,802
Transfers in (out)	97,000	(97,000)	-
Total general revenues and transfers	2,430,879	40,923	2,471,802
Change in net position	**1,046,270**	**174,824**	**1,221,095**
Net position - beginning	3,296,443	2,314,313	5,610,756
Net position - ending	**$ 4,342,714**	**2,489,137**	**6,831,851**

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

La Verkin City

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,269,988	284,117	1,554,105
Receivables:			
Customer accounts, net of allowances	77,024	125	77,149
Due from other governments	394,260	-	394,260
Property tax - current levy	398,630	-	398,630
Restricted cash and cash equivalents	273,140	215,334	488,474
TOTAL ASSETS	**$ 2,413,041**	**499,576**	**2,912,617**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities:			
Accounts payable	$ 380,325	1,148	381,473
Accrued liabilities	42,401	-	42,401
Unearned revenue	19,563	-	19,563
Total liabilities	442,289	1,148	443,437
Deferred inflows of resources - property taxes	398,630	-	398,630
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**840,919**	**1,148**	**842,067**
FUND BALANCES:			
Nonspendable:			
Cemetery	-	47,254	47,254
Restricted for:			
Debt service	161,700	-	161,700
Cemetery	-	22,613	22,613
Capital projects	85,330	-	85,330
Class C roads	136,185	-	136,185
Recreation and parks	51,625	-	51,625
Committed for:			
Capital projects	-	282,969	282,969
Assigned for:			
Debt service	-	145,591	145,591
Unassigned	1,137,282	-	1,137,282
TOTAL FUND BALANCES	**1,572,122**	**498,428**	**2,070,550**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 2,413,041**	**499,576**	**2,912,617**

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, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes:			
Property	$ 484,694	-	484,694
Sales	1,013,513	-	1,013,513
Other taxes	521,124	-	521,124
License and permits	197,083	-	197,083
Intergovernmental revenues	794,199	-	794,199
Charges for services	834,055	14,450	848,505
Fines and forfeitures	58,705	-	58,705
Interest	14,206	287	14,494
Miscellaneous revenue	122,570	-	122,570
Total revenues	**4,040,149**	**14,737**	**4,054,887**
EXPENDITURES:			
General government	773,973	-	773,973
Public safety	993,087	-	993,087
Streets and public works	1,192,660	-	1,192,660
Parks, recreation and public property	352,875	-	352,875
Debt service:			
Principal	8,484	12,000	20,484
Interest	-	20,986	20,986
Total expenditures	**3,321,079**	**32,986**	**3,354,066**
Excess (Deficiency) of Revenues over (Under) Expenditures	**719,070**	**(18,249)**	**700,821**
Other Financing Sources and (Uses):			
Impact fees	177,484	-	177,484
Developer contributions	14,603	-	14,603
Transfers in	6,000	169,200	175,200
Transfers (out)	(72,200)	(6,000)	(78,200)
Total other financing sources and (uses)	**125,887**	**163,200**	**289,087**
Net Change in Fund Balances	**844,957**	**144,951**	**989,908**
Fund balances - beginning of year	727,165	353,477	1,080,642
Fund balance - end of year	**$ 1,572,122**	**498,428**	**2,070,550**

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, 2021

Total Fund Balance for Governmental Funds	**$ 2,070,550**
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	12,917,881
Less accumulated depreciation	(9,238,207)
Net capital assets	3,679,675
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	154,586
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	(1,056,184)
Interest accrued but not yet paid on long-term debt	(9,619)
Compensated absences	(65,848)
Net pension liability	(121,464)
Deferred inflows of resources - pensions	(308,982)
Total Net Position of Governmental Activities	**$ 4,342,714**

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, 2021

Net Change in Fund Balances - Total Governmental Funds	**$ 989,908**
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	293,811
Depreciation expense	(202,258)
Net	91,554
The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.	21,094
Cost of retired assets sold is not reported in government fund statements, while it is reported in the statements of activities.	
Book cost of assets retired	-
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 doe not affect the statement of activities.	
Long-term debt issuance	(71,668)
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	20,484
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	761
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	(5,862)
Change in Net Position of Governmental Activities	**$ 1,046,270**

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

La Verkin City

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2021

	Water Fund	Irrigation Fund	Drainage Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	$ 736,841	161,366	150,157	1,048,364
Accounts receivable, net	83,885	11,223	15,601	110,709
Total current assets	820,726	172,588	165,758	1,159,072
Non-current assets:				
Restricted cash and cash equivalents	52,638	95,262	32,079	179,979
Capital assets:				
Not being depreciated	118,268	467,899	-	586,167
Net of accumulated depreciation	1,059,086	581,197	126,814	1,767,098
Total non-current assets	1,229,992	1,144,358	158,893	2,533,243
Total assets	2,050,718	1,316,946	324,651	3,692,316
Deferred outflows of resources - pensions	34,483	6,402	10,396	51,282
Total assets and deferred outflows of resources	**$ 2,085,201**	**1,323,348**	**335,048**	**3,743,597**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	$ 123,577	6,766	2,896	133,239
Accrued interest payable	3,881	-	-	3,881
Compensated absences	22,859	5,591	3,923	32,373
Customer security deposits	207,718	-	-	207,718
Long-term debt, current position	58,894	11,000	-	69,894
Total current liabilities	416,929	23,357	6,819	447,105
Non-current liabilities:				
Compensated absences	6,346	1,628	2,481	10,455
Long-term debt, long-term portion	504,106	150,000	-	654,106
Net pension liability	27,094	5,031	8,169	40,294
Total non-current liabilities	537,546	156,659	10,650	704,855
Total liabilities	954,476	180,015	17,469	1,151,960
Deferred inflows of resources - pensions	68,923	12,797	20,780	102,500
Total liabilities and deferred inflows of resources	**1,023,399**	**192,812**	**38,249**	**1,254,460**
NET POSITION:				
Net investment in capital assets	614,354	888,096	126,814	1,629,265
Restricted for:				
Construction	4,040	95,262	9,919	109,221
Debt service	48,598	12,000	-	60,598
Unrestricted	394,810	135,178	160,066	690,054
Total net position	**1,061,802**	**1,130,536**	**296,799**	**2,489,137**
Total liabilities, deferred inflows of resources and net position	**$ 2,085,201**	**1,323,348**	**335,048**	**3,743,597**

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, 2021

	Water Fund	Irrigation Fund	Drainage Fund	Total Enterprise Funds
Operating income:				
Charges for sales and service	$ 1,013,018	103,565	164,396	1,280,979
Connection fees	9,700	8,518	-	18,218
Other operating income	24,874	31,757	-	56,632
Total operating income	**1,047,592**	**143,840**	**164,396**	**1,355,829**
Operating expenses:				
Personnel services	380,559	93,789	78,211	552,558
Operating and maintenance	402,138	15,474	16,888	434,500
Utilities	10,592	1,432	1,483	13,507
Insurance expense	7,743	7,743	7,743	23,230
Other supplies and expenses	20,280	3,898	4,987	29,165
Depreciation expense	120,740	20,540	9,640	150,920
Total operating expense	**942,052**	**142,875**	**118,951**	**1,203,879**
Net operating income (loss)	**105,540**	**965**	**45,445**	**151,950**
Non-operating income (expense):				
Impact fees	67,988	35,989	33,946	137,923
Gain (loss) from retired assets	(3,478)	-	-	(3,478)
Interest on long-term debt	(14,571)	-	-	(14,571)
Total non-operating income (expense)	**49,939**	**35,989**	**33,946**	**119,874**
Income (loss) before transfers	**155,479**	**36,954**	**79,391**	**271,824**
Net transfers in (out)	(52,000)	-	(45,000)	(97,000)
Change in net position	**103,479**	**36,954**	**34,391**	**174,824**
Net position - beginning	958,323	1,093,582	262,408	2,314,313
Net position - ending	**$ 1,061,802**	**1,130,536**	**296,799**	**2,489,137**

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, 2021

	Water Fund	Irrigation Fund	Drainage Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers - service	$ 1,051,050	143,409	164,407	1,358,866
Cash paid to suppliers	(354,701)	(27,107)	(32,666)	(414,473)
Cash paid to employees	(384,840)	(94,704)	(79,529)	(559,074)
Net cash provided (used) in operating activities	**311,509**	**21,599**	**52,212**	**385,319**
Cash flows from noncapital financing activities:				
Grants	(3,478)	-	-	(3,478)
Transfers in (out)	(52,000)	-	(45,000)	(97,000)
Change in customer deposits	16,422	-	-	16,422
Net cash provided (used) in noncapital financing activities	**(39,055)**	**-**	**(45,000)**	**(84,055)**
Cash flows from capital and related financing activities:				
Cash from impact fees	67,988	35,989	33,946	137,923
Cash payments for capital assets	(36,000)	-	-	(36,000)
Cash from retired assets	3,478	-	-	3,478
Cash payments for long-term debt principal	(49,000)	(11,000)	-	(60,000)
Cash payments for long-term debt interest	(14,948)	-	-	(14,948)
Net cash provided (used) in capital and related financing activities	**(28,482)**	**24,989**	**33,946**	**30,453**
Cash flows from investing activities:				
Net cash provided (used) in investing activities	-	-	-	-
Net increase (decrease) in cash	**243,971**	**46,588**	**41,158**	**331,716**
Cash balance, beginning	545,508	210,040	141,078	896,626
Cash balance, ending	**$ 789,479**	**256,627**	**182,236**	**1,228,342**
Cash reported on the statement of net position:				
Cash and cash equivalents	$ 736,841	161,366	150,157	1,048,364
Non-current restricted cash	52,638	95,262	32,079	179,979
Total cash and cash equivalents	**$ 789,479**	**256,627**	**182,236**	**1,228,342**

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, 2021

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)	**$ 105,540**	**$ 965**	**$ 45,445**	**151,950**
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	120,740	20,540	9,640	150,920
Changes in assets and liabilities:				
(Increase) decrease in receivables	3,458	(431)	10	3,037
(Increase) decrease in non-current assets	-	-	(11,677)	(11,677)
(Increase) decrease in deferred outflows	15,951	2,962	16,486	35,398
Increase (decrease) in payables	86,053	1,440	(1,565)	85,928
Increase (decrease) in accrued payroll	(960)	(320)	(320)	(1,600)
Increase (decrease) in compensated absences	1,384	278	420	2,082
Increase (decrease) in net pension liability	(53,731)	(9,976)	(16,199)	(79,907)
Increase (decrease) in deferred inflows	33,075	6,141	9,972	49,188
Net cash provided (used) in operating activities	**$ 311,509**	**21,599**	**52,212**	**385,319**

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

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.

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.

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 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 *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 *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 bond 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.

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.

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:

Assets	Years
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.

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.

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.

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 that 25% 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, 2021 consist of the following:

	Fair Value
Cash on hand	$ 237
Demand deposits - checking	1,672,419
Reserves and escrow	9,284
State Treasurer's Investment Pool	1,588,981
Total cash	**$ 3,270,921**

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

Cash and cash equivalents (current)	$ 2,602,469
Restricted cash and cash equivalents (non-current)	668,452
Total cash and cash equivalents	**$ 3,270,921**

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

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, 2021, the City had $1,588,981 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.

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, 2021, 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	$ 374,697	-	374,697
Property taxes	398,630	-	398,630
Special assessments	19,563	-	19,563
Water services	-	113,232	113,232
Sewer services	55,718	-	55,718
Irrigation services	-	15,149	15,149
Garbage services	31,646	-	31,646
Storm drainage services	-	21,059	21,059
Other fees and services	16,731	-	16,731
Total receivables	**896,985**	**149,440**	**1,046,425**
Less allowance for uncollectibles	(26,947)	(38,731)	(65,678)
Net receivables	**$ 870,039**	**110,709**	**980,747**

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	-	-	1,052,353
Construction in progress	57,034	94,719	-	151,752
Total capital assets, not being depreciated	**1,109,386**	**94,719**	**-**	**1,204,105**
Capital assets, being depreciated:				
Buildings	1,651,447	-	-	1,651,447
Improvements other than buildings	9,079,070	-	-	9,079,070
Machinery and equipment	809,153	199,093	(24,986)	983,260
Total capital assets, being depreciated	**11,539,670**	**199,093**	**(24,986)**	**11,713,776**
Less accumulated depreciation for:				
Buildings	741,805	63,932	-	805,737
Improvements other than buildings	7,631,017	104,752	-	7,735,769
Machinery and equipment	688,113	33,574	(24,986)	696,701
Total accumulated depreciation	**9,060,935**	**202,258**	**(24,986)**	**9,238,207**
Total capital assets being depreciated, net	**2,478,735**	**(3,165)**	**-**	**2,475,570**
Governmental activities capital assets, net	**$ 3,588,121**	**91,554**	**-**	**3,679,675**

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

Governmental activities:	
General government	$ 30,226
Public safety	34,157
Streets and public works	115,780
Parks, recreation and public property	22,095
Total	**$ 202,258**

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
Total capital assets, not being depreciated	**586,167**	**-**	**-**	**586,167**
Capital assets, being depreciated:				
Water system	3,687,800	-	-	3,687,800
Irrigation system	818,917	-	-	818,917
Drainage system	240,995	-	-	240,995
Machinery and equipment	461,540	36,000	34,944	462,596
Total capital assets, being depreciated	**5,209,252**	**36,000**	**34,944**	**5,210,307**
Less accumulated depreciation for:				
Water system	2,590,143	103,580	-	2,693,723
Irrigation system	217,248	20,473	-	237,721
Drainage system	104,540	9,640	-	114,180
Machinery and equipment	394,336	17,227	13,978	397,586
Total accumulated depreciation	**3,306,268**	**150,920**	**13,978**	**3,443,210**
Total capital assets being depreciated, net	**1,902,984**	**(114,920)**	**20,967**	**1,767,098**
Business-type activities capital assets, net	**$ 2,489,151**	**(114,920)**	**20,967**	**2,353,265**

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

Business-type activities:	
Water	$ 120,740
Irrigation	20,540
Drainage	9,640
Total	**$ 150,920**

3-D. Long-term debt

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

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2015 Sales Tax Refunding Matures 7/15/2027	1,428,000	2.25	745,000	-	-	745,000	120,000
2017 Sales Tax Rev - Roads Matures 10/1/2037	282,000	2.50	260,000	-	12,000	248,000	12,000
2020 2 Police Truck Lease Matures 11/1/2024	71,668	1.50	-	71,668	8,484	63,184	7,063
Total governmental activity long-term liabilities			**$1,005,000**	**71,668**	**20,484**	**1,056,184**	**139,063**

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

	Principal	Interest	Total
2022	$ 139,063	28,255	167,318
2023	142,221	24,909	167,130
2024	162,178	21,145	183,323
2025	168,722	16,473	185,195
2026	148,000	11,288	159,288
2027 - 2032	180,000	24,014	204,014
2032 - 2036	80,000	10,600	90,600
2037 - 2038	36,000	1,350	37,350
Total	**$1,056,184**	**138,034**	**1,194,218**

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	$ 412,000	-	36,000	376,000	37,000
2014 Silver Acres							
Matures 6/1/2034	274,000	1.50	200,000	-	13,000	187,000	13,000
2010 Irrigation Water Revenue Bond							
Matures 5/1/2035	272,000	-	172,000	-	11,000	161,000	11,000
2019 Truck Lease							
Matures 6/15/2022	34,944	3.48	17,489	-	17,489	-	-
Total governmental activity long-term liabilities			**$ 801,489**	**-**	**77,489**	**724,000**	**61,000**

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

	Principal	Interest	Total
2022	$ 61,000	13,709	74,709
2023	62,000	12,441	74,441
2024	64,000	11,143	75,143
2025	66,000	9,803	75,803
2026	67,000	8,404	75,404
2027 - 2031	310,000	27,435	337,435
2032 - 2035	94,000	2,310	96,310
Total	**$ 724,000**	**85,245**	**809,245**

3-D. Long-term debt (continued)

Capital Lease Requirements:

The City leases a public safety trucks, which are reported as capital leases. The cost of the vehicles at acquisition was $67,336.

$66,775 was the carrying value at June 30, 2021.

The scheduled payments for capital lease are as follows:

	Principal	Interest	Total
2022	7,063	1,422	8,484
2023	7,221	1,263	8,484
2024	24,178	1,100	25,278
2025	24,722	556	25,278
Total	**$ 63,184**	**4,341**	**67,525**

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

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	$ 59,986	5,862	65,848
Business-type	40,746	2,082	42,828
Total	**$ 100,732**	**7,944**	**108,676**
Net pension liability:			
Governmental	$ 362,339	(240,874)	121,464
Business-type	120,200	(79,907)	40,294
Total	**$ 482,539**	**(320,781)**	**161,758**

3-E. Receivables, payables and interfund transfers

The City had the following interfund transfers for year ended June 30, 2021:

	Transfers In	Transfers Out
General fund	$ 6,000	72,200
Debt service fund	169,200	-
Cemetery fund	-	6,000
Water fund	-	52,000
Drainage fund	-	45,000
Total	**$ 175,200**	**175,200**

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

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:

Defined Benefit Plans

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah 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.

4-C. Pension Plans (continued)

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	Cola **
Noncontributory System	Highest 3 Years	30 years any age 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%

* 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, 2021 are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 1	6.00	14.46	N/A
111 - Local Government Div - Tier 2	N/A	16.8	0.89
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	N/A	25.83	N/A
Noncontributory			
43 - Other Div A with 2.5% COLA	N/A	34.04	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	10.00
222 - Public Safety	N/A	11.83	14.00

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

4-C. Pension Plans (continued)

For the fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 67,683	N/A
Public Safety System	83,798	-
Tier 2 Public Employees System	25,905	-
Tier 2 DC Only System	2,599	N/A
Tier 2 DC Public Safety and Firefighter System	3,272	N/A
Total Contributions	**$ 183,258**	**-**

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.

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

At June 30, 2021, we reported a net pension asset of $0 and a net pension liability of $161,758.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2019	Change (Decrease)
Noncontributory System	$ -	$ 31,236	0.0608963%	0.0616969%	(0.0008006%)
Public Safety System	-	129,081	0.1554736%	0.1541550%	0.0013186%
Tier 2 Public Employees System	-	1,441	0.0100221%	0.0111040%	(0.0010819%)
Total	**$ -**	**$ 161,758**			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2021, we recognize pension expense of $185,107.

4-C. Pension Plans (continued)

At June 30, 2021, 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	$ 66,992	$ 785
Changes in assumptions	1,823	7,809
Net difference between projected and actual earnings on pension plan investments	-	399,102
Changes in proportion and differences between contributions and proportionate share of contributions	29,741	3,786
Contributions subsequent to the measurement date	107,312	-
Total	**$ 205,868**	**$ 411,482**

$107,312 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, 2020.

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
2021	$ (67,219)
2022	(42,469)
2023	(140,609)
2024	(65,734)
2025	505
Thereafter	2,601

Actuarial assumptions:
The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2020, valuations were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

4-C. Pension Plans (continued)

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. 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	37%	6.30%	2.33%
Debt securities	20%	0.00%	0.00%
Real assets	15%	6.19%	0.93%
Private equity	12%	9.50%	1.14%
Absolute return	16%	2.75%	0.44%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	**100.00%**		**4.84%**
Inflation			2.50%
Expected arithmetic nominal return			7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate:

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95%.

4-C. Pension Plans (continued)

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 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	$ 541,545	$ 31,236	$ (394,183)
Public Safety System	544,959	129,081	(208,612)
Tier 2 Public Safety and Firefighter	24,255	1,441	(16,011)
Total	**$ 1,110,759**	**$ 161,758**	**$ (618,806)**

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

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

	2021	2020	2019
401(k) Plan			
Employer Contributions	$ 9,779	$ 10,799	$ 6,293
Employee Contributions	16,156	15,025	6,631
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	2,400	-	-

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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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, 2021, expenditures for all departments were below budgeted amounts.

Changes in Assumptions Related to Pensions

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption)updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a $201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31,2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

La Verkin City

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended June 30, 2021

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Property	$ 436,000	$ 436,909	$ 484,694	47,785
Sales	717,000	735,000	1,013,513	278,513
Other taxes	376,800	392,800	521,124	128,324
License and permits	82,250	175,500	197,083	21,583
Intergovernmental revenues	347,600	836,946	794,199	(42,747)
Charges for services	811,700	829,200	834,055	4,855
Fines and forfeitures	42,750	55,000	58,705	3,705
Interest	30,000	30,000	14,206	(15,794)
Miscellaneous revenue	57,000	128,000	122,570	(5,430)
Total revenues	**2,901,100**	**3,619,355**	**4,040,149**	**420,794**
EXPENDITURES:				
General government	456,031	934,050	773,973	160,077
Public safety	1,054,705	1,091,155	993,087	98,068
Streets and public works	1,058,250	1,204,000	1,192,660	11,340
Parks, recreation and public property	316,922	482,750	352,875	129,875
Debt service	8,000	8,500	8,484	16
Total expenditures	**2,893,908**	**3,720,455**	**3,321,079**	**399,376**
Excess (Deficiency) of Revenues over (Under) Expenditures	**7,192**	**(101,100)**	**719,070**	**719,070**
Other Financing Sources and (Uses):				
Impact fees	48,808	157,100	177,484	20,384
Developer contributions	18,200	18,200	14,603	(3,597)
Transfers in	6,000	6,000	6,000	-
Transfers (out)	(80,200)	(80,200)	(72,200)	8,000
Total other financing sources and (uses)	**(7,192)**	**101,100**	**125,887**	**24,787**
Net Change in Fund Balances	**-**	**-**	**844,957**	**844,957**
Fund balances - beginning of year	727,165	727,165	727,165	-
Fund balance - end of year	**$ 727,165**	**727,165**	**1,572,122**	**844,957**

La Verkin City

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

June 30, 2021

Last 10 Fiscal Years*

	As of December 31,						
	2020	2019	2018	2017	2016	2015	2014
Noncontributory Retirement System							
Proportion of the net pension liability (asset)	0.0608963%	0.0616969%	0.0582024%	0.0531282%	0.0005717%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	$ 31,236	$ 232,528	$ 428,586	$ 232,771	$ 3,671	$ -	$ -
Covered employee payroll	$ 534,249	$ 529,256	$ 493,078	$ 453,686	$ -	$ -	$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.85%	43.93%	86.92%	51.31%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	99.20%	93.70%	87.00%	91.90%	87.30%	0.00%	0.00%
Contributory Retirement System							
Proportion of the net pension liability (asset)	0.0000000%	0.0000000%	0.0000000%	0.2110731%	2.3087949%	1.2653731%	0.9643050%
Proportionate share of the net pension liability (asset)	$ -	$ -	$ -	$ 17,176	$ 757,541	$ 889,373	$ 287,414
Covered employee payroll	$ -	$ -	$ -	$ 42,830	$ 511,182	$ 504,798	$ 503,045
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	40.10%	148.19%	176.18%	57.10%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	91.20%	98.20%	92.90%	85.70%	94.00%
Public Safety System							
Proportion of the net pension liability (asset)	0.1554736%	0.1541550%	0.1309972%	0.0998277%	0.0993460%	0.1213690%	0.1157707%
Proportionate share of the net pension liability (asset)	$ 129,081	$ 247,514	$ 337,001	$ 156,596	$ 201,600	$ 217,402	$ 145,591
Covered employee payroll	$ 241,948	$ 241,121	$ 205,541	$ 152,208	$ 141,709	$ 181,168	$ 171,912
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.35%	102.65%	163.96%	102.88%	142.26%	120.00%	84.70%
Plan fiduciary net position as a percentage of the total pension liability	95.50%	90.90%	84.70%	90.20%	86.50%	87.10%	90.50%
Tier 2 Public Employees Retirement System							
Proportion of the net pension liability (asset)	0.0100221%	0.0111040%	0.0109970%	0.0079483%	0.0070681%	0.0047470%	0.0052265%
Proportionate share of the net pension liability (asset)	$ 1,441	$ 2,497	$ 4,710	$ 701	$ 788	$ (10)	$ (158)
Covered employee payroll	$ 160,247	$ 154,324	$ 127,997	$ 77,687	$ 57,962	$ 3,667	$ 25,627
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.90%	1.62%	3.68%	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%
Tier 2 Public Safety and Firefighters Retirement							
Proportion of the net pension liability (asset)	0.0000000%	0.0000000%	0.0000000%	0.0101289%	0.0375273%	0.0111914%	0.0000000%
Proportionate share of the net pension liability (asset)	$ -	$ -	$ -	$ (117)	$ (326)	$ (164)	$ -
Covered employee payroll	$ -	$ -	$ -	$ 10,728	$ 31,006	$ 6,674	$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	-1.09%	-1.05%	-2.46%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	95.60%	103.00%	103.60%	110.70%	0.00%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the the last six years.

La Verkin City

SCHEDULE OF CONTRIBUTIONS

June 30, 2021

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	2014	$ -	$ -	$ -	$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	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%
Public Safety System	2014	55,245	55,245	-	171,888	32.14%
	2015	63,452	63,452	-	186,548	34.01%
	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%
Tier 2 Public Employees System*	2014	6,373	6,373	-	40,465	15.75%
	2015	4,568	4,568	-	27,352	16.70%
	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%
Tier 2 Public Employees DC Only System*	2014	1,028	1,028	-	14,000	7.34%
	2015	2,398	2,398	-	28,280	8.48%
	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%
Tier 2 Public Safety and Firefighter DC Only System*	2014	-	-	-	-	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
	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%
Tier 2 Public Safety and Firefighter System *	2014	-	-	-	-	0.00%
	2015	-	-	-	-	0.00%
	2016	2,997	2,997	-	13,320	22.50%
	2017	6,704	6,704	-	29,794	22.50%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices. The 10-year schedule will need to be built prospectively. The schedule above is only for the past 7 years.

SUPPLEMENTAL INFORMATION

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La Verkin City

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	Debt Service Fund	Capital Projects Fund	Cemetery Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,148	282,969	-	284,117
Receivables:				
Customer accounts	-	-	125	125
Restricted cash and cash equivalents	145,591	-	69,743	215,334
TOTAL ASSETS	**$ 146,739**	**282,969**	**69,868**	**499,576**
LIABILITIES				
Accounts payable	$ 1,148	-	-	1,148
TOTAL LIABILITIES	**1,148**	**-**	**-**	**1,148**
FUND BALANCES:				
Nonspendable for cemetery	-	-	47,254	47,254
Restricted for cemetery	-	-	22,613	22,613
Committed for capital projects	-	282,969	-	282,969
Assigned for deb service	145,591	-	-	145,591
TOTAL FUND BALANCES	**145,591**	**282,969**	**69,868**	**498,428**
TOTAL LIABILITIES AND FUND BALANCES	**$ 146,739**	**282,969**	**69,868**	**499,576**

La Verkin City

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	Debt Service Fund	Capital Projects Fund	Cemetery Fund	Total Nonmajor Governmental Funds
REVENUES:				
Charges for services	$ -	-	14,450	14,450
Interest	91	47	150	287
Total revenues	**91**	**47**	**14,600**	**14,737**
EXPENDITURES:				
Debt service:				
Principal	12,000	-	-	12,000
Interest	20,986	-	-	20,986
Total expenditures	**32,986**	**-**	**-**	**32,986**
Excess (Deficiency) of Revenues over (Under) Expenditures	**(32,896)**	**47**	**14,600**	**(18,249)**
Other Financing Sources and (Uses):				
Transfers in	169,200	-	-	169,200
Transfers (out)	-	-	(6,000)	(6,000)
Total other financing sources and (uses)	**169,200**	**-**	**(6,000)**	**163,200**
Net Change in Fund Balances	**136,304**	**47**	**8,600**	**144,951**
Fund balances - beginning of year	9,287	282,922	61,268	353,477
Fund balance - end of year	**$ 145,591**	**282,969**	**69,868**	**498,428**

Rees CPA

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 the City of LaVerkin Utah, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of LaVerkin, Utah's basic financial statements, and have issued our report thereon dated November 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of LaVerkin, 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 the City of LaVerkin, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of LaVerkin, 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of LaVerkin, 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*.

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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
November 29, 2021

Opinion on Compliance

In our opinion, the City of LaVerkin complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide.*

Report On Internal Control over Compliance

Management of the City of LaVerkin is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of LaVerkin Utah's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of LaVerkin Utah's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Rees CPA

Rees CPA
Cedar City, Utah
November 29, 2021