

Mt. Pleasant City

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

Mt. Pleasant City
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June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
Mt. Pleasant 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 Mt. Pleasant City, Utah as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mt. Pleasant 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Mt. Pleasant 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

Mt. Pleasant City's 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 Mt. Pleasant 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 GAAS and GAS 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 GAAS and GAS, 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 Mt. Pleasant 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 Mt. Pleasant 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 other required supplementary information, 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 Mt. Pleasant City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and 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 used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025 on our consideration of Mt. Pleasant 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 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 Mount Pleasant City's internal control over financial reporting and compliance.


Larson & Company, PC

Spanish Fork, Utah
December 3, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Mt. Pleasant City
Management's Discussion and Analysis
June 30, 2025

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

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$2,397,168
- *Total unrestricted net position for the City as a whole increased by \$228,594
- *Total net position for governmental activities increased by \$399,086
- *Total net position for business-type activities increased by \$1,998,083

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Mt. Pleasant City. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

Mt. Pleasant City
Management's Discussion and Analysis
June 30, 2025

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

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds, the General fund and Redevelopment Agency fund.

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

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

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses four enterprise funds to account for the operations of the water, sewer, electric, and irrigation utilities.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

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

Mt. Pleasant City
Management's Discussion and Analysis
June 30, 2025

FINANCIAL ANALYSIS

Mt. Pleasant City's Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current and other assets	\$ 3,899,870	4,585,546	4,662,414	4,247,757	8,562,285	8,833,303
Net capital assets	12,845,534	12,277,769	21,978,195	19,667,197	34,823,730	31,944,966
Deferred outflows of resources	265,056	266,369	191,936	192,886	456,992	459,255
Total assets and deferred outflows	17,010,460	17,129,684	26,832,546	24,107,841	43,843,006	41,237,525
Long-term debt outstanding	1,736,096	1,973,666	10,998,543	5,976,000	12,734,639	7,949,666
Other liabilities	902,775	1,182,579	1,160,150	5,455,394	2,062,925	6,637,973
Deferred inflows of resources	344,534	345,470	861	1,538	345,395	347,008
Total liabilities and deferred inflows	2,983,405	3,501,714	12,159,554	11,432,932	15,142,960	14,934,646
Net position:						
Net investment in capital assets	11,109,438	10,304,104	10,979,652	9,518,829	22,089,090	19,822,933
Restricted	602,717	708,326	494,098	486,071	1,096,814	1,194,397
Unrestricted	2,314,900	2,615,540	3,199,242	2,670,008	5,514,142	5,285,548
Total net position	\$ 14,027,055	13,627,969	14,672,992	12,674,909	28,700,047	26,302,878

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$28,700,047, an increase of \$2,397,168 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year are \$5,514,142 which represents an increase of \$228,594 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

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

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

Mt. Pleasant City
Management's Discussion and Analysis
June 30, 2025

FINANCIAL ANALYSIS (continued)

Mt. Pleasant City's Change in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Program revenues:						
Charges for services	\$ 1,516,246	1,443,506	5,837,362	4,954,434	7,353,608	6,397,940
Operating grants	818,032	1,184,930	-	-	818,032	1,184,930
Capital grants	-	-	1,724,578	1,622,258	1,724,578	1,622,258
General revenues:						
Property taxes	427,744	388,196	-	-	427,744	388,196
Sales tax	1,073,722	1,070,470	-	-	1,073,722	1,070,470
Other taxes	547,106	581,635	-	-	547,106	581,635
Other revenues	442,451	289,410	43,780	84,485	486,231	373,895
Total revenues	4,825,301	4,958,147	7,605,720	6,661,176	12,431,021	11,619,323
Expenses:						
General government	1,130,923	954,660	-	-	1,130,923	954,660
Public safety	1,186,843	928,281	-	-	1,186,843	928,281
Highways and improvements	362,371	576,810	-	-	362,371	576,810
Parks and recreation	1,568,817	1,319,509	-	-	1,568,817	1,319,509
Economic development	102,381	74,174	-	-	102,381	74,174
Interest on long-term debt	74,881	46,527	-	-	74,881	46,527
Water	-	-	1,017,501	731,601	1,017,501	731,601
Sewer	-	-	543,075	465,149	543,075	465,149
Electric	-	-	3,880,035	4,613,514	3,880,035	4,613,514
Irrigation	-	-	167,026	159,577	167,026	159,577
Total expenses	4,426,216	3,899,962	5,607,637	5,969,841	10,033,853	9,869,803
Excess (deficiency) before transfers	399,086	1,058,185	1,998,083	691,335	2,397,168	1,749,520
Transfers in (out)	-	(1,115,519)	-	1,115,519	-	-
Change in net position	\$ 399,086	(57,334)	1,998,083	1,806,854	2,397,168	1,749,520

For the City as a whole, total revenues increased by \$811,698 compared to the previous year, while total expenses increased by \$164,050. The total net change of \$2,397,168 is, in private sector terms, the net income for the year which is a \$647,648 change from the previous year's income of \$1,749,520.

Governmental activities revenues of \$4,825,301 is a decrease of \$132,846 from the previous year. This decrease is primarily due to decreases in operating grants. Governmental activities expenses of \$4,426,216 is an increase of \$526,254 from the previous year. While highways and improvements expenses decreased during the year, all other department expenses increased.

Business-type activities revenue of \$7,605,720 is an increase of \$944,544 from the previous year. Service revenues increased by \$882,928, capital grant income increased by \$102,320, and interest income decreased by \$40,705. Business-type activities expenses of \$5,607,637 is a decrease of \$362,204 from the previous year.

Mt. Pleasant City
Management's Discussion and Analysis
June 30, 2025

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$1,014,326 reflects a decrease of \$8,462 from the previous year. Total revenues decreased by \$61,475. Tax revenues, including property taxes and sales taxes, increased by \$3,821. License and permits revenue increased by \$2,738. Intergovernmental revenue decreased by \$43,161. Revenues from charges for services decreased by \$1,845. All other revenues decreased by \$23,029.

Total expenditures decreased by \$581,719. General government expenditures increased by \$15,319, public safety expenditures increased by \$111,330, streets and highways expenditures decreased by \$895,077, and parks and recreation expenditures increased by \$186,710. Debt service expenditures did not change.

There were no restrictions. The unassigned fund balance amounts to \$1,014,326.

Water Fund

The change in net position (net income) was \$819,436. Net position restricted for debt service is \$170,931. Unrestricted net position amounts to \$1,182,949.

Sewer Fund

The change in net position (net loss) was \$102,225. Unrestricted net position amounts to \$141,391.

Electric Fund

The change in net position (net income) was \$833,089. The amount restricted for debt service is \$323,167. Unrestricted net position amounts to \$1,795,114.

Irrigation Fund

The change in net position (net income) was \$447,783. Unrestricted net position amounts to \$79,789.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$4,157,120. This amount was amended in the final budget to \$4,416,131. Actual revenues, excluding transfers, amounted to \$4,437,155.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$3,931,441. This amount was amended in the final budget to \$3,965,028. Actual expenditures amounted to \$3,629,519.

Net transfers out were originally budgeted in the amount of \$232,377. This amount was amended in the final budget to \$1,058,377. Actual transfers out amounted to \$816,098.

Mt. Pleasant City
Management's Discussion and Analysis
June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Mt. Pleasant City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Net Capital Assets:						
Land and water rights	\$ 1,205,833	1,205,833	340,833	340,833	1,546,666	1,546,666
Buildings	4,476,040	4,603,906	49,965	57,485	4,526,005	4,661,390
Improvements	5,760,178	5,930,287	130,161	33,551	5,890,339	5,963,838
Water system	-	-	2,914,012	3,039,257	2,914,012	3,039,257
Sewer system	-	-	715,758	801,019	715,758	801,019
Electric system	-	-	5,706,286	5,675,566	5,706,286	5,675,566
Irrigation system	-	-	146,981	157,730	146,981	157,730
Machinery and equipment	221,228	155,865	890,243	692,300	1,111,471	848,165
Work in progress	1,182,255	381,878	11,083,959	8,869,457	12,266,214	9,251,335
Totals	\$ 12,845,534	12,277,769	21,978,195	19,667,197	34,823,730	31,944,967

The total amount of capital assets, net of depreciation, of \$34,823,730 is an increase of \$2,878,763 from the previous year.

Governmental activities capital assets, net of depreciation, of \$12,845,534 is an increase of \$567,765 from the previous year.

Business-type activities capital assets, net of depreciation, of \$21,978,195 is an increase of \$2,310,998 from the previous year.

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

Mt. Pleasant City
Management's Discussion and Analysis
June 30, 2025

Mt. Pleasant City's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2015 Sales Tax Revenue	\$ -	50,000
2007 Sales Tax Revenue	100,000	200,000
2009 MBA Lease Revenue	592,000	624,000
2017 LBA Pool Facility	801,000	828,000
2023 Pool Loan	243,096	271,666
Total governmental	\$ 1,736,096	1,973,666
Business-type activities:		
2014 Electric System Bonds	\$ 1,947,000	2,121,000
2011 Water Revenue	970,000	1,019,000
2023 Secondary Water Imp	2,739,000	2,836,000
2024 USDA Loan 05	4,157,000	-
2024 USDA Loan 07	1,185,543	-
Total business-type	\$ 10,998,543	5,976,000
Total outstanding debt	\$ 12,734,640	7,949,666

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Mt. Pleasant City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Mt. Pleasant City Recorder, 115 West Main, Mt. Pleasant, Utah 84647.

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BASIC FINANCIAL STATEMENTS

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Mt. Pleasant City
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,538,363	2,849,442	5,387,805
Accounts receivable, net	758,672	495,937	1,254,609
Inventory	-	822,938	822,938
Total current assets	<u>3,297,035</u>	<u>4,168,317</u>	<u>7,465,352</u>
Non-current assets:			
Restricted cash and cash equivalents	602,835	494,098	1,096,932
Capital assets:			
Not being depreciated	2,388,088	11,424,792	13,812,880
Net of accumulated depreciation	<u>10,457,446</u>	<u>10,553,404</u>	<u>21,010,850</u>
Total non-current assets	<u>13,448,369</u>	<u>22,472,293</u>	<u>35,920,662</u>
Total assets	<u>16,745,404</u>	<u>26,640,610</u>	<u>43,386,014</u>
Deferred outflows of resources - pensions	265,056	191,936	456,992
Total assets and deferred outflows of resources	<u>\$ 17,010,460</u>	<u>26,832,546</u>	<u>43,843,006</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 357,298	394,653	751,951
Accrued interest payable	40,433	33,513	73,946
Customer security deposits	-	324,550	324,550
Compensated absences	234,060	211,206	445,266
Long-term debt due within one year	134,159	428,468	562,627
Total current liabilities	<u>765,950</u>	<u>1,392,389</u>	<u>2,158,339</u>
Non-current liabilities:			
Net pension liability	270,984	196,229	467,213
Long-term debt due after one year	<u>1,601,937</u>	<u>10,570,075</u>	<u>12,172,013</u>
Total non-current liabilities	<u>1,872,921</u>	<u>10,766,304</u>	<u>12,639,226</u>
Total liabilities	<u>2,638,871</u>	<u>12,158,693</u>	<u>14,797,565</u>
Deferred inflows of resources - property taxes	343,346	-	343,346
Deferred inflows of resources - pensions	1,188	861	2,049
Total liabilities and deferred inflows of resources	<u>2,983,405</u>	<u>12,159,554</u>	<u>15,142,960</u>
NET POSITION:			
Net investment in capital assets	11,109,438	10,979,652	22,089,090
Restricted for:			
Debt service	398,044	494,098	892,142
Endowments	204,672	-	204,672
Unrestricted	<u>2,314,900</u>	<u>3,199,242</u>	<u>5,514,142</u>
Total net position	<u>14,027,055</u>	<u>14,672,992</u>	<u>28,700,047</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 17,010,460</u>	<u>26,832,546</u>	<u>43,843,006</u>

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

Mt. Pleasant City
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General Government	\$ 1,130,923	945,566	34,266	-	(151,091)
Public safety	1,186,843	6,809	83,581	-	(1,096,453)
Highways and public improvements	362,371	-	596,746	-	234,375
Parks, recreation and public property	1,568,817	563,872	83,439	-	(921,506)
Community and economic developmen	102,381	-	20,000	-	(82,381)
Interest on long-term debt	74,881	-	-	-	(74,881)
Total governmental activities	4,426,216	1,516,246	818,032	-	(2,091,937)
Business-type activities:					
Water	1,017,501	859,931	-	944,289	786,719
Sewer	543,075	378,695	-	60,723	(103,657)
Electric	3,880,035	4,470,494	-	241,606	832,065
Irrigation	167,026	128,241	-	477,960	439,175
Total business-type activities	5,607,637	5,837,362	-	1,724,578	1,954,302
Total primary government	\$ 10,033,853	7,353,608	818,032	1,724,578	(137,635)

(continued on next page)

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

Mt. Pleasant City
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2025

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (2,091,937)	1,954,302	(137,635)
General revenues:			
Property taxes	427,744	-	427,744
Sales tax	1,073,722	-	1,073,722
Other taxes	547,106	-	547,106
Unrestricted investment earnings	229,480	43,780	273,260
Sale of fixed assets	(4,971)	-	(4,971)
Miscellaneous	217,942	-	217,942
Total general revenues	<u>2,491,023</u>	<u>43,780</u>	<u>2,534,803</u>
Change in net position	399,086	1,998,083	2,397,168
Net position - beginning	<u>13,627,969</u>	<u>12,674,909</u>	<u>26,302,878</u>
Net position - ending	<u>\$ 14,027,055</u>	<u>14,672,992</u>	<u>28,700,047</u>

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

Mt. Pleasant City
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	RDA Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,037,509	-	1,500,854	2,538,363
Accounts receivable, net of allowances	578,393	180,279	-	758,672
Due from other funds	8,420	-	-	8,420
Restricted cash and cash equivalents	-	-	602,835	602,835
TOTAL ASSETS	\$ 1,624,322	180,279	2,103,689	3,908,290
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 266,650	90,530	118	357,298
Due to other funds	-	8,420	-	8,420
Total liabilities	266,650	98,949	118	365,718
Deferred inflows of resources - property taxes	343,346	-	-	343,346
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	609,996	98,949	118	709,064
FUND BALANCES:				
Nonspendable:				
Endowments	-	-	204,672	204,672
Restricted for:				
Debt service	-	-	398,044	398,044
Committed for:				
Redevelopment agency	-	81,330	-	81,330
Assigned for:				
Capital projects	-	-	1,500,854	1,500,854
Unassigned	1,014,326	-	-	1,014,326
TOTAL FUND BALANCES	1,014,326	81,330	2,103,571	3,199,226
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,624,322	180,279	2,103,689	3,908,290

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

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

	General Fund	RDA Fund	Formerly Major Fund Municipal Building Authority	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes:					
Property	\$ 427,744	-		-	427,744
Sales	1,073,722	-		-	1,073,722
Other taxes	547,106	-		-	547,106
License and permits	19,349	-		-	19,349
Intergovernmental revenues	592,414	225,617		-	818,032
Charges for services	1,337,723	82,183		14,200	1,434,106
Fines and forfeitures	62,791	-		-	62,791
Interest	201,012	19,720		8,748	229,480
Miscellaneous revenue	175,293	-		42,649	217,942
Total revenues	4,437,155	327,521		65,597	4,830,273
EXPENDITURES:					
General government	933,048	102,110		-	1,035,159
Public safety	1,156,605	-		-	1,156,605
Highways and public improvements	194,079	-		99,750	293,829
Parks, recreation and public property	1,345,786	816,521		190,841	2,353,149
Debt service:					
Principal	-	-		237,569	237,569
Interest	-	-		47,872	47,872
Total expenditures	3,629,519	918,632		576,033	5,124,183
Excess (Deficiency) of Revenues over (Under) Expenditures	807,636	(591,111)		(510,436)	(293,911)
Other Financing Sources and (Uses):					
Transfers in	-	50,000		766,098	816,098
Transfers (out)	(816,098)	-		-	(816,098)
Total other financing sources and (uses)	(816,098)	50,000		766,098	-
Net Change in Fund Balances	(8,462)	(541,111)		255,662	(293,911)
Fund balances - beginning, as previously reported	1,022,788	622,441	102,444	1,745,465	3,493,137
Change within financial reporting entity (major to nonmajor fund)	-	-	(102,444)	102,444	-
Fund balances - beginning, as restated	1,022,788	622,441		1,847,908	3,493,137
Fund balance - ending	\$ 1,014,326	81,330		2,103,571	3,199,226

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

Mt. Pleasant City
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
June 30, 2025

Total Fund Balance for Governmental Funds	<u>\$ 3,199,226</u>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	23,369,720
Less accumulated depreciation	<u>(10,524,186)</u>
Net capital assets	<u>12,845,534</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>265,056</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(1,736,096)</u>
Interest accrued but not yet paid on long-term debt	<u>(40,433)</u>
Compensated absences	<u>(234,060)</u>
Net pension liability	<u>(270,984)</u>
Deferred inflows of resources - pensions	<u>(1,188)</u>
Total Net Position of Governmental Activities	<u>\$ 14,027,055</u>

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

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (293,911)</u>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays	1,084,901
Depreciation expense	<u>(512,165)</u>
Net	<u>572,737</u>

Book cost of assets retired	<u>(4,971)</u>
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The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.	<u>(52,132)</u>
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repayments	<u>237,569</u>
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Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.

Change in accrued interest	<u>(27,008)</u>
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in compensated absence liability	<u>(33,198)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 399,086</u></u>
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Mt. Pleasant City
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2025

	Water Fund	Sewer Fund	Electric Fund	Non-major Irrigation Fund	Total Proprietary Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Assets:					
Current assets:					
Cash and cash equivalents	\$ 1,165,649	137,565	1,432,650	113,577	2,849,442
Accounts receivable, net	105,582	33,791	345,441	11,124	495,937
Inventory	-	-	822,938	-	822,938
Total current assets	<u>1,271,231</u>	<u>171,356</u>	<u>2,601,029</u>	<u>124,700</u>	<u>4,168,317</u>
Non-current assets:					
Restricted cash and cash equivalents	170,931	-	323,167	-	494,098
Capital assets:					
Not being depreciated	10,105,175	186,735	116,470	1,016,411	11,424,792
Net of accumulated depreciation	<u>3,248,704</u>	<u>938,463</u>	<u>6,080,484</u>	<u>285,752</u>	<u>10,553,404</u>
Total non-current assets	<u>13,524,810</u>	<u>1,125,199</u>	<u>6,520,121</u>	<u>1,302,163</u>	<u>22,472,293</u>
Total assets	<u>14,796,041</u>	<u>1,296,555</u>	<u>9,121,150</u>	<u>1,426,864</u>	<u>26,640,610</u>
Deferred outflows of resources - pensions	36,559	36,559	109,678	9,140	191,936
Total assets and deferred outflows of resources	<u>\$ 14,832,600</u>	<u>1,333,114</u>	<u>9,230,828</u>	<u>1,436,004</u>	<u>26,832,546</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 52,313	887	305,632	35,821	394,653
Accrued interest payable	-	-	33,513	-	33,513
Compensated absences	34,987	28,096	139,276	8,846	211,206
Customer security deposits	-	-	324,550	-	324,550
Long-term debt, current portion	<u>250,468</u>	<u>-</u>	<u>178,000</u>	<u>-</u>	<u>428,468</u>
Total current liabilities	<u>337,768</u>	<u>28,984</u>	<u>980,970</u>	<u>44,667</u>	<u>1,392,389</u>
Non-current liabilities:					
Net pension liability	37,377	37,377	112,131	9,344	196,229
Long-term debt, long-term portion	<u>8,801,075</u>	<u>-</u>	<u>1,769,000</u>	<u>-</u>	<u>10,570,075</u>
Total non-current liabilities	<u>8,838,452</u>	<u>37,377</u>	<u>1,881,131</u>	<u>9,344</u>	<u>10,766,304</u>
Total liabilities	<u>9,176,221</u>	<u>66,361</u>	<u>2,862,101</u>	<u>54,011</u>	<u>12,158,693</u>
Deferred inflows of resources - pensions	164	164	492	41	861
Total liabilities and deferred inflows of resources	<u>9,176,385</u>	<u>66,525</u>	<u>2,862,593</u>	<u>54,052</u>	<u>12,159,554</u>
NET POSITION:					
Net investment in capital assets	4,302,336	1,125,199	4,249,954	1,302,163	10,979,652
Restricted for:					
Debt service	170,931	-	323,167	-	494,098
Unrestricted	<u>1,182,949</u>	<u>141,391</u>	<u>1,795,114</u>	<u>79,789</u>	<u>3,199,242</u>
Total net position	<u>5,656,215</u>	<u>1,266,589</u>	<u>6,368,235</u>	<u>1,381,952</u>	<u>14,672,992</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 14,832,600</u>	<u>1,333,114</u>	<u>9,230,828</u>	<u>1,436,004</u>	<u>26,832,546</u>

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

Mt. Pleasant City
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Electric Fund	Non-major Irrigation Fund	Total Proprietary Funds
Operating income:					
Charges for sales and service	\$ 807,248	362,695	4,318,667	128,141	5,616,752
Connection fees	47,775	16,000	94,802	-	158,577
Other operating income	4,908	-	57,025	100	62,033
Total operating income	859,931	378,695	4,470,494	128,241	5,837,362
Operating expenses:					
Cost of sales	-	-	1,815,376	-	1,815,376
Personnel services	261,111	244,117	689,039	67,170	1,261,437
Utilities	26,048	2,438	9,112	7,637	45,235
Repair and maintenance	201,182	130,950	463,607	32,020.95	827,760
Contractual services	139,989	53,129	413,091	20,628	626,837
Other supplies and expenses	6,502	834	25,947	-	33,283
Insurance expense	8,400	5,049	72,702	2,004	88,155
Depreciation expense	167,741	106,559	285,558	37,565	597,424
Total operating expense	810,973	543,075	3,774,432	167,026	5,295,506
Net operating income (loss)	48,959	(164,380)	696,062	(38,785)	541,855
Non-operating income (expense):					
Interest income	32,717	1,432	1,024	8,608	43,780
Interest on long-term debt	(206,528)	-	(105,602)	-	(312,131)
Total non-operating income (expense)	(173,811)	1,432	(104,579)	8,608	(268,351)
Income (loss) before transfers and capital contributions	(124,853)	(162,948)	591,483	(30,177)	273,505
Impact fees	240,120	60,723	241,606	-	542,449
Capital grants	704,169	-	-	477,960	1,182,129
Change in net position	819,436	(102,225)	833,089	447,783	1,998,083
Net position - beginning	4,836,780	1,368,815	5,535,146	934,169	12,674,909
Net position - ending	\$ 5,656,215	1,266,589	6,368,235	1,381,952	14,672,992

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

Mt. Pleasant City
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Electric Fund	Non-major Irrigation Fund	Total Proprietary Funds
Cash flows from operating activities:					
Cash received from customers - service	\$ 823,706	378,319	4,473,672	127,609	5,803,306
Cash paid to suppliers	(772,090)	(193,111)	(2,606,294)	(28,290)	(3,599,786)
Cash paid to employees	(246,769)	(230,915)	(660,925)	(63,585)	(1,202,194)
Net cash provided (used) in operating activities	(195,153)	(45,707)	1,206,453	35,734	1,001,327
Cash flows from noncapital financing activities:					
Change in customer deposits	-	-	16,800	-	16,800
Net cash provided (used) in noncapital financing activities	-	-	16,800	-	16,800
Cash flows from capital and related financing activities:					
Cash received from impact fees	240,120	60,723	241,606	-	542,449
Cash received from capital grants	704,169	-	-	477,960	1,182,129
Cash received from debt issued	5,420,000	-	-	-	5,420,000
Cash payments for capital assets	(1,756,567)	(205,883)	(316,073)	(629,898)	(2,908,422)
Cash payments for long-term debt principal	(4,443,457)	-	(174,000)	-	(4,617,457)
Cash payments for long-term debt interest	(206,528)	-	(93,477)	-	(300,005)
Net cash provided (used) in capital and related financing activities	(42,264)	(145,160)	(341,944)	(151,938)	(681,306)
Cash flows from investing activities:					
Cash received from interest earned	32,717	1,432	1,024	8,608	43,780
Net cash provided (used) in investing activities	32,717	1,432	1,024	8,608	43,780
Net increase (decrease) in cash	(204,700)	(189,435)	882,333	(107,597)	380,601
Cash balance, beginning	1,541,280	327,001	873,484	221,173	2,962,938
Cash balance, ending	\$ 1,336,580	137,565	1,755,817	113,577	3,343,539
Cash reported on the statement of net position:					
Cash and cash equivalents	\$ 1,165,649	137,565	1,432,650	113,577	2,849,442
Non-current restricted cash	170,931	-	323,167	-	494,098
Total cash and cash equivalents	\$ 1,336,580	137,565	1,755,817	113,577	3,343,539

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

Mt. Pleasant City
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2025

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

	Water Fund	Sewer Fund	Electric Fund	Non-major Irrigation Fund	Total Proprietary Funds
Net operating income (expense)	\$ 48,959	\$ (164,380)	\$ 696,062	\$ (38,785)	541,855
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	167,741	106,559	285,558	37,565	597,424
Changes in assets and liabilities:					
(Increase) decrease in receivables	(36,225)	(376)	3,178	(633)	(34,056)
(Increase) decrease in inventory	-	-	-	-	-
(Increase) decrease in deferred outflows	181	181	543	45	950
Increase (decrease) in payables	(389,970)	(712)	193,541	34,001	(163,140)
Increase (decrease) in compensated absences	7,153	6,012	6,543	1,788	21,496
Increase (decrease) in net pension liability	7,138	7,138	21,415	1,784	37,475
Increase (decrease) in deferred inflows	(129)	(129)	(387)	(32)	(677)
Net cash provided (used) in operating activities	<u>\$ (195,153)</u>	<u>(45,707)</u>	<u>1,206,453</u>	<u>35,734</u>	<u>1,001,327</u>

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Mt. Pleasant City (the City), a municipal corporation located in Sanpete County, Utah, operates under a Mayor-Council form of government with an elected mayor and five council members.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Redevelopment Agency – The City’s Redevelopment Agency uses tax financing to support redevelopment projects within the City. The Agency’s governing body is the same as the City’s; therefore, the financial data for the Agency is included in the operating entity using the blended method. More information relating to the Agency is included in note 4-D.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of 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 inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

Fund Financial Statements

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

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

The *redevelopment agency special revenue fund* is used to account for activity within the City's redevelopment agency.

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

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

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

The *municipal building authority special revenue fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures of the building authority.

The *permanent fund* accounts for money received for upkeep and perpetual care of cemetery plots.

Proprietary funds

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

The *water, sewer, and electric funds* are used to account for the activities of their respective operations.

The *irrigation fund* is a non-major fund and is used to account for the activities of the pressurized irrigation operations.

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

1-E-1. Deposit and Investments

All of the City's deposits are in demand deposit accounts or in accounts with the Utah Public Treasurers Investments Fund. Deposits are reported at cost, which approximates fair value. Additional information is contained in Note 3.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

1-E-2. Cash and Cash Equivalents

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

1-E-3. *Receivables and Payables*

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. Due to the nature of the accounts receivable in governmental type activities and the proprietary funds, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented other than in the RDA fund and the Electric fund, which have allowances for uncollectibles of \$10,274 and \$20,037, respectively.

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

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

1-E-4. *Restricted Assets*

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

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

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

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

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

1-E-6. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	15
Water system	40
Sewer system	50
Infrastructure	25
Vehicles and equipment	5-10

1-E-7. Long-term Obligations

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

1-E-8. Fund Equity

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 balances 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."

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 - This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

Restricted fund balance - This classification includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of the government or b) imposed by law through constitutional provisions or enabling legislation. The City's remaining balance of Class C Road cash is restricted

Committed fund balance - This classification includes amounts that can only be used for specific purposes established by formal action of the City Council, with is the City's highest level of decision-making authority. Fund balance commitments can only be removed or changed by the same type of action (for example resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has not committed any fund balance amounts.

Assigned fund balance - This classification includes amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. This category includes the remaining positive fund balances for governmental funds other than the general fund.

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 specific purposes within the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements.

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has only one type of deferred inflows of resources. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The city also reports deferred inflows of resources related to pensions as required by GASB 68.

1-E-10. *Pensions*

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

1-E-11. *Estimates*

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year-end.

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

Once adopted, the budget may be amended by the City Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

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

	Fair Value
Demand deposits - checking	\$ 213,660
State Treasurer's Investment Pool	6,271,078
Total cash	<u>\$ 6,484,737</u>

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

Cash and cash equivalents (current)	\$ 5,387,805
Restricted cash and cash equivalents (non-current)	1,096,932
Total cash and cash equivalents	<u>\$ 6,484,737</u>

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-A. Deposits and investments (continued)

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

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

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2—Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2025, the City had \$6,271,078 invested in the PTIF, which uses a Level 2 fair value measurement.

Deposit and investment risk

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

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits of the City are kept in bank demand deposits or PTIF accounts and are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2025, all of the City's demand deposits of \$242,000 were insured.

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-A. Deposits and investments (continued)

Concentration of credit risk

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

3-B. Receivables

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

	General Fund	RDA Fund	Water Fund	Sewer Fund	Electric Fund	Irrigation Fund	Total
Property taxes	\$ 343,346	-	-	-	-	-	343,346
Intergovernmental	180,291	171,352	-	-	1,827	-	353,470
Customers	54,756	19,202	105,582	33,791	363,650	11,124	588,105
Total receivables	578,393	190,554	105,582	33,791	365,477	11,124	1,284,920
Allowance for uncollectibles	-	(10,274)	-	-	(20,037)	-	(30,311)
Net receivables	\$578,393	180,279	105,582	33,791	345,441	11,124	1,254,609

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land rights	\$ 1,205,833	-	-	1,205,833
Construction in progress	381,878	800,377	-	1,182,255
Total capital assets, not being depreciated	1,587,711	800,377	-	2,388,088
Capital assets, being depreciated:				
Buildings	6,870,499	64,375	5,190	6,929,684
Improvements other than buildings	12,773,456	120,399	-	12,893,856
Machinery and equipment	1,058,342	99,750	-	1,158,092
Total capital assets, being depreciated	20,702,297	284,524	5,190	20,981,632
Less accumulated depreciation for:				
Buildings	2,266,593	187,269	219	2,453,644
Improvements other than buildings	6,843,170	290,508	-	7,133,678
Machinery and equipment	902,477	34,387	-	936,864
Total accumulated depreciation	10,012,240	512,165	219	10,524,186
Total capital assets being depreciated, net	10,690,058	(227,640)	4,971	10,457,446
Governmental activities capital assets, net	\$ 12,277,769	572,737	4,971	12,845,534

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

General government	\$ 42,679
Public safety	13,820
Highways and public improvements	168,120
Parks, recreation and public property	185,165
Redevelopment Agency	102,381
Total	\$ 512,165

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital assets (continued)

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

Business-type activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and water shares	\$ 340,833	-	-	340,833
Construction in progress	8,869,457	2,214,502	-	11,083,959
Total capital assets, not being depreciated	9,210,289	2,214,502	-	11,424,792
Capital assets, being depreciated:				
Buildings and improvements	274,560	-	-	274,560
Improvements other than buildings	42,753	99,750	-	142,503
Water distribution system	5,302,120	-	-	5,302,120
Sewer collection/treatment system	4,378,957	3,499	-	4,382,457
Electric distribution system	11,749,065	263,208	-	12,012,273
Pressurized irrigation system	1,186,162	16,500	-	1,202,662
Machinery and equipment	2,086,979	310,962	-	2,397,940
Total capital assets, being depreciated	25,020,596	693,919	-	25,714,515
Less accumulated depreciation for:				
Buildings and improvements	217,075	7,520	-	224,595
Improvements other than buildings	9,202	3,140	-	12,342
Water distribution system	2,262,863	125,245	-	2,388,108
Sewer collection system	3,577,939	88,761	-	3,666,699
Electric distribution system	6,073,499	232,489	-	6,305,988
Pressurized irrigation system	1,028,432	27,250	-	1,055,681
Machinery and equipment	1,394,679	113,019	-	1,507,697
Total accumulated depreciation	14,563,687	597,424	-	15,161,111
Total capital assets being depreciated, net	10,456,908	96,496	-	10,553,404
Business-type activities capital assets, net	\$ 19,667,197	2,310,998	-	21,978,195

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

Business-type activities:	
Water	\$ 167,741
Sewer	106,559
Electric	285,558
Pressurized irrigation	37,565
Total	\$ 597,424

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt

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

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds:							
2015 Sales Tax Revenue							
Matures 5/1/2025	\$ 500,000	-	\$ 50,000	-	50,000	-	-
2007 Sales Tax Revenue							
Matures 10/1/2027	1,000,000	-	200,000	-	100,000	100,000	50,000
2009 MBA Lease Revenue							
Matures 10/1/2039	1,000,000	2.50	624,000	-	32,000	592,000	31,000
2017 LBA Pool Facility							
Matures 6/1/2047	1,000,000	2.50	828,000	-	27,000	801,000	28,000
2023 Pool Loan							
Matures 3/3/2033	303,000	4.15	271,666	-	28,569	243,096	25,159
Total governmental activity							
 long-term liabilities			\$1,973,666	-	237,569	1,736,096	134,159

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2026	\$ 136,159	43,712	179,871
2027	140,571	41,806	182,377
2028	94,768	39,059	133,827
2029	97,049	36,153	133,202
2030	99,352	33,201	132,553
2031 - 2035	456,197	122,265	578,462
2036 - 2040	410,000	69,075	479,075
2041 - 2045	210,000	27,500	237,500
2046 - 2048	92,000	3,475	95,475
Total	\$1,736,096	416,246	2,152,342

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt (continued)

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

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds:							
2014 Electric System Bonds							
Matured 8/15/2034	\$ 2,500,000	1.92	\$ 2,121,000	-	174,000	1,947,000	178,000
2011 Water Revenue							
Matures 6/30/2045	1,460,000	-	1,019,000	-	49,000	970,000	49,000
2023 Secondary Water Imp							
Matures 4/1/2053	2,933,000	-	2,836,000	-	97,000	2,739,000	97,000
2024 USDA Loan 05							
Matures 9/5/2064	4,220,000	1.125	-	4,220,000	63,000	4,157,000	84,830
2024 USDA Loan 07							
Matures 8/5/2064	1,200,000	2.125	-	1,200,000	14,457	1,185,543	19,638
Total business-type activity							
long-term liabilities			\$ 5,976,000	5,420,000	397,457	10,998,543	428,468

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

	Principal	Interest	Total
2026	\$ 379,468	156,614	536,082
2027	433,849	146,972	580,820
2028	438,249	137,148	575,398
2029	443,670	127,144	570,814
2030	449,111	116,936	566,047
2031 - 2035	2,327,918	424,963	2,752,881
2036 - 2040	1,347,225	266,775	1,614,000
2041 - 2045	1,389,497	224,503	1,614,000
2046 - 2050	1,228,982	179,018	1,408,000
2051 - 2055	1,042,953	130,047	1,173,000
2056 - 2060	801,706	77,294	879,000
2061 - 2065	715,916	21,166	737,082
Total	\$ 10,998,543	2,008,582	13,007,125

The City has outstanding bonds related to governmental activities totaling \$1,786,096, and related to business-type activities totaling \$10,998,543. The outstanding bonds are all secured with their respective revenues and/or property and equipment as collateral.

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt (continued)

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	\$ 200,862	33,198	234,060
Business-type	189,710	21,496	211,206
Total	\$ 390,572	54,693	445,266
Net pension liability:			
Governmental	\$ 219,229	51,755	270,984
Business-type	158,754	37,475	196,229
Total	\$ 377,983	89,230	467,213

3-E. Interfund transactions and balances

The City had the following interfund transactions for year ended June 30, 2025:

Interfund transfers:

	Transfers In	Transfers Out
General fund	\$ -	816,098
Redevelopment Agency	50,000	-
Capital projects fund	581,421	-
Debt service fund	137,077	-
Municipal Building Authority	47,600	-
Total	\$ 816,098	816,098

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Redevelopment Agency

The State of Utah require the following information of the Redevelopment Agency to be reported in the financial statements:

Tax increment	\$ -
Outstanding bonds or loans of the agency	\$ -
Amount expended for:	
Site improvements	\$ 901,502
Low income housing assistance	\$ -

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Rounding convention

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

4-D. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through the date of the audit report, the date the financial statements were available to be issued.

4-E. 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:

Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system;

Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple employer public employee retirement system;

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

Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

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

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

Benefits provided:

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	Cola **
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 Years	20 years an age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5 % to 4% depending upon employer
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020 2.00% per year July 1, 2020 to present	Up to 2.5%

* with actuarial reductions

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

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the 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:

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

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 87,931	-
Public Safety System	82,079	-
Tier 2 Public Employees System	88,564	4,034
Tier 2 Public Safety and Firefighter	15,053	2,811
Tier 2 DC Only System	6,880	-
Tier 2 DC Public Safety and Firefighter System	7,974	-
Total Contributions	\$ 288,481	6,845

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$467,213.

	(Measurement Date): December 31, 2024			Proportionate	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Share 12/31/2023	Change (Decrease)
Noncontributory System	\$ -	\$ 191,698	0.0604513%	0.0626151%	-0.0021638%
Public Safety System	-	216,037	0.1396262%	0.1353040%	0.0043222%
Tier 2 Public Employees System	-	53,253	0.0178557%	0.0170196%	0.0008361%
Tier 2 Public Safety and Firefighter	-	6,225	0.0137633%	0.0162175%	-0.0024542%
Total	\$ -	\$ 467,213			

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 recognize pension expense of \$378,198.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 163,844	\$ 694
Changes in assumptions	37,134	103
Net difference between projected and actual earnings on pension plan investments	98,939	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,467	1,251
Contributions subsequent to the measurement date	144,608	-
Total	\$ 456,992	\$ 2,049

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

\$144,608 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 142,948
2026	169,540
2027	(33,898)
2028	(1,232)
2029	13,468
Thereafter	19,509

Actuarial assumptions:

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0.00%
Totals	100.00%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.5%, and 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 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 810,726	\$ 191,698	\$ (327,466)
Public Safety System	663,696	216,037	(149,246)
Tier 2 Public Employees System	159,053	53,253	(29,049)
Tier 2 Public Safety and Firefighter	21,227	6,225	(5,769)
Total	\$ 1,654,701	\$ 467,213	\$ (511,530)

Pension plan fiduciary net position:

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

Mt Pleasant City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

Defined Contributions Savings Plan:

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The City participates in the following Defined Contribution Savings Plans with 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	\$ 22,052	\$ 22,052	\$ 20,405
Employee Contributions	29,164	29,164	29,945
457(b) Plan			
Employer Contributions	-	-	-
Employee Contributions	600	-	-
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	6,280	6,280	3,080

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Mt. Pleasant City
Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report is for the City's General Fund and Redevelopment Agency Fund.

Budgeting and Budgetary Control

The budgets for the General Fund and Redevelopment Agency Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

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

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2025, expenditures within all departments in the General Fund were under the appropriated budgets. Expenditures in the Redevelopment Agency Fund exceeded budgeted expenditures by \$82,166.

Changes in Assumptions Related to Pensions

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

Mt. Pleasant City
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Property	\$ 432,402	443,064	427,744	(15,320)
Sales	1,060,000	1,084,000	1,073,722	(10,278)
Other taxes	577,000	547,464	547,106	(358)
License and permits	16,300	19,341	19,349	8
Intergovernmental revenues	462,036	586,637	592,414	5,777
Charges for services	1,263,064	1,315,140	1,337,723	22,583
Fines and forfeitures	56,550	62,400	62,791	391
Interest	170,000	185,000	201,012	16,012
Miscellaneous revenue	119,768	173,085	175,293	2,208
Total revenues	4,157,120	4,416,131	4,437,155	21,024
EXPENDITURES:				
General government	1,038,690	1,061,995	933,048	128,947
Public safety	1,126,370	1,215,680	1,156,605	59,075
Highways and public improvements	493,137	214,962	194,079	20,883
Parks, recreation and public property	1,273,244	1,472,391	1,345,786	126,605
Total expenditures	3,931,441	3,965,028	3,629,519	335,509
Excess (Deficiency) of Revenues over (Under) Expenditures	225,679	451,103	807,636	356,533
Other Financing Sources and (Uses):				
Transfers (out)	(232,377)	(1,058,377)	(816,098)	242,279
Total other financing sources and (uses)	(232,377)	(1,058,377)	(816,098)	242,279
Net Change in Fund Balances	(6,698)	(607,274)	(8,462)	598,812
Fund balances - beginning of year	1,022,788	1,022,788	1,022,788	-
Fund balance - end of year	\$ 1,016,090	415,514	1,014,326	598,812

Mt. Pleasant City
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - REDEVELOPMENT AGENCY FUND
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ -	690,766	225,617	(465,149)
Charges for services	85,000	85,000	82,183	(2,817)
Interest	15,000	25,410	19,720	(5,690)
Miscellaneous revenue	-	-	-	-
Total revenues	100,000	801,176	327,521	(473,655)
EXPENDITURES:				
General government	73,430	108,089	102,110	5,979
Parks, recreation and public property	-	728,377	816,521	(88,144)
Total expenditures	73,430	836,466	918,632	(82,166)
Excess (Deficiency) of Revenues over (Under) Expenditures	26,570	(35,290)	(591,111)	(555,821)
Other Financing Sources and (Uses):				
Transfers (out)	-	50,000	50,000	-
Total other financing sources and (uses)	-	50,000	50,000	-
Net Change in Fund Balances	26,570	14,710	(541,111)	(555,821)
Fund balances - beginning of year	622,441	622,441	622,441	-
Fund balance - end of year	\$ 649,011	637,151	81,330	(555,821)

Mt. Pleasant City
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2025

	Measurement Date as of December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Noncontributory Retirement System										
Proportion of the net pension liability (asset)	0.0604513%	0.0626151%	0.0641278%	0.0644411%	0.0620966%	0.0587413%	0.0630613%	0.6247370%	0.0623310%	0.0537694%
Proportionate share of the net pension liability (asset)	\$ 191,698	\$ 145,240	\$ 109,835	\$ (369,061)	\$ 31,852	\$ 221,388	\$ 464,366	\$ 273,716	\$ 400,241	\$ 304,253
Covered employee payroll	\$ 502,639	\$ 531,736	\$ 530,997	\$ 490,667	\$ 472,421	\$ 460,496	\$ 523,392	\$ 504,673	\$ 510,351	\$ 427,312
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.14%	27.31%	20.68%	-75.22%	6.74%	48.08%	88.72%	54.24%	78.42%	71.20%
Plan fiduciary net position as a percentage of the total pension liability	96.02%	96.90%	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%
Public Safety System										
Proportion of the net pension liability (asset)	0.1396216%	0.1353040%	0.1385669%	0.1332882%	0.1531557%	0.1508945%	0.1489266%	0.1427087%	0.1389948%	0.1332742%
Proportionate share of the net pension liability (asset)	\$ 216,037	\$ 193,507	\$ 179,177	\$ (108,249)	\$ 127,156	\$ 242,279	\$ 383,126	\$ 223,861	\$ 282,059	\$ 238,728
Covered employee payroll	\$ 240,117	\$ 221,859	\$ 211,359	\$ 198,266	\$ 252,233	\$ 242,955	\$ 233,673	\$ 222,883	\$ 213,238	\$ 201,469
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	89.97%	87.22%	84.77%	-54.60%	50.41%	99.72%	163.96%	100.44%	132.27%	118.49%
Plan fiduciary net position as a percentage of the total pension liability	93.30%	93.44%	93.60%	104.20%	95.50%	90.90%	84.70%	90.20%	86.50%	87.10%
Tier 2 Public Employees Retirement System*										
Proportion of the net pension liability (asset)	0.0178557%	0.0170196%	0.0167162%	0.0200567%	0.0225263%	0.0212474%	0.0146500%	0.0184565%	0.0197538%	0.0213930%
Proportionate share of the net pension liability (asset)	\$ 53,253	\$ 33,127	\$ 18,202	\$ (8,489)	\$ 3,240	\$ 4,779	\$ 6,274	\$ 1,627	\$ 2,204	\$ (47)
Covered employee payroll	\$ 528,769	\$ 440,015	\$ 364,997	\$ 372,366	\$ 360,080	\$ 295,169	\$ 170,903	\$ 180,500	\$ 161,998	\$ 138,183
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.07%	7.53%	4.99%	-2.28%	0.90%	1.62%	3.67%	0.90%	1.36%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%
Tier 2 Public Safety and Firefighters Retirement System										
Proportion of the net pension liability (asset)	0.0137633%	0.0162175%	0.0180402%	0.0268602%	0.0023598%	-	-	-	-	-
Proportionate share of the net pension liability (asset)	\$ 6,225	\$ 6,109	\$ 1,505	\$ (1,358)	\$ 212	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 62,826	\$ 61,448	\$ 55,505	\$ 64,233	\$ 4,258	\$ -	\$ -	\$ -	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.91%	9.94%	2.71%	-2.11%	4.98%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	90.10%	89.10%	96.40%	102.80%	93.10%	-	-	-	-	-

Mt. Pleasant City
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Noncontributory Retirement System										
Actuarial Determined Contributions	\$ 87,931	90,640	98,536	92,974	88,283	86,177	87,102	99,780	92,688	84,636
Contributions in relation to the contractually required contribution	87,931	90,640	98,536	92,974	88,283	86,177	87,102	99,780	92,688	84,636
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	518,154	504,396	547,722	503,375	478,616	472,841	477,900	541,958	502,498	459,364
Contributions as a percentage of covered payroll	16.97%	17.97%	17.99%	18.47%	18.45%	18.23%	18.23%	18.41%	18.45%	18.42%
Public Safety System										
Actuarial Determined Contributions	\$ 82,079	78,765	75,370	68,122	77,180	84,307	80,736	81,948	71,095	69,267
Contributions in relation to the contractually required contribution	82,079	78,765	75,370	68,122	77,180	84,307	80,736	81,948	71,095	69,267
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	244,721	231,389	221,415	200,122	226,733	247,671	237,180	240,740	208,857	203,486
Contributions as a percentage of covered payroll	33.54%	34.04%	34.04%	34.04%	34.04%	34.04%	34.04%	34.04%	34.04%	34.04%
Tier 2 Public Employee System*										
Actuarial Determined Contributions	\$ 88,564	75,063	63,789	59,982	58,554	52,232	34,774	27,161	25,212	20,655
Contributions in relation to the contractually required contribution	88,564	75,063	63,789	59,982	58,554	52,232	34,774	27,161	25,212	20,655
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	583,039	468,949	398,373	373,252	370,712	333,627	223,926	179,937	169,094	138,530
Contributions as a percentage of covered payroll	15.19%	16.01%	16.01%	16.07%	15.80%	15.66%	15.53%	15.09%	14.91%	14.91%
Tier 2 Public Safety and Firefighter System*										
Actuarial Determined Contributions	\$ 15,053	16,168	15,783	17,074	6,171	-	-	-	-	-
Contributions in relation to the contractually required contribution	15,053	16,168	15,783	17,074	6,171	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	59,426	62,594	61,101	66,102	27,770	-	-	-	-	-
Contributions as a percentage of covered payroll	25.33%	25.83%	25.83%	25.83%	22.22%	-	-	-	-	-
Tier 2 Public Employees DC Only System*										
Actuarial Determined Contributions	\$ 6,880	7,681	6,802	6,020	4,426	3,185	3,138	2,704	1,809	1,125
Contributions in relation to the contractually required contribution	6,880	7,681	6,802	6,020	4,426	3,185	3,138	2,704	1,809	1,125
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	132,558	124,088	109,565	97,612	66,157	47,615	46,904	40,419	27,043	15,424
Contributions as a percentage of covered payroll	5.19%	6.19%	6.21%	6.17%	6.69%	6.69%	6.69%	6.69%	6.69%	7.29%
Tier 2 Public Safety and Firefighter DC Only System*										
Actuarial Determined Contributions	\$ 7,974	7,436	7,243	3,750	-	-	-	-	-	-
Contributions in relation to the contractually required contribution	7,974	7,436	7,243	3,750	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	70,384	62,853	61,223	33,976	-	-	-	-	-	-
Contributions as a percentage of covered payroll	11.33%	11.83%	11.83%	11.04%	-	-	-	-	-	-

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created July 1, 2011. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

SUPPLEMENTARY INFORMATION

Mt. Pleasant City
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	Capital Projects Fund	Debt Service	Municipal Building Authority	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,500,854	-	-	-	1,500,854
Restricted cash and cash equivalents	-	300,957	97,206	204,672	602,835
TOTAL ASSETS	\$ 1,500,854	300,957	97,206	204,672	2,103,689
LIABILITIES					
Accounts payable	\$ -	-	118	-	118
TOTAL LIABILITIES	-	-	118	-	118
FUND BALANCES:					
Nonspendable:					
Endowments	-	-	-	204,672	204,672
Restricted for:					
Debt service	-	300,957	97,087	-	398,044
Assigned for:					
Capital projects	1,500,854	-	-	-	1,500,854
TOTAL FUND BALANCES	1,500,854	300,957	97,087	204,672	2,103,571
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,500,854	300,957	97,206	204,672	2,103,689

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

	Capital Projects Fund	Debt Service	Municipal Building Authority	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES:					
Charges for services	\$ -	-	-	14,200	14,200
Interest	-	-	-	8,748	8,748
Miscellaneous	-	-	42,649	-	42,649
Total revenues	-	-	42,649	22,948	65,597
EXPENDITURES:					
Highways and public improvements	99,750	-	-	-	99,750
Parks, recreation and public property	120,399	-	331	70,111	190,841
Debt service:					
Principal	-	178,569	59,000	-	237,569
Interest	-	11,598	36,275	-	47,872
Total expenditures	220,149	190,167	95,605	70,111	576,033
Excess (Deficiency) of Revenues over (Under) Expenditures	(220,149)	(190,167)	(52,956)	(47,163)	(510,436)
Other Financing Sources and (Uses):					
Transfers in	581,421	137,077	47,600	-	766,098
Transfers out	-	-	-	-	-
Total other financing sources and (uses)	581,421	137,077	47,600	-	766,098
Net Change in Fund Balances	361,272	(53,090)	(5,356)	(47,163)	255,662
Fund balances - beginning, as previously reported	1,139,583	354,047	-	251,835	1,745,465
Change within financial reporting entity (major to nonmajor fund)	-	-	102,444	-	102,444
Fund balances - beginning, as restated	1,139,583	354,047	102,444	251,835	1,847,908
Fund balance - ending	\$ 1,500,854	300,957	97,087	204,672	2,103,571

**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
Mt. Pleasant 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 of Mt. Pleasant City (the city) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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



Larson & Company, PC

Spanish Fork, Utah

December 3, 2025

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

Honorable Mayor
Members of the City Council
Mt. Pleasant City, Utah

Report on Compliance

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

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

Budgetary Compliance	Restricted Taxes and Related Revenues
Fund Balance	Fraud risk assessment
Justice Courts	Government Fees
Cash Management	Tax Levy Revenue Recognition
Impact Fees	Utah Retirement Systems
Public Treasurer's Bond	Open and Public Meetings Act
Enterprise Fund Transfers, Reimbursements, Loans, and Services	

Opinion on Compliance

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

Basis for Opinion

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

We are required to be independent of Mt. Pleasant 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 Mount Pleasant 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 Mt. Pleasant 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 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 Mt. Pleasant 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 Mt. Pleasant 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 Mt. Pleasant 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 State Compliance Audit Guide but not for the purpose of expressing an opinion on the effectiveness of Mt. Pleasant 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.

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 detect and correct, noncompliance with a general 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 general 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 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.

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.


Larson & Company, PC

Spanish Fork, Utah
December 3, 2025

Governmental Auditing Standards and Compliance Findings

2025-001 Public notice website

Criteria: In accordance with *Utah Code 52-4-203*, once meeting minutes are approved, they must be posted to the public notice website within three days.

Condition and Context: It was noted in our testing of compliance that the City approved meeting minutes for the meeting held on May 13, 2025 were approved on May 27, 2025. The approved minutes were posted to the website on June 17, 2025.

Cause and Effect: This also appears to be an oversight on the part of management. The effect of this oversight is noncompliance with state code.

Recommendation: We recommend that management review compliance controls to ensure that controls are functioning appropriately and that all future minutes are posted to the public notice website within the 3 day requirement after approval.

Management response to the finding: Management agrees with the finding. All other minutes were timely posted to the website. We believe controls are functioning appropriately. This appears to have been an oversight. Management will ensure that all minutes are timely posted to the website in the future.

2025-002 Budgetary compliance

Criteria: In accordance with *Utah Code 10-6-123*, City officers may not make or incur expenditures in excess of the total appropriations for any department or fund in the budget as adopted or subsequently amended.

Condition and Context: It was noted during our testing of compliance that the City expenditures exceeded the final adopted budget in the RDA special revenue fund by an amount greater than the materiality threshold set by the Office of the State Auditor.

Cause and Effect: This appears to be an oversight by management, the result of which is noncompliance with state law.

Recommendation: We recommend that management and the Council review budget to actual results for each department in the General Fund and all other funds on a monthly or quarterly basis and make amendments to the budget as needed for unforeseen expenditures.

Management response to the finding: Management agrees with the finding. There was a significant unexpected transaction in the RDA that came in after year-end that caused it to exceed budgeted appropriations. Management will communicate with appropriate personnel in the future to identify these transactions and ensure that budget integrity is maintained.

Status of prior findings

None noted in prior period