

West Point City

Annual Financial Statements

With Auditors' Report Thereon

For the Year Ended June 30, 2025



West Point City

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council
West Point City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise West Point City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information West Point City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Point City's basic financial statements. The accompanying Capital Project and Debt Service funds budgetary comparison statements and prior year comparative General Fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the

underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements referred to above are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2026, on our consideration of West Point City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Point City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Point City's internal control over financial reporting and compliance.

Wich & Associates, P.C.

Ogden, UT
January 6, 2026

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West Point City

Management's Discussion and Analysis

June 30, 2025

As management of West Point City, we offer readers of the West Point City financial statements this narrative overview and analysis of the financial activities of West Point City for the fiscal year ended June 30, 2025.

Financial Highlights

- ◆ The City's total net position of \$106,005,666 is made up of \$82,191,299 in capital assets and other net position of \$23,814,366. Of this amount, \$13,185,055 may be used to meet the ongoing obligations of the City, while \$10,629,311 is restricted for specific purposes.
- ◆ The City's net position increased by \$21,453,350, or 25.37% (\$84,536,315 to \$106,005,665).
- ◆ The City's governmental funds reported a combined ending fund balance of \$18,296,442, an increase of \$2,161,479 from the prior year. The increase is primarily the result of continued high sales tax revenue and interest earnings, as well as low expenditures.
- ◆ In the proprietary funds, the total net position increased by \$12,840,373 during the fiscal year.

Reporting the City As a Whole

This discussion and analysis is intended to serve as an introduction to West Point City's basic financial statements. West Point City's basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

The statements of net position present information on all of West Point City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of West Point City is improving or deteriorating. However, other non-financial factors should also be considered.

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

Both of the government-wide financial statements distinguish functions of West Point 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 government-wide financial statements can be found on the pages directly following this report.

West Point City
Management's Discussion and Analysis - continued
June 30, 2025

Reporting the City's Most Significant Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. West Point 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. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The major governmental funds (as determined by generally accepted accounting principles) are the general fund, special revenue fund, capital projects fund, debt service fund, and the CDRA fund.

Proprietary funds - West Point City maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. West Point City uses an enterprise funds to account for its waste, water, and storm water utilities.

As determined by generally accepted accounting principles, the utility enterprise funds meet the criteria of major fund classification.

Government-wide Financial Analysis

Net Position, over time, is intended to serve as an indicator of a government's financial position. In the case of West Point City, assets and deferred outflows exceeded liabilities and deferred inflows by \$106,005,665 an increase of \$21,814,366 over the prior year. By far, the largest portion of West Point City's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

West Point City
Management's Discussion and Analysis - continued
June 30, 2025

Statement of Net Position

	Governmental Activities		Business-Type Activities	
	2024	2025	2024	2025
Assets				
Current and other assets	\$ 16,681,232	19,998,282	8,427,836	9,388,812
Capital assets	45,080,995	51,205,864	24,448,314	36,605,432
Total assets	61,762,227	71,204,146	32,876,150	45,994,244
Deferred Outflows				
Deferred outflows related to pensions	295,346	328,357	186,989	186,213
Total deferred outflows	295,346	328,357	186,989	186,213
Liabilities				
Long-term debt outstanding	6,126,259	5,749,324	-	-
Other liabilities	1,964,555	2,192,990	1,295,648	2,338,892
Net pension liability	168,969	252,641	97,198	130,401
Total Liabilities	8,259,783	8,194,955	1,392,846	2,469,293
Deferred Inflows				
Unavailable revenue- property taxes	911,905	1,037,430	-	-
Deferred inflows relating to pensions	13,199	14,454	(9,336)	(8,838)
Total Deferred Inflows	925,104	1,051,884	(9,336)	(8,838)
Net Position				
Net investment in capital assets	39,057,995	45,585,864	17,534,297	36,605,435
Restricted	6,941,590	7,864,067	1,557,544	2,765,244
Unrestricted	9,178,101	10,340,732	10,282,788	2,844,323
Total net position	\$ 55,177,686	\$ 63,790,663	\$ 29,374,629	\$ 42,215,002

West Point City
Management's Discussion and Analysis - continued
June 30, 2025

Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2024	2025	2024	2025
Revenues				
Program revenues				
Charges for services	\$ 590,036	868,974	4,618,787	4,806,842
Operating grants & contributions	559,992	676,662	-	-
Capital grants & contributions	1,125,671	6,551,987	5,426,959	12,559,318
General revenues				
Property taxes	1,024,242	1,136,411	-	-
General sales & use tax	2,651,602	2,809,781	-	-
Energy & telecom tax	648,985	625,701	-	-
Gain (loss) on sale of capital assets	-	306,400	(6,265)	-
Impact Fees	985,016	1,621,347	222,736	377,965
Interest income	830,311	755,799	300,145	215,990
Total revenues	8,415,855	15,353,062	10,562,362	17,960,115
Expenses				
General government	1,336,569	1,346,780	-	-
Public safety/court	1,061,260	1,393,499	-	-
Highways/public works	1,564,302	2,261,001	-	-
Parks & recreation	1,037,494	1,429,464	-	-
Interest long-term debt	312,208	293,340	-	-
Waste utility	-	-	2,729,166	2,675,383
Water utility	-	-	2,042,900	2,054,718
Storm water utility	-	-	377,631	389,641
Total expenses	5,311,833	6,724,084	5,149,697	5,119,742
Transfers	-	-	-	-
Increase (decrease) in net position	3,104,022	8,628,978	5,412,665	12,840,373
Net position beginning of year	52,073,664	55,161,686	23,961,966	29,374,629
Net position end of year	\$ 55,161,686	\$ 63,790,664	\$ 29,374,629	\$ 42,215,002

West Point City
Management's Discussion and Analysis - continued
June 30, 2025

Financial Analysis of Governmental Funds

The focus of City governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of June 30, 2025, the City's general fund reported a fund balance of \$1,986,149. This represents an increase of \$222,970 from last year's ending balance. The transfer from the General Fund to the Capital Projects Fund was \$650,000.

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

Taxes continue to be the largest source of revenue in the general fund and represent 72.45% of total general fund revenues. The largest element of tax revenue is sales tax. Sales tax is 62.71%, property tax is 22.14%, and energy & franchise tax is 15.15% of general fund tax revenue.

Once again, the City collected more sales tax than at any other point in its history, collecting \$2,589,630 in Fiscal Year 2024, a 6% increase from Fiscal Year 2025.

General Fund Budget Amendments

During Fiscal Year 2025, some General Fund budgeted expenditures were amended, but the total stayed the same at \$6,006,503.

Capital Asset and Debt Administration

Capital Assets

West Point City continues to invest in infrastructure and improvements. Capital assets, net of accumulated depreciation, in governmental activities increased by \$6,124,869. Capital assets, net of accumulated depreciation, in business-type activities increased by \$12,157,118

	<u>West Point City's Capital Assets</u>	
	Government Activities 2025	Business-Type Activities 2025
	<u>2025</u>	<u>2025</u>
Capital Assets (net of accumulated depreciation)		
Land	\$ 12,414,743	\$ 158,040
Water rights	\$ -	494,573
Construction in progress	843,402	17,574,945
Buildings	628,183	16,110
Improvements	1,785,636	18,152,850
Machinery and equipment	379,999	208,914
Infrastructure	35,153,901	-
Total	<u>\$ 51,205,864</u>	<u>\$ 36,605,432</u>
Total FY2024	\$ 45,080,995	\$ 24,448,314
Increase	\$ 6,124,869	\$ 12,157,118

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

West Point City
Management's Discussion and Analysis - continued
June 30, 2025

Long-term Debt

West Point City issued revenue bonds on June 30, 2016 for \$1,136,000. In Fiscal Year 2023, the City issued revenue bonds through the CDRA for \$6,055,000. On June 30, 2025, the City had total bonded debt outstanding of \$5,620,000

West Point City's Long-Term Debt

	<u>All Activities</u> <u>2025</u>
Excise tax revenue bonds	\$ 5,620,000
Net Pension Liability	383,042
Compensated absences	199,597
	<u>\$ 6,202,639</u>

The City's total long-term debt decreased by \$403,000 during the fiscal year.

Additional information on the outstanding debt obligations of the City can be found in the footnotes of this report.

Economic Factors and Next Year's Budget

The City's elected and appointed officials considered many factors when setting the fiscal year 2026 budget, tax rates, and fees that will be charged for the business type activities. The City will see a budget increase for FY 2026.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Administrative Services Director.

BASIC FINANCIAL STATEMENTS

West Point City
Statement of Net Position
June 30, 2025

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<u>Assets</u>			
Cash and cash equivalents	\$ 10,199,564	2,008,077	12,207,641
Restricted cash and cash equivalents	7,864,067	2,765,244	10,629,311
Accounts receivable - net	1,924,265	4,476,676	6,400,941
Prepaid expenses	10,386	138,815	149,201
Internal balances	1,505,000	(1,505,000)	-
Capital assets (net of accumulated depreciation)			
Land	12,414,743	158,040	12,572,783
Construction in progress	843,402	17,574,945	18,418,347
Buildings	628,183	16,110	644,293
Improvements	1,785,636	18,152,850	19,938,486
Machinery and equipment	379,999	208,914	588,913
Water rights	-	494,573	494,573
Infrastructure	35,153,901	-	35,153,901
Total assets	<u>72,709,146</u>	<u>44,489,244</u>	<u>117,198,390</u>
<u>Deferred Outflows of Resources</u>			
Deferred outflows relating to pensions	328,357	186,213	514,570
Total deferred outflows of resources	<u>328,357</u>	<u>186,213</u>	<u>514,570</u>
<u>Liabilities</u>			
Accounts payable and accrued liabilities	918,224	2,338,892	3,257,116
Other current liabilities	1,274,766	-	1,274,766
Noncurrent liabilities			
Due within one year	567,324	-	567,324
Due in more than one year	5,182,000	-	5,182,000
Net pension liability	252,641	130,401	383,042
Total liabilities	<u>8,194,955</u>	<u>2,469,293</u>	<u>10,664,248</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue	1,037,430	-	1,037,430
Deferred inflows relating to pensions	14,454	(8,838)	5,616
Total deferred inflows of resources	<u>1,051,884</u>	<u>(8,838)</u>	<u>1,043,046</u>
<u>Net Position</u>			
Net invested in capital assets	45,585,864	36,605,435	82,191,299
Restricted for impact fees	6,382,246	2,765,244	9,147,490
Restricted for debt service	12,754	-	12,754
Restricted for Class C road	1,469,067	-	1,469,067
Unrestricted	10,340,733	2,844,323	13,185,056
Total net position	<u>\$ 63,790,664</u>	<u>42,215,002</u>	<u>106,005,666</u>

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

West Point City
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	CDRA Fund	Total Governmental Funds
<u>Assets</u>						
Cash and cash equivalents	\$ 1,250,162	2,040,925	6,694,548	-	213,929	10,199,564
Restricted cash and cash equivalents	-	7,851,313	-	12,754	-	7,864,067
Receivables						
Property, sales, & energy tax	532,841	40,839	-	-	-	573,680
Class C roads	135,490	-	-	-	-	135,490
Telecommunications	4,683	-	-	-	-	4,683
Other	-	-	336,982	-	-	336,982
Due from other funds	1,505,000	-	-	-	-	1,505,000
Deferred property taxes	858,223	-	-	-	15,207	873,430
Prepaid expense	6,826	3,560	-	-	-	10,386
Total assets	\$ 4,293,225	9,936,637	7,031,530	12,754	229,136	21,503,282
<u>Liabilities</u>						
Accounts payable	\$ 174,087	386,617	333,938	-	-	894,642
Accrued liabilities	1,274,766	-	-	-	-	1,274,766
Total liabilities	1,448,853	386,617	333,938	-	-	2,169,408
<u>Deferred Inflows of Resources</u>						
Unavailable revenue- other	858,223	-	-	-	15,207	873,430
Unavailable revenue- property taxes	-	-	164,000	-	-	164,000
Total deferred inflows of resources	858,223	-	164,000	-	15,207	1,037,430
<u>Fund Balances</u>						
Nonspendable	6,826	3,560	-	-	-	10,386
Restricted						
Class C roads	-	1,469,067	-	-	-	1,469,067
Local Option	-	204,613	-	-	-	204,613
Impact fees	-	6,382,246	-	-	-	6,382,246
Debt service	-	-	-	12,754	-	12,754
Committed	-	-	6,533,592	-	-	6,533,592
Assigned	-	1,490,534	-	-	213,929	1,704,463
Unassigned	1,979,323	-	-	-	-	1,979,323
Total fund balances	1,986,149	9,550,020	6,533,592	12,754	213,929	18,296,444
Total liabilities, deferred inflows, and fund balances	\$ 4,293,225	9,936,637	7,031,530	12,754	229,136	21,503,282

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

West Point City
Reconciliation of the Balance Sheet to Governmental Funds
To the Statement of Net Position
June 30, 2025

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

Total fund balances - governmental fund types		\$ 18,296,444
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
	Cost of capital assets	61,750,486
	Accumulated depreciation	<u>(10,544,622)</u>
		51,205,864
Deferred outflows of resources, a consumption to net position that applies to future periods, is not shown in the fund statements.		
		328,357
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements.		
		(252,641)
Deferred inflows of resources, pension related, is a liability that relates to future periods and, therefore, is not included in the fund statements.		
		(14,454)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The detail is as follows:		
	Bond interest payable	(23,582)
	Bonds payable	(5,620,000)
	Compensated absences	<u>(129,324)</u>
		<u>(5,772,906)</u>
Net position of government activities		<u>\$ 63,790,663</u>

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

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	CDRA Fund	Total Governmental Funds
<u>Revenues</u>						
Taxes	\$ 4,129,597	220,151	-	-	222,145	4,571,893
Licenses and permits	595,462	-	-	-	-	595,462
Charges for services	247,927	-	-	-	-	247,927
Impact fees	-	1,621,347	-	-	-	1,621,347
Intergovernmental	676,662	-	247,344	-	-	924,006
Interest	45,620	419,223	282,741	568	7,652	755,804
Miscellaneous revenue	4,885	-	20,700	-	-	25,585
Total revenues	5,700,153	2,260,721	550,785	568	229,797	8,742,024
<u>Expenditures</u>						
Current						
General government	1,162,703	-	-	-	-	1,162,703
Public safety	1,374,273	-	-	-	-	1,374,273
Streets and public works	465,021	1,465,235	-	-	-	1,930,256
Parks and recreation	909,789	406,930	-	-	-	1,316,719
Capital outlay	-	-	389,041	-	-	389,041
Debt service						
Principal retirement	-	-	-	-	419,000	419,000
Interest and fiscal charges	-	-	-	-	294,952	294,952
Total expenditures	3,911,786	1,872,165	389,041	-	713,952	6,886,944
Excess revenues over (under) expenditures	1,788,367	388,556	161,744	568	(484,155)	1,855,080
<u>Other financing sources (uses)</u>						
Proceeds from sale of capital asset	306,400	-	-	-	-	306,400
Transfers in	-	645,796	650,000	-	576,000	1,871,796
Transfers (out)	(1,871,796)	-	-	-	-	(1,871,796)
Total other financing sources and uses	(1,565,396)	645,796	650,000	-	576,000	306,400
Net change in fund balances	222,971	1,034,352	811,744	568	91,845	2,161,480
Fund balance - beginning of year	1,763,178	8,515,668	5,721,848	12,185	122,084	16,134,963
Fund balance - end of year	<u>\$ 1,986,149</u>	<u>9,550,020</u>	<u>6,533,592</u>	<u>12,753</u>	<u>213,929</u>	<u>18,296,443</u>

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

West Point City

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities For the Year Ended June 30, 2025

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

Net changes in fund balances - total governmental funds \$ 2,161,480

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 901,566	
Depreciation expense	<u>(1,081,337)</u>	(179,771)

Revenues related to contribution of capital assets in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 6,304,643

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, does not effect net position. This is the net effect of differences in the treatment of long-term debt and related items.

Retirement of long-term debt	<u>419,000</u>	419,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	\$ (26,065)	
Accrued interest	1,607	
Pension benefit expense	<u>(51,916)</u>	<u>(76,374)</u>

Change in net position of governmental activities \$ 8,628,978

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

West Point City
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 4,520	\$ 2,639,947	2,128,851	4,773,318
Accounts receivable - net	205,592	175,115	23,578	404,285
Prepaid expenses	4,566	130,689	3,560	138,815
Due from other governments	4,072,391	-	-	4,072,391
Total current assets	<u>4,287,069</u>	<u>2,945,751</u>	<u>2,155,989</u>	<u>9,388,809</u>
Noncurrent assets				
Construction in progress	16,859,178	715,767	-	17,574,945
Land, equipment, buildings, and improvements	8,278,896	7,259,743	9,537,284	25,075,923
Less: Accumulated depreciation	(2,382,376)	(1,962,528)	(1,700,529)	(6,045,433)
Total noncurrent assets	<u>22,755,698</u>	<u>6,012,982</u>	<u>7,836,755</u>	<u>36,605,435</u>
Total assets	<u>27,042,767</u>	<u>8,958,733</u>	<u>9,992,744</u>	<u>45,994,244</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows related to pensions	72,847	83,284	30,082	186,213
Total deferred outflows of resources	<u>72,847</u>	<u>83,284</u>	<u>30,082</u>	<u>186,213</u>
<u>Liabilities</u>				
Current liabilities				
Accounts payable	1,997,990	244,722	8,176	2,250,888
Accrued liabilities	33,581	37,136	17,287	88,004
Due to other funds	1,505,000	-	-	1,505,000
Total current liabilities	<u>3,536,571</u>	<u>281,858</u>	<u>25,463</u>	<u>3,843,892</u>
Noncurrent liabilities				
Net pension liability	51,120	60,319	18,962	130,401
Total noncurrent liabilities	<u>51,120</u>	<u>60,319</u>	<u>18,962</u>	<u>130,401</u>
Total liabilities	<u>3,587,691</u>	<u>342,177</u>	<u>44,425</u>	<u>3,974,293</u>
<u>Deferred Inflows of Resources</u>				
Deferred inflows related to pensions	(3,595)	(5,695)	452	(8,838)
Total deferred inflows of resources	<u>(3,595)</u>	<u>(5,695)</u>	<u>452</u>	<u>(8,838)</u>
<u>Net Position</u>				
Net invested in capital assets	22,755,698	6,012,982	7,836,755	36,605,435
Restricted - impact fees	1,305,342	320,411	1,139,491	2,765,244
Unrestricted	(529,522)	2,372,142	1,001,703	2,844,323
Total net position	<u>\$ 23,531,518</u>	<u>8,705,535</u>	<u>9,977,949</u>	<u>42,215,002</u>

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

West Point City
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			Total
	Waste Utility	Water Utility	Storm Utility	
Operating Revenues				
Charges for services	\$ 2,468,267	2,084,614	221,761	4,774,642
Connections, penalties, and other fees	980	882	98	1,960
Other income	25,340	4,900	-	30,240
Total operating revenues	<u>2,494,587</u>	<u>2,090,396</u>	<u>221,859</u>	<u>4,806,842</u>
Operating Expenses				
Personnel services	348,793	398,080	145,978	892,851
Contractual services	2,032,306	1,198,280	34,104	3,264,690
Maintenance and supplies	126,046	278,426	10,410	414,882
Depreciation and amortization	168,238	179,932	199,149	547,319
Total operating expenses	<u>2,675,383</u>	<u>2,054,718</u>	<u>389,641</u>	<u>5,119,742</u>
Operating income (loss)	<u>(180,796)</u>	<u>35,678</u>	<u>(167,782)</u>	<u>(312,900)</u>
Nonoperating Revenues (Expenses)				
Gain/loss on sale of capital asset	-	-	-	-
Interest revenue	9,524	115,205	91,261	215,990
Impact fees	107,889	87,570	182,506	377,965
Grants	10,660,926	-	-	10,660,926
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Developer contributions	513,684	1,001,257	383,451	1,898,392
Total nonoperating revenues (expenses)	<u>11,292,023</u>	<u>1,204,032</u>	<u>657,218</u>	<u>13,153,273</u>
Change in net position	11,111,227	1,239,710	489,436	12,840,373
Total net position - beginning	<u>12,420,291</u>	<u>7,465,825</u>	<u>9,488,513</u>	<u>29,374,629</u>
Total net position - ending	<u>\$ 23,531,518</u>	<u>8,705,535</u>	<u>9,977,949</u>	<u>42,215,002</u>

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

West Point City
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
Cash flows from operating activities				
Receipts from customers	\$ 2,489,919	2,088,001	221,950	4,799,870
Payments to suppliers	(1,058,177)	(1,652,232)	(64,735)	(2,775,144)
Payments to employees	(335,198)	(381,882)	(141,294)	(858,374)
Net cash provided (used) by operating activities	<u>1,096,544</u>	<u>53,887</u>	<u>15,921</u>	<u>1,166,352</u>
Cash flows from noncapital financing activities				
Impact fees	107,889	87,570	182,506	377,965
Local grants	9,904,516	-	-	9,904,516
Due to other funds	(800,000)	-	-	(800,000)
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>9,212,405</u>	<u>87,570</u>	<u>182,506</u>	<u>9,482,481</u>
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	-	-	-	-
Purchases of capital assets	(10,728,354)	(37,110)	(39,663)	(10,805,127)
Net cash provided (used) by capital and related financing activities	<u>(10,728,354)</u>	<u>(37,110)</u>	<u>(39,663)</u>	<u>(10,805,127)</u>
Cash flows from investing activities				
Interest and dividends received	9,524	115,205	91,262	215,991
Net cash provided (used) by investing activities	<u>9,524</u>	<u>115,205</u>	<u>91,262</u>	<u>215,991</u>
Net increase (decrease) in cash and cash equivalents	(409,881)	219,552	250,026	59,697
Cash and cash equivalents - beginning	414,401	2,420,395	1,878,825	4,713,621
Cash and cash equivalents - ending	<u>\$ 4,520</u>	<u>2,639,947</u>	<u>2,128,851</u>	<u>4,773,318</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ (180,796)	35,678	(167,782)	(312,900)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	168,238	179,932	199,149	547,319
(Increase) decrease in accounts receivable	(4,668)	(2,395)	91	(6,972)
(Increase) decrease in prepaid expenses	(4,566)	(130,689)	(3,560)	(138,815)
(Increase) decrease in net pension asset	-	-	-	-
(Increase) decrease in deferred outflows	654	1,100	(978)	776
Increase (decrease) in accounts payable	1,109,573	(37,328)	(17,270)	1,054,975
Increase (decrease) in net pension liability	12,750	14,875	5,578	33,203
Increase (decrease) in deferred inflows	191	223	84	498
Increase (decrease) in accrued liabilities	(4,832)	(7,509)	609	(11,732)
Total adjustments	<u>1,277,340</u>	<u>18,209</u>	<u>183,703</u>	<u>1,479,252</u>
Net cash provided (used) by operating activities	<u>\$ 1,096,544</u>	<u>53,887</u>	<u>15,921</u>	<u>1,166,352</u>
Noncash capital and financing activities:				
Contribution of capital assets from private developers	\$ 513,684	1,001,257	383,451	1,898,392

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

NOTES TO FINANCIAL STATEMENTS

West Point City
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 - Summary of Significant Accounting Policies

West Point City (the City) was incorporated in 1935. The City operates under a manager/council form of government and provides the following services as authorized by its charter: public safety, streets and highways, public utilities, parks and recreation, and general administrative services. The financial statements of West Point City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting entity

The City is a municipal corporation governed by an elected mayor and a five member council. The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended component units. The following entities are blended in the accompanying basic financial statements:

West Point City Redevelopment Agency (CRDA)

Blending means that component unit balances and transactions are combined with balances and transactions of the primary government. Although legally separate from the City, the above component unit is blended because they are governed by boards comprised of the City council members. The City retains fiscal responsibility for this entity. This entity is reported as a special revenue fund.

B. Description of Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Note 1 - Summary of Significant Accounting Policies - continued

C. Basis of presentation - government-wide financial statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are: 1) reasonable allocation of costs where the amounts are reasonably equivalent in value to the interfund services provided and 2) other charges between the government's General Fund and utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources, impact fees, that are legally restricted for the construction and maintenance of infrastructure assets of the City.

The *capital projects fund* is used to account for financial resources used in the acquisition and construction of major capital improvements.

The *debt service fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs (other than those of the proprietary funds).

The *CDRA fund* is used to account for redevelopment agency transactions conducted by the City, including property acquisition, site improvements, preparation, cost, installation of public improvements, and administration cost.

Note 1 - Summary of Significant Accounting Policies - continued

The City reports the following major enterprise funds:

The *waste utility fund* accounts for the operations of the City's sewer system.

The *water utility fund* accounts for the operations of the City's water system.

The *storm water utility fund* accounts for the operations of the City's storm drain system.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

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

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

Note 1 - Summary of Significant Accounting Policies - continued

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

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

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and investments

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.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Certain resources of the City's governmental funds are set aside for repayment of debt, capital projects, impact fees, and cemetery perpetual care.

Note 1 - Summary of Significant Accounting Policies - continued

2. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Receivables

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectable. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectable.

Property taxes are collected by the County Treasurer and remitted to the City shortly after collection. Property taxes are levied based on property values as of January 1st of each year, with liens posted as of the same date. Taxes are due and payable on November 1st and delinquent after 12 o'clock noon on November 30th of each year.

Sales taxes are collected by the State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, natural gas and electric utilities, and by cable TV operations and are remitted to the City monthly.

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Note 1 - Summary of Significant Accounting Policies - continued

4. Capital assets

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

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. Property, plant, equipment, and infrastructure of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Sewer collection system	50
Water distribution system	50
Infrastructure and improvements	20 - 40
Machinery and equipment	5 - 10
Other improvements	10 - 40

Note 1 - Summary of Significant Accounting Policies - continued

5. Unearned revenue

Unearned revenue for the City represents amounts received on grants whose purpose restrictions have not been met. Revenue is recognized on restricted grants only when all restrictions on those funds are satisfied.

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes to be collected in November were unavailable in the current fiscal year. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. 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.

Note 1 - Summary of Significant Accounting Policies - continued

9. Net position flow assumption

Sometimes the government 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 government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund balance flow assumptions

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

11. Fund balance/net position policies

Government-wide financial statements

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

Net investment in capital assets - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Note 1 - Summary of Significant Accounting Policies - continued

11. Fund balance/net position policies - continued

Fund financial statements

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned, or Unassigned. Descriptions of each follow:

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the City Council. The commitment can only be removed through the same action.

Assigned fund balance - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. This intent is expressed by either the City Council or delegated by the City Council to the City Manager. This also includes all remaining amounts that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, nor committed or in the General Fund, that are intended to be used for specific purposes.

Unassigned fund balance - 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.

It is the City's policy to apply expenditures first to committed fund balance, then assigned, and finally unassigned.

G. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Note 1 - Summary of Significant Accounting Policies - continued

2. Property taxes

Property taxes attach as an enforceable lien on real property on January 1st of each year. Taxes are levied on property owners in July and are payable by November 30th. Collections are periodically distributed to the taxing entities, with final settlement due March 31st of the subsequent year. The City records a receivable and deferred revenue for delinquent taxes, but no allowance for doubtful accounts is made as uncollected taxes are deemed to be substantially collectible or recoverable through foreclosure.

3. Compensated absences

City employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation up to 240 hours may carryover into the next year and is paid upon termination.

Sick leave shall be paid for any unused sick leave if the employee has been employed full-time for 5 years or more. The City will pay one-third the outstanding balance at the employee's last pay rate.

The government's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

4. Proprietary funds: operating and nonoperating revenues and expenses

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

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary information

Budgets are prepared and adopted, in accordance with State law, by West Point City Council on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, capital projects, and debt service funds. Tentative budgets must be adopted on or before June 22nd for the following fiscal year, beginning July 1st. Final adoption of the budget must be no later than August 17th. Budgets may be increased by resolution of the City Council at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. The budget is adopted by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the function level. Appropriations lapse at June 30th.

Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are prepared on the modified accrual basis of accounting. Encumbrances are used only as an internal management control device during the year. Appropriations lapse at year end. Therefore encumbrances are not reflected in the accompanying financial statements. However, encumbrances generally are reappropriated and honored as part of the following year's budget. The Council made several supplemental budgetary appropriations throughout the year. Budget and actual statements for funds reported as major are included in this report. The supplemental budgetary appropriations made in nonmajor funds were not material. During the current year, there were no expenditures that exceeded appropriations.

Utah State law allows for the accumulation of a fund balance in the general fund in an amount equal to 35% of the total current year revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year, to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. At year end, the City's unassigned general fund balance was \$1,905,306 which is 33.43% of current year revenue.

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Note 3 - Detailed Notes on all Funds

A. Deposits and investments

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

Deposits

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. As of June 30, 2025, \$45,529 of the local government's bank balances of \$295,529 were uninsured and uncollateralized.

Investments

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

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

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 3 - Detailed Notes on all Funds - continued

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code , Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

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.

Investments by fair value level	Total investments measured at fair value		
	Level 1	Level 2	Level 3
Utah Public Treasurers' Investment Fund	\$ -	22,415,087	-
Total investments measured at fair value	\$ -	22,415,087	-

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the December 31st fair value factor, as calculated by the Utah State Treasurer, to the Entity’s average daily balance in the Fund.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 3 - Detailed Notes on all Funds - continued

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2025, the City's investments had the following maturities:

Investments by fair value level	Investment Maturities (in years)		
	Less than 1	1-5	6 or more
Utah Public Treasurers' Investment Fund	\$ 22,415,087	-	-
Total investments measured at fair value	\$ 22,415,087	-	-

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

Investments by fair value level	Quality Ratings		
	AA	A	Unrated
Utah Public Treasurers' Investment Fund	\$ -	-	22,415,087
Total investments measured at fair value	\$ -	-	22,415,087

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk - Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments that are in the possession of an outside party. The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 3 - Detailed Notes on all Funds - continued

B. Receivables

Receivables as of year end for the government's general and enterprise funds are as follows:

	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Accounts	\$ -	419,332	419,332
Less: Allowance for uncollectable	-	(15,047)	(15,047)
Due from other governments	-	4,072,391	4,072,391
Property tax	7,201	-	7,201
Sales and energy tax	505,162	-	505,162
B & C road revenue	135,490	-	135,490
Deferred property tax revenue	873,430	-	873,430
Deferred other	164,000	-	164,000
Franchise tax	61,315	-	61,315
Telecommunications	4,683	-	4,683
Other	172,984	-	172,984
	<u>\$ 1,924,265</u>	<u>4,476,676</u>	<u>6,400,941</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ 873,430	-
Government Reimbursement	164,000	-
Total deferred / unearned revenue for governmental funds	<u>\$ 1,037,430</u>	<u>-</u>

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 3 - Detailed Notes on all Funds - continued

C. Capital assets

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

Primary government	Beginning			Ending
Governmental activities	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 12,414,743	-	-	12,414,743
Construction in progress	69,361	774,041	-	843,402
Total capital assets not being depreciated	12,484,104	774,041	-	13,258,145
Capital assets being depreciated				
Buildings	2,163,653	-	-	2,163,653
Improvements	2,703,562	-	-	2,703,562
Machinery and equipment	1,795,234	177,832	(1,500)	1,971,566
Infrastructure	35,399,224	6,254,336	-	41,653,560
Total capital assets being depreciated	42,061,673	6,432,168	(1,500)	48,492,341
Less accumulated depreciation for				
Buildings	1,465,238	70,232	-	1,535,470
Improvements	860,695	57,231	-	917,926
Machinery and equipment	1,491,103	101,964	(1,500)	1,591,567
Infrastructure	5,647,749	851,910	-	6,499,659
Total accumulated depreciation	9,464,785	1,081,337	(1,500)	10,544,622
Total capital assets, being depreciated, net	32,596,888	5,350,831	-	37,947,719
Governmental activities capital assets, net	\$ 45,080,992	6,124,872	-	51,205,864
Business-type activities				
Capital assets not being depreciated				
Land	\$ 158,040	-	-	158,040
Water rights	138,000	356,573	-	494,573
Construction in progress	6,914,019	10,660,926	-	17,574,945
Total capital assets not being depreciated	7,210,059	11,017,499	-	18,227,558
Capital assets being depreciated				
Buildings	60,000	-	-	60,000
Improvements	21,948,265	1,548,392	-	23,496,657
Machinery and equipment	728,106	138,546	-	866,652
Total capital assets being depreciated	22,736,371	1,686,938	-	24,423,309
Less accumulated depreciation for				
Buildings	41,985	1,905	-	43,890
Improvements	4,835,277	508,530	-	5,343,807
Machinery and equipment	620,854	36,884	-	657,738
Total accumulated depreciation	5,498,116	547,319	-	6,045,435
Total capital assets, being depreciated, net	17,238,255	1,139,619	-	18,377,874
Business-type activities capital assets, net	\$ 24,448,314	12,157,118	-	36,605,432

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 3 - Detailed Notes on all Funds - continued

C. Capital assets - continued

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

Governmental activities	
General government	\$ 223,550
Public works	760,989
Parks and community services	<u>96,798</u>
Total depreciation expense - governmental activities	<u>1,081,337</u>
Business-type activities	
Waste Utility	168,238
Water Utility	179,932
Storm Water Utility	<u>199,149</u>
Total depreciation expense - business-type activities	<u>547,319</u>
Total depreciation expense	<u><u>\$ 1,628,656</u></u>

D. Interfund transfers

	Transfers Out					Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Waste Utility Fund	Water Fund	
Transfers In						
Special Revenue Fund	\$ 645,796	-	-	-	-	645,796
Capital projects	650,000	-	-	-	-	650,000
CDRA Fund	576,000	-	-	-	-	576,000
Total transfer in	<u>\$ 1,871,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,871,796</u>

Interfund receivables and payables are created when expenditures are paid by one fund on behalf of another. In addition, allocations of expenditures between funds are recorded as due to/from until paid. Transfers between funds are to fund operating expenditures and capital projects.

During the year, transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move general fund resources to provide an annual subsidy to the capital projects fund, and 3) move revenues from the general fund relating to Class C roads to the special revenue fund.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 3 - Detailed Notes on all Funds - continued

E. Long-term debt

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 6,039,000	-	(419,000)	5,620,000	-
Net pension liability	168,969	-	83,672	252,641	-
Compensated absences	103,259	97,007	(70,942)	129,324	103,459
Total long-term liabilities	<u>\$ 6,311,228</u>	<u>97,007</u>	<u>(406,270)</u>	<u>6,001,965</u>	<u>103,459</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Net pension liability	\$ 97,198	-	33,203	130,401	-
Compensated absences	80,953	27,869	(38,549)	70,273	56,218
Total long-term liabilities	<u>\$ 178,151</u>	<u>27,869</u>	<u>(5,346)</u>	<u>200,674</u>	<u>56,218</u>

Revenue bonds issued at June 30, 2025 consist of the following:

Series	Purpose	Amount	Range	Date	Outstanding
2022	Sales tax revenue bonds. Used to finance the acquisition and construction of major capital facilities.	\$ 6,055,000	5.07%	2038	\$ 5,488,000
2016	Sales tax revenue bonds. Used to finance the acquisition and construction of major capital facilities.	\$ 1,136,000	3.590%	2026	132,000
					<u>\$ 5,620,000</u>

Years Ending June 30	Tax Revenue Bonds	
	Principal	Interest
2026	\$ 438,000	275,223
2027	322,000	254,565
2028	338,000	237,834
2029	356,000	220,241
2030	375,000	201,710
2029-2033	1,704,000	906,009
2034-2038	2,087,000	335,735
Total	<u>\$ 5,620,000</u>	<u>2,431,317</u>

Note 4 - Other Information

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 for which the government carries commercial insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

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

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West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 4 - Other Information - continued

B. Pension plans - continued

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 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/general/publications.

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

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Non-contributory	Highest 3 years	30 years any age 25 years any age * 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* Actuarial reductions are applied.

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

Contribution Rate Summary: 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 URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2025 are as follows:

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 4 - Other Information - continued

B. Pension plans - continued

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System			
111- Local Governmental Division Tier 2	N/A	15.19	0.18
Noncontributory System			
15- Local Governmental Division Tier 1	N/A	16.97	N/A
Tier 2 DC Only			
211 - Local Government	N/A	5.19	10.00

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 142,386	N/A
Tier 2 Public Employees System	125,432	5,780
Tier 2 DC Only System	10,666	N/A
Total Contributions	\$ 278,484	\$ 5,780

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.

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West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 4 - Other Information - continued

B. Pension plans - continued

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

At June 30, 2025, we reported a net pension liability of \$383,041 and a net pension asset of \$0.

	(Measurement Date): December 31, 2024				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/23	Change (decrease)
Noncontributory System	\$ -	303,815	0.09580680%	0.09201060%	0.0037962%
Tier 2 Public Employees System	\$ -	79,227	0.02656480%	0.02709760%	-0.0005327%
	\$ -	\$ 383,042			

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

For the year ended June 30, 2025 we recognized pension expense of \$364,502.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 215,280	546
Changes in assumptions	51,592	8
Net difference between projected and actual earnings on pension plan investments	96,578	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,371	5,063
Contributions subsequent to the measurement date	138,749	-
Total	\$ 514,570	5,617

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 4 - Other Information - continued

B. Pension plans - continued

\$138,749 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2025	\$ 180,471
2026	180,584
2027	(31,048)
2028	664
2029	17,628
Thereafter	21,905

Noncontributory System Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2025 we recognized pension expense of \$277,952.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,030	-
Changes in assumptions	25,131	-
Net difference between projected and actual earnings on pension plan investments	91,514	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	3,810
Contributions subsequent to the measurement date	71,192	-
Total	\$ 368,867	3,810

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 4 - Other Information - continued

B. Pension plans - continued

\$71,192 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 171,317
2026	166,461
2027	(37,133)
2028	(6,781)
2029	-
Thereafter	-

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

For the year ended June 30, 2025 we recognized pension expense of \$86,550.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,250	546
Changes in assumptions	26,461	8
Net difference between projected and actual earnings on pension plan investments	5,064	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,371	1,253
Contributions subsequent to the measurement date	67,557	-
Total	\$ 145,703	1,807

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 4 - Other Information - continued

B. Pension plans - continued

\$65,557 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2025	\$ 9,153
2026	14,123
2027	6,085
2028	7,445
2029	17,628
Thereafter	21,905

Actuarial Assumptions

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

Inflation	2.50 percent
Salary Increases	3.5 - 9.5 percent average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation and age, as appropriate, with adjustments for future improvement using 80% of the ultimate rates from the MP-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 4 - Other Information - continued

B. 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 and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity Securities	35%	7.01%	2.45%
Debt Securities	20%	2.54%	0.51%
Real Assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute Return	15%	4.36%	0.65%
Cash and cash equivalents	-	0.49%	-
Totals	100%		5.80%
			Inflation 2.50%
			Expected arithmetic nominal return 8.30%

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

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

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2025

Note 4 - Other Information - continued

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 1,284,886	303,815	(518,987)
Tier 2 Public Employees System	236,631	79,227	(43,218)
Total	1,521,517	383,042	(562,205)

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.

West Point City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- *401(k) Plan
- *457(b) plan
- *Roth IRA Plan

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

	2025	2024	2023
401(k) Plan			
Employer contributions	\$ 43,175	\$ 41,344	\$ 38,607
Employee contributions	27,028	32,405	33,705
457 Plan			
Employer contributions	8,680	4,543	3,319
Employee contributions	27,917	14,046	11,023
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	6,002	5,122	4,286

Note 4 - Other Information - continued

C. Commitments

Interlocal Agreement - UIA. The City entered a Fiber Communications Service and Acquisition Contract with Utah Infrastructure Agency (UIA). UIA is an interlocal cooperative created to finance, construct and operate a system of fiber optic communication lines in various cities in the state. UIA leases use of the fiber optic system to retail vendors of telephone, video, and internet services. The City has pledged energy tax revenues to guarantee payment of UIA's bonds. To the extent that there are insufficient net revenues to pay the debt service, West Point City is required to reimburse the UIA debt service fund of any shortfall. Any amount paid by the City to UIA to reimburse the debt service reserve fund will be a loan to be repaid by UIA. It is expected that subscribers will be sufficient to cover UIA debt service requirements for West Point City.

West Point City entered into two separate agreements with Davis County. The first was for \$2 Million for the design and management of the Sewer Expansion Project. The second agreement was for \$24 Million, and it was for the construction of the Sewer Expansion Project. The Design work is complete, and the construction is underway, and is 62% complete. Per the agreement, the City is obligated to hire engineers to complete the design and hire contractors to complete the project. West Point City must pay for the project upfront and then request reimbursement from Davis County. To date, the City has received 13 reimbursements from Davis County. The process is going smoothly, and it is expected to be completed by December 2026.

D. Subsequent events

Management has evaluated events and transactions which occurred through the date of the audit report, which is the date the financial statements were available to be issued. No additional disclosures noted.

E. 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 items or not. 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, or within the schedules presented in the footnotes to the financial statements. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

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REQUIRED SUPPLEMENTARY INFORMATION

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes				
Property tax - real estate	\$ 778,503	778,503	858,074	79,571
Property tax - vehicles	45,000	45,000	56,192	11,192
Sales and use taxes	2,500,000	2,500,000	2,589,630	89,630
Energy and franchise taxes	670,000	670,000	625,701	(44,299)
Total taxes	3,993,503	3,993,503	4,129,597	136,094
Licenses and permits				
Business licenses	15,000	15,000	30,956	15,956
Building permits	225,000	225,000	564,506	339,506
Total licenses and permits	240,000	240,000	595,462	355,462
Intergovernmental				
Class C roads	550,000	550,000	676,662	126,662
Total intergovernmental revenue	550,000	550,000	676,662	126,662
Charges for services				
Zoning and subdivision fees	10,000	10,000	24,800	14,800
Recreation fees	150,000	150,000	152,899	2,899
Cemetery	15,000	15,000	17,600	2,600
Miscellaneous	33,000	33,000	52,628	19,628
Total charges for services	208,000	208,000	247,927	39,927
Miscellaneous				
Donations	-	-	50	50
Miscellaneous	5,000	5,000	4,835	(165)
Interest	200,000	200,000	45,620	(154,380)
Total miscellaneous	205,000	205,000	50,505	(154,495)
Total revenues	\$ 5,196,503	5,196,503	5,700,153	503,650

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
General Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures</u>				
General government				
Mayor and council	\$ 79,298	79,298	75,432	3,866
Finance	355,487	355,487	298,537	56,950
Administrative	1,092,016	1,092,016	788,734	303,282
Total general government	<u>1,526,801</u>	<u>1,526,801</u>	<u>1,162,703</u>	<u>364,098</u>
Public safety				
Public safety	794,226	794,226	715,942	78,284
Engineering	144,972	224,972	178,446	46,526
Planning and development	565,220	485,220	479,885	5,335
Total public safety	<u>1,504,418</u>	<u>1,504,418</u>	<u>1,374,273</u>	<u>130,145</u>
Streets and public works				
Public works	561,519	502,519	465,021	37,498
Total streets and public works	<u>561,519</u>	<u>502,519</u>	<u>465,021</u>	<u>37,498</u>
Parks and recreation				
Parks and cemetery	277,179	417,179	315,577	101,602
Recreation	643,022	643,022	594,212	48,810
Total parks and recreation	<u>920,201</u>	<u>1,060,201</u>	<u>909,789</u>	<u>150,412</u>
Total expenditures	<u>4,512,939</u>	<u>4,593,939</u>	<u>3,911,786</u>	<u>682,153</u>
Excess revenues over (under) expenditures	<u>683,564</u>	<u>602,564</u>	<u>1,788,367</u>	<u>1,185,803</u>
<u>Other financing sources (uses)</u>				
Proceeds from sale of capital asset	-	-	306,400	306,400
Transfers in	-	-	-	-
Transfers (out)	(1,483,564)	(1,412,564)	(1,871,796)	(459,232)
Total other financing sources and uses	<u>(1,483,564)</u>	<u>(1,412,564)</u>	<u>(1,565,396)</u>	<u>(152,832)</u>
Net change in fund balance	(800,000)	(810,000)	222,971	1,032,971
Fund balances - beginning of year	1,763,178	1,763,178	1,763,178	-
Fund balances - end of year	<u>\$ 963,178</u>	<u>953,178</u>	<u>1,986,149</u>	<u>1,032,971</u>

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

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Impact fees	\$ 757,454	757,454	1,621,347	863,893
Sales and use taxes	125,000	1,000,000	220,151	(779,849)
Interest income	-	-	419,223	419,223
Total revenues	<u>882,454</u>	<u>1,757,454</u>	<u>2,260,721</u>	<u>503,267</u>
<u>Expenditures</u>				
Class C road expenditures	876,721	1,526,721	1,070,817	455,904
Streets and public works	1,110,631	1,610,631	394,418	1,216,213
Intergovernmental	366,468	366,468	406,930	(40,462)
Parks and recreation	1,648	-	-	-
Total expenditures	<u>2,355,468</u>	<u>3,503,820</u>	<u>1,872,165</u>	<u>1,631,655</u>
Excess revenues over (under) expenditures	<u>(1,473,014)</u>	<u>(1,746,366)</u>	<u>388,556</u>	<u>2,134,922</u>
<u>Other financing sources (uses)</u>				
Transfers in	450,000	450,000	645,796	195,796
Transfers (out)	-	-	-	-
Total other financing sources and uses	<u>450,000</u>	<u>450,000</u>	<u>645,796</u>	<u>195,796</u>
Net change in fund balance	(1,023,014)	(1,296,366)	1,034,352	2,330,718
Fund balances - beginning of year	<u>8,515,668</u>	<u>8,515,668</u>	<u>8,515,668</u>	<u>-</u>
Fund balances - end of year	<u>\$ 7,492,654</u>	<u>7,219,302</u>	<u>9,550,020</u>	<u>2,330,718</u>

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

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
CDRA Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 140,000	140,000	222,145	82,145
Interest income	-	-	7,652	7,652
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>229,797</u>	<u>89,797</u>
<u>Expenditures</u>				
CDRA:				
Project expenses	-	-	-	-
Administration	-	-	-	-
Debt service				
Principal retirement	419,000	419,000	419,000	-
Interest	<u>297,000</u>	<u>297,000</u>	<u>294,952</u>	<u>2,048</u>
Total expenditures	<u>716,000</u>	<u>716,000</u>	<u>713,952</u>	<u>2,048</u>
Excess revenues over (under) expenditures	<u>(576,000)</u>	<u>(576,000)</u>	<u>(484,155)</u>	<u>91,845</u>
<u>Other financing sources (uses)</u>				
Transfers in (out)	<u>576,000</u>	<u>576,000</u>	<u>576,000</u>	-
Total other financing sources and uses	<u>576,000</u>	<u>576,000</u>	<u>576,000</u>	-
Net change in fund balance	-	-	91,845	91,845
Fund balances - beginning of year	<u>122,084</u>	<u>122,084</u>	<u>122,084</u>	-
Fund balances - end of year	<u>\$ 122,084</u>	<u>122,084</u>	<u>213,929</u>	<u>91,845</u>

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

West Point City
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
Last Nine Fiscal Years Ending December 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>Noncontributory System</u>										
Proportion of the net pension liability (asset)	0.0779062%	0.7723480%	0.0744414%	0.0691477%	0.0708905%	0.0686638%	0.0809721%	0.0860103%	0.0920106%	0.0958068%
Proportionate share of the net pension liability (asset)	\$ 440,831	\$ 495,942	\$ 326,150	\$ 509,185	\$ 267,177	\$ 35,221	\$ (463,736)	\$ 147,314	\$ 213,425	\$ 303,815
Covered payroll	\$ 631,314	\$ 623,998	\$ 565,058	\$ 517,093	\$ 534,446	\$ 506,360	\$ 611,966	\$ 684,447	\$ 775,683	\$ 815,710
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	69.83%	79.48%	57.72%	98.47%	49.99%	6.96%	-75.78%	21.52%	27.51%	37.25%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	87.30%	91.90%	87.00%	93.70%	99.20%	108.70%	97.50%	96.90%	96.02%
<u>Tier 2 Public Employees System</u>										
Proportion of the net pension liability (asset)	0.0278119%	0.0306174%	0.0359252%	0.0330625%	0.0310004%	0.0276249%	0.0289127%	0.0281830%	0.0270976%	0.0265648%
Proportionate share of the net pension liability (asset)	\$ (61)	\$ 3,415	\$ 3,167	\$ 14,160	\$ 6,972	\$ 3,973	\$ (12,237)	\$ 30,688	\$ 52,742	\$ 79,227
Covered payroll	\$ 179,683	\$ 251,086	\$ 351,714	\$ 386,141	\$ 430,797	\$ 441,832	\$ 536,082	\$ 613,434	\$ 700,566	\$ 786,847
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.03%	1.36%	0.90%	3.67%	1.62%	0.90%	-2.28%	5.00%	7.53%	10.07%
Plan fiduciary net position as a percentage of the total pension liability	100.20%	95.10%	97.40%	90.80%	96.50%	98.30%	103.80%	92.30%	89.58%	87.44%

* 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 amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the employers the fiscal year.

N/A - Information not available.

West Point City
Schedule of Contributions
Last 10 Fiscal Years Ending June 30*

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Noncontributory System</u>										
Contractually required contribution	117,121	112,038	96,453	95,840	97,591	100,889	111,188	149,222	138,408	142,386
Contributions in relation to the contractually required contribution	(117,121)	(112,038)	(96,453)	(95,840)	(97,591)	(100,889)	(111,188)	(149,222)	(138,408)	(142,386)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	634,114	606,593	522,216	518,898	528,378	546,233	601,991	830,395	770,214	839,044
Contributions as a percentage of covered-employee payroll	18.47%	18.47%	18.47%	18.47%	18.47%	18.47%	18.47%	17.97%	17.97%	16.97%
<u>Tier 2 Public Employees System</u>										
Contractually required contribution	31,012	45,965	55,583	62,728	71,031	71,401	90,739	110,413	117,886	125,432
Contributions in relation to the contractually required contribution	(31,012)	(45,965)	(55,583)	(62,728)	(71,031)	(71,401)	(90,739)	(110,413)	(117,886)	(125,432)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	207,993	308,281	367,858	403,654	453,583	451,903	564,648	689,652	736,329	825,754
Contributions as a percentage of covered-employee payroll	14.91%	14.91%	15.11%	15.54%	15.66%	15.80%	16.07%	16.01%	16.01%	15.19%
<u>Tier 2 Public Employees System</u>										
Contractually required contribution	-	-	-	115	1,773	4,531	3,391	8,159	9,959	10,666
Contributions in relation to the contractually required contribution	-	-	-	(115)	(1,773)	(4,531)	(3,391)	(8,159)	(9,959)	(10,666)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	-	-	-	1,721	26,496	67,727	50,681	131,812	160,883	205,501
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	6.68%	6.69%	6.69%	6.69%	6.19%	6.19%	5.19%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011. 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 certificate rate due to rounding and other administrative practices.

West Point City
Notes to Required Supplemental Information
June 30, 2025

Changes in Assumptions

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

SUPPLEMENTARY INFORMATION

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Capital Projects
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest income	\$ -	-	282,741	282,741
Intergovernmental	9,000,000	9,000,000	247,344	(8,752,656)
Miscellaneous	223,062	223,062	20,700	(202,362)
	<u>9,223,062</u>	<u>9,223,062</u>	<u>550,785</u>	<u>(8,672,277)</u>
<u>Expenditures</u>				
Capital outlay	11,273,186	11,798,793	389,041	11,409,752
	<u>11,273,186</u>	<u>11,798,793</u>	<u>389,041</u>	<u>11,409,752</u>
Excess revenues over (under) expenditures	<u>(2,050,124)</u>	<u>(2,575,731)</u>	<u>161,744</u>	<u>2,737,475</u>
<u>Other financing sources (uses)</u>				
Transfers in	357,564	286,564	650,000	363,436
Transfers (out)	-	-	-	-
	<u>357,564</u>	<u>286,564</u>	<u>650,000</u>	<u>363,436</u>
Net change in fund balance	(1,692,560)	(2,289,167)	811,744	3,100,911
Fund balances - beginning of year	5,721,848	5,721,848	5,721,848	-
Fund balances - end of year	<u>\$ 4,029,288</u>	<u>3,432,681</u>	<u>6,533,592</u>	<u>3,100,911</u>

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

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Debt Service
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest income	\$ -	-	568	568
Total revenues	-	-	568	568
<u>Expenditures</u>				
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Issuance costs on refunding bonds	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	568	568
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	-	-	568	568
Fund balances - beginning of year	12,185	12,185	12,185	-
Fund balances - end of year	<u>\$ 12,185</u>	<u>12,185</u>	<u>12,753</u>	<u>568</u>

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

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Prior Year Comparative
General Fund
For the Years Ended June 30, 2025 and 2024

	June 30, 2025	June 30, 2024	<u>Variance</u> Increase (Decrease) Over PY
<u>Revenues</u>			
Taxes			
Property tax - real estate	\$ 858,074	752,635	105,439
Property tax - vehicles	56,192	48,977	7,215
Sales and use taxes	2,589,630	2,443,523	146,107
Energy & telecom taxes	625,701	648,985	(23,284)
Total taxes	<u>4,129,597</u>	<u>3,894,120</u>	<u>235,477</u>
Licenses and permits			
Business licenses	30,956	13,337	17,619
Building permits	564,506	241,383	323,123
Total licenses and permits	<u>595,462</u>	<u>254,720</u>	<u>340,742</u>
Intergovernmental			
Class "C" roads	676,662	559,992	116,670
Total intergovernmental revenue	<u>676,662</u>	<u>559,992</u>	<u>116,670</u>
Charges for services			
Zoning & subdivision fees	24,800	9,875	14,925
Recreation fees	152,899	167,248	(14,349)
Cemetery	17,600	24,200	(6,600)
Miscellaneous	52,628	70,390	(17,762)
Total charges for services	<u>247,927</u>	<u>271,713</u>	<u>(23,786)</u>
Miscellaneous			
Proceeds from sale of capital asset	306,400	-	306,400
Donations	50	-	50
Miscellaneous	4,835	3,710	1,125
Interest	45,620	107,236	(61,616)
Total miscellaneous	<u>356,905</u>	<u>110,946</u>	<u>245,959</u>
Total revenues	<u>\$ 6,006,553</u>	<u>5,091,491</u>	<u>915,062</u>

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Prior Year Comparative (continued)
General Fund
For the Years Ended June 30, 2025 and 2024

	June 30, 2025	June 30, 2024	Variance Increase (Decrease) Over PY
<u>Expenditures</u>			
General government			
Mayor and council	\$ 75,432	77,380	(1,948)
Finance	298,537	293,234	5,303
Administrative	788,734	792,549	(3,815)
Total general government	<u>1,162,703</u>	<u>1,163,163</u>	<u>(460)</u>
Public safety			
Public safety	715,942	539,347	176,595
Engineering	178,446	92,075	86,371
Planning and development	479,885	430,113	49,772
Total public safety	<u>1,374,273</u>	<u>1,061,535</u>	<u>312,738</u>
Streets and public works			
Public works	465,021	416,216	48,805
Total streets and public works	<u>465,021</u>	<u>416,216</u>	<u>48,805</u>
Parks and recreation			
Parks and cemetery	315,577	223,386	92,191
Recreation	594,212	424,224	169,988
Total parks and recreation	<u>909,789</u>	<u>647,610</u>	<u>262,179</u>
Total expenditures	<u>3,911,786</u>	<u>3,288,524</u>	<u>623,262</u>
Excess revenues over (under) expenditures	<u>2,094,767</u>	<u>1,802,967</u>	<u>291,800</u>
<u>Other financing sources (uses)</u>			
Transfers in (out)	(1,871,796)	(2,197,937)	(326,141)
Total other financing sources and uses	<u>(1,871,796)</u>	<u>(2,197,937)</u>	<u>(326,141)</u>
Net change in fund balance	222,971	(394,970)	617,941
Fund balances - beginning of year	<u>1,763,178</u>	<u>2,158,151</u>	<u>(394,973)</u>
Fund balances - end of year	<u>\$ 1,986,149</u>	<u>1,763,181</u>	<u>222,968</u>

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

OTHER REPORTS

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

The Honorable Mayor and Members
of the City Council
West Point 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 West Point City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise West Point City's basic financial statements, and have issued our report thereon dated January 6, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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.

Wright & Associates, P.C.

Ogden, Utah

January 6, 2026

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

The Honorable Mayor and Members
of the City Council
West Point City, Utah

Report On Compliance

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

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

Budgetary Compliance
Fund Balance
Restricted Taxes
Fraud Risk Assessment
Governmental Fees
Impact Fees
Utah Retirement Systems
Crime Insurance for Public Treasurers

Opinion on Compliance

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide (Guide)*, issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Point City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of West Point City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to West Point City's government programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding West Point City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the West Point City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of West Point City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

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

Government Auditing Standards require the auditor to perform limited procedures on the West Point City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and recommendations. West Point City's response was not subjected to the other

auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control over Compliance

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

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

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

Purpose of this Report

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

Wright & Associates, P.C.

Ogden, Utah
January 6, 2026