

Providence City

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

Providence City
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June 30, 2025

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Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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Independent Auditors' Report

City Council
Providence City

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Providence 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 as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Providence 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 Providence 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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
December 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Providence City
Management's Discussion and Analysis
June 30, 2025

As management of Providence 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 \$5,415,136

*Total unrestricted net position for the City as a whole increased by \$1,300,314

*Total net position for governmental activities increased by \$2,666,049

*Total net position for business-type activities increased by \$2,749,087

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the 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.

Providence City
Management's Discussion and Analysis
June 30, 2025

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

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

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

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

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

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

Proprietary funds . The City's proprietary funds are all of the enterprise type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses five enterprise funds to account for the operations of the culinary water, waste water, storm water, solid waste, and fiber optic systems.

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

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

Notes to the financial statements. 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.

Providence City
Management's Discussion and Analysis
June 30, 2025

FINANCIAL ANALYSIS

Providence 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	\$ 9,825,471	7,835,383	10,732,339	11,080,352	20,557,810	18,915,735
Non-current assets	15,918,387	15,149,757	26,206,260	23,155,069	42,124,648	38,304,826
Deferred outflows of resources	321,111	310,420	80,278	77,605	401,389	388,025
Total assets and deferred outflows	26,064,970	23,295,559	37,018,877	34,313,026	63,083,846	57,608,585
Long-term debt outstanding	-	-	9,283,000	9,578,000	9,283,000	9,578,000
Other liabilities	747,476	641,279	552,948	301,205	1,300,425	942,484
Deferred inflows of resources	1,315,030	1,317,867	413	392	1,315,443	1,318,259
Total liabilities and deferred inflows	2,062,507	1,959,146	9,836,361	9,879,597	11,898,868	11,838,743
Net position:						
Net investment in capital assets	14,152,551	13,789,802	16,682,716	12,360,330	30,835,267	26,150,133
Restricted	1,765,837	1,359,955	240,544	1,216,739	2,006,381	2,576,694
Unrestricted	8,084,075	6,186,657	10,259,256	10,856,360	18,343,331	17,043,017
Total net position	\$ 24,002,463	21,336,414	27,182,516	24,433,429	51,184,979	45,769,843

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 \$51,184,979, an increase of \$5,415,136 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 is \$18,343,331, which represents an increase of \$1,300,314 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.

Providence City
Management's Discussion and Analysis
June 30, 2025

FINANCIAL ANALYSIS (continued)

Providence 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	\$ 503,589	547,324	5,056,659	4,576,796	5,560,249	5,124,120
Operating grants	719,057	811,930	-	-	719,057	811,930
Capital grants	917,800	436,895	867,491	-	1,785,291	436,895
General revenues:						
Property taxes	1,394,999	1,338,800	-	-	1,394,999	1,338,800
Sales tax	2,052,254	1,928,147	-	-	2,052,254	1,928,147
Other taxes	1,112,213	1,107,764	-	-	1,112,213	1,107,764
Other revenues	1,128,824	1,002,266	757,145	782,253	1,885,969	1,784,519
Total revenues	7,828,737	7,173,126	6,681,295	5,359,050	14,510,032	12,532,176
Expenses:						
General government	1,720,206	1,631,493	-	-	1,720,206	1,631,493
Public safety	851,698	816,986	-	-	851,698	816,986
Highways and improvements	1,678,880	1,580,698	-	-	1,678,880	1,580,698
Parks and recreation	713,602	637,786	-	-	713,602	637,786
Cemetery	198,301	164,206	-	-	198,301	164,206
Interest on long-term debt	-	-	205,670	207,459	205,670	207,459
Culinary water	-	-	1,277,187	991,030	1,277,187	991,030
Waste water	-	-	1,343,063	1,303,095	1,343,063	1,303,095
Storm water	-	-	143,841	122,151	143,841	122,151
Solid waste	-	-	499,166	945,426	499,166	945,426
Fiber network	-	-	463,282	213,365	463,282	213,365
Total expenses	5,162,686	4,831,168	3,932,207	3,782,524	9,094,895	8,613,693
Change in net position	\$ 2,666,049	2,341,957	2,749,087	1,576,525	5,415,136	3,918,481

For the City as a whole, total revenues increased by \$1,977,856 compared to the previous year, while total expenses increased by \$481,202. The total change in net position of \$5,415,136 is, in private sector terms, the net income for the year which is \$1,496,655 more than the previous year.

Governmental activities revenues of \$7,828,737 is an increase of \$655,611 from the previous year. This is primarily a result of increases in capital grants. Governmental activities expenses of \$5,162,686 is an increase of \$331,518 from the previous year. Expenses increased across all departments.

Business-type activities revenue of \$6,681,295 is an increase of \$1,322,245 from the previous year. Service revenues increased by \$479,863 and capital grants increased by \$867,491. Business-type activities expenses of \$3,932,207 is an increase of \$149,683 from the previous year. This is due to an overall increase in operation expenses.

Providence City
Management's Discussion and Analysis
June 30, 2025

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$3,543,580 reflects an increase of \$237,888 from the previous year. Total revenues decreased by \$165,439. Tax revenues increased by \$185,028. Intergovernmental revenues decreased by \$92,873. License and permit revenues decreased by \$5,637. Charges for services revenues decreased by \$63,550. Fines and forfeitures increased by \$25,951. Impact fees increased by \$204,390. Interest income decreased by \$87,768. Miscellaneous revenues decreased by \$104.

Total expenditures, excluding transfers, increased by \$148,341. Current expenditure changes by department were as follows: general government increased by \$75,811; public safety increased by \$34,712; streets and highways decreased by \$14,383; parks and recreation increased by \$7,539; and cemetery increased by \$44,663. Restricted fund balance amounted to \$1,721,735. Unassigned fund balance is \$1,821,845.

Capital Projects Fund

The fund balance of \$6,314,148 reflects an increase of \$2,118,326. Total revenues, excluding transfers, increased by \$432,197 while total expenditures decreased by \$1,706,678. Transfers in from the General Fund amounted to \$2,330,000.

Culinary Water Fund

Net operating income was \$125,180 compared to the previous year net operating income of \$273,382. The change in net position (net income) was \$705,882. Restricted net positions amounts to \$72,644, resulting in an unrestricted net position of \$4,212,018.

Waste Water Fund

Net operating income was \$392,526 compared to the previous year net operating income of \$293,143. The change in net position (net income) was \$1,365,298. Restricted net position amounts to \$167,900, resulting in an unrestricted net position of \$6,063,966.

Storm Water Fund

Net operating income was \$125,453 compared to the previous year net operating income of \$136,547. The change in net position (net income) was \$125,453. There was an unrestricted net position of \$678,928.

Solid Waste Fund

Net operating income was \$310,052 compared to the previous year net operating loss of \$8,636. The change in net position (net income) was \$310,052. There was a deficit unrestricted net position of \$1,288,956.

Fiber Network Fund

Net operating income was \$376,911 compared to the previous year net operating income of \$307,293. The change in net position (net income) was \$242,402. There was an unrestricted net position of \$593,300.

Providence City
Management's Discussion and Analysis
June 30, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$6,102,600. This amount was amended during the year to \$7,468,600. Actual revenues amounted to \$6,440,529 which was \$1,028,071 less than budgeted.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$4,717,200. This amount was amended during the year to \$5,052,100. Actual expenditures amounted to \$4,217,002, which was \$835,098 less than budgeted.

Net transfers out of \$2,330,000 were made from the general fund to the capital projects fund during the year, which was \$409,500 less than the budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Providence 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	\$ 2,665,811	2,665,811	1,382,045	1,382,045	4,047,856	4,047,856
Buildings	1,521,187	1,508,187	273,915	273,915	1,795,103	1,782,103
Improvements other than buildings	4,842,543	3,781,013	-	-	4,842,543	3,781,013
Machinery and equipment	2,526,419	2,353,842	3,340,463	1,785,365	5,866,882	4,139,207
Infrastructure	13,780,856	13,780,636	-	-	13,780,856	13,780,636
Culinary water system	-	-	14,574,451	12,176,909	14,574,451	12,176,909
Waste water system	-	-	6,697,802	6,697,802	6,697,802	6,697,802
Storm water system	-	-	644,299	535,483	644,299	535,483
Fiber system	-	-	8,186,392	-	8,186,392	-
Construction in progress	175,648	262,662	2,136,339	8,558,473	2,311,988	8,821,135
Total	25,512,464	24,352,151	37,235,706	31,409,993	62,748,170	55,762,144
Less accumulated depreciatic	(11,359,913)	(10,562,349)	(11,269,990)	(10,308,990)	(22,629,904)	(20,871,339)
Net Capital Assets	\$ 14,152,551	13,789,802	25,965,716	21,101,003	40,118,267	34,890,805

The total amount of capital assets, net of depreciation, of \$40,118,267 is an increase of \$5,227,462 from the previous year.

Governmental activities capital assets, net of depreciation, of \$14,152,551 is an increase of \$362,749 from the previous year.

Business-type activities capital assets, net of depreciation, of \$25,965,716 is an increase of \$4,864,713 from the previous year.

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

Providence City
Management's Discussion and Analysis
June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Providence City's Outstanding Debt - Revenue Bonds

	Current Year	Previous Year
Business-type activities:		
2020 Water Revenue	\$ 1,773,000	1,828,000
2021 Franchise and Sales Tax Revenue	7,510,000	7,750,000
Total business-type	\$ 9,283,000	9,578,000
 Total outstanding debt	 \$ 9,283,000	 9,578,000

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 City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the City Recorder, 164 North Gateway Drive, Providence, Utah 84332.

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BASIC FINANCIAL STATEMENTS

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Providence 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	\$ 7,838,495	10,240,759	18,079,255
Accounts receivable, net	1,986,976	491,579	2,478,555
Prepaid expense	-	-	-
Total current assets	9,825,471	10,732,339	20,557,810
Non-current assets:			
Restricted cash and cash equivalents	1,765,837	240,544	2,006,381
Capital assets:			
Not being depreciated	2,841,459	3,518,384	6,359,843
Net of accumulated depreciation	11,311,092	22,447,332	33,758,423
Total non-current assets	15,918,387	26,206,260	42,124,648
Total assets	25,743,859	36,938,599	62,682,457
Deferred outflows of resources - pensions	321,111	80,278	401,389
Total assets and deferred outflows of resources	\$ 26,064,970	37,018,877	63,083,846
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 296,258	400,101	696,359
Accrued payroll payable	353	-	353
Accrued interest payable	-	61,995	61,995
Deposits payable	119,840	-	119,840
Revenue bonds due within one year	-	296,000	296,000
Total current liabilities	416,452	758,096	1,174,547
Non-current liabilities:			
Compensated absences liability	91,881	31,067	122,947
Revenue bonds, long-term	-	8,987,000	8,987,000
Net pension liability	239,144	59,786	298,930
Total non-current liabilities	331,025	9,077,853	9,408,877
Total liabilities	747,476	9,835,948	10,583,425
Deferred inflows of resources:			
Property taxes	1,313,380	-	1,313,380
Pensions	1,650	413	2,063
Total deferred inflows of resources	1,315,030	413	1,315,443
Total liabilities and deferred inflows of resources	2,062,507	9,836,361	11,898,868
NET POSITION:			
Net investment in capital assets	14,152,551	16,682,716	30,835,267
Restricted	1,765,837	240,544	2,006,381
Unrestricted	8,084,075	10,259,256	18,343,331
Total net position	24,002,463	27,182,516	51,184,979
Total liabilities, deferred inflows of resources and net position	\$ 26,064,970	37,018,877	63,083,846

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

Providence 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	\$ 1,720,206	218,030	-	-	(1,502,176)
Public safety	851,698	149,896	-	-	(701,802)
Highways and public property	1,678,880	-	719,057	917,800	(42,023)
Parks and recreation	713,602	82,313	-	-	(631,289)
Cemetery	198,301	53,350	-	-	(144,951)
Total governmental activities	5,162,687	503,589	719,057	917,800	(3,022,241)
Business-type activities:					
Culinary Water	1,304,470	1,402,367	-	327,491	425,388
Waste Water	1,343,063	1,735,589	-	540,000	932,526
Storm Water	143,841	269,293	-	-	125,453
Solid Waste	499,166	809,218	-	-	310,052
Fiber Network	641,669	840,193	-	-	198,523
Total business-type activities	3,932,208	5,056,659	-	867,491	1,991,941
Total primary government	\$ 9,094,896	5,560,249	719,057	1,785,291	(1,030,299)

(The statement of activities continues
on following page)

Providence 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)	\$ (3,022,241)	1,991,941	(1,030,299)
General revenues:			
Property taxes	1,394,999	-	1,394,999
Sales tax	2,052,254	-	2,052,254
Other taxes	1,112,213	-	1,112,213
Unrestricted investment earnings	674,700	295,334	970,034
Impact fees	344,361	461,811	806,172
Gain (loss) on retired capital assets	58,747	-	58,747
Miscellaneous	51,017	-	51,017
Total general revenues	5,688,290	757,145	6,445,436
Change in net position	2,666,049	2,749,087	5,415,136
Net position - beginning	21,336,414	24,433,429	45,769,843
Net position - ending	\$ 24,002,463	27,182,516	51,184,979

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

Providence City
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,548,159	6,290,337	7,838,495
Receivables:			
Property Taxes	1,333,315	-	1,333,315
Due from other governments	636,182	-	636,182
Other receivables	17,479	-	17,479
Prepaid expense	-	-	-
Restricted cash and cash equivalents	1,721,735	44,101	1,765,837
TOTAL ASSETS	\$ 5,256,870	6,334,438	11,591,308
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities:			
Accounts payable	\$ 275,968	20,290	296,258
Accrued payroll payable	353	-	353
Deposits payable	119,840	-	119,840
Total liabilities	396,162	20,290	416,452
Deferred inflows of resources:			
Property taxes	1,317,128	-	1,317,128
Total deferred inflows of resources	1,317,128	-	1,317,128
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,713,290	20,290	1,733,580
FUND BALANCES:			
Restricted for:			
Road impact fees	167,039	-	167,039
Perpetual care	637,552	-	637,552
Library donations	-	-	-
Park impact fees	917,144	44,101	961,245
Assigned for:			
Capital projects	-	6,270,047	6,270,047
Unassigned	1,821,845	-	1,821,845
TOTAL FUND BALANCES	3,543,580	6,314,148	9,857,728
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,256,870	6,334,438	11,591,308

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

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

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes:			
Property	\$ 1,394,803	-	1,394,803
Sales	2,052,254	-	2,052,254
Other taxes	1,112,213	-	1,112,213
License and permits	128,245	-	128,245
Intergovernmental revenues	719,057	917,800	1,636,857
Charges for services	286,059	-	286,059
Fines and forfeitures	89,785	-	89,785
Interest	607,096	67,603	674,700
Miscellaneous revenue	51,017	-	51,017
Total revenues	6,440,529	985,403	7,425,933
Expenditures:			
Current:			
General government	1,657,275	-	1,657,275
Public safety	851,698	-	851,698
Highways and public improvements	987,339	20,381	1,007,719
Parks, recreation and public property	557,906	-	557,906
Cemetery	162,785	-	162,785
Capital outlay	-	1,271,618	1,271,618
Total expenditures	4,217,002	1,291,999	5,509,001
Excess (deficiency) of revenues over (under) expenditures	2,223,527	(306,595)	1,916,932
Other financing sources and (uses):			
Impact fees	344,361	-	344,361
Gain (loss) from sale of capital assets		94,921	94,921
Transfers in	-	2,330,000	2,330,000
Transfers (out)	(2,330,000)	-	(2,330,000)
Total other financing sources and (uses)	(1,985,639)	2,424,921	439,282
Net change in fund balances	237,888	2,118,326	2,356,214
Fund balances - beginning of year	3,305,692	4,195,822	7,501,514
Fund balance - end of year	\$ 3,543,580	6,314,148	9,857,728

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

Providence 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>\$ 9,857,728</u>
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Total net position reported for governmental activities in the statement of net position 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	25,512,464
Less accumulated depreciation	<u>(11,359,913)</u>
Net capital assets	<u>14,152,551</u>

Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.

321,111

Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.

Compensated absences	<u>(91,881)</u>
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Net pension liability	<u>(239,144)</u>
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Deferred inflows of resources - pensions	<u>(1,650)</u>
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Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.

Delinquent property tax deferred	<u>3,748</u>
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Total Net Position of Governmental Activities	<u><u>\$ 24,002,463</u></u>
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Providence 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>\$ 2,356,214</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 is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	1,271,618
Depreciation expense	<u>(872,695)</u>
Net	<u>398,923</u>

Book cost of assets retired	<u>(36,174)</u>
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The Statement of Activities show pension benefits, pension expenses, and non-employer contributions related to GASB 68 that are not shown in the fund statements.	<u>(53,919)</u>
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Some revenues and expenses reported in the statement of activities do not add to or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Change in compensated absences	<u>809</u>
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Governmental funds do not report certain deferred inflows as revenue because these revenues are not available for current period expenses.

Change in delinquent property tax	<u>196</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 2,666,049</u></u>
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Providence City
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2025

	Culinary Water Fund	Waste Water Fund	Nonmajor Storm Water Fund	Solid Waste Fund	Fiber Network Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:						
Assets:						
Current assets:						
Cash and cash equivalents	\$ 2,865,480	6,057,173	654,172	-	663,934	10,240,759
Accounts receivable, net	159,641	175,300	22,731	74,071	59,836	491,579
Due from other funds	1,342,782	-	-	-	-	1,342,782
Total current assets	4,367,903	6,232,472	676,903	74,071	723,771	12,075,120
Non-current assets:						
Restricted cash and cash equivalents	72,644	167,900	-	-	-	240,544
Capital assets:						
Not being depreciated	1,930,780	1,316,039	16,328	-	255,236	3,518,384
Net of accumulated depreciation	10,311,646	1,896,029	604,834	1,590,373	8,044,450	22,447,332
Total non-current assets	12,315,070	3,379,969	621,162	1,590,373	8,299,686	26,206,260
Total assets	16,682,973	9,612,441	1,298,065	1,664,444	9,023,457	38,281,380
Deferred outflows of resources - pensions	32,111	24,083	24,083	-	-	80,278
Total assets and deferred outflows of resources	\$ 16,715,085	9,636,524	1,322,149	1,664,444	9,023,457	38,361,658
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:						
Liabilities:						
Current liabilities:						
Accounts payable	\$ 142,262	164,048	700	20,246	72,845	400,101
Due to other funds	-	-	-	1,342,782	-	1,342,782
Accrued interest payable	4,370	-	-	-	57,625	61,995
Revenue bonds, current portion	56,000	-	-	-	240,000	296,000
Total current liabilities	202,632	164,048	700	1,363,027	370,470	2,100,877
Non-current liabilities:						
Compensated absences	17,285	10,483	3,299	-	-	31,067
Revenue bonds, long-term	1,717,000	-	-	-	7,270,000	8,987,000
Net pension liability	23,914	17,936	17,936	-	-	59,786
Total non-current liabilities	1,758,199	28,419	21,234	-	7,270,000	9,077,853
Total liabilities	1,960,832	192,466	21,934	1,363,027	7,640,470	11,178,730
Deferred inflows of resources - pensions	165	124	124	-	-	413
Total liabilities and deferred inflows of resources	1,960,997	192,590	22,058	1,363,027	7,640,470	11,179,143
NET POSITION:						
Net investment in capital assets	10,469,426	3,212,068	621,162	1,590,373	789,686	16,682,716
Restricted	72,644	167,900	-	-	-	240,544
Unrestricted	4,212,018	6,063,966	678,928	(1,288,956)	593,300	10,259,256
Total net position	14,754,088	9,443,934	1,300,091	301,416	1,382,987	27,182,516
Total liabilities, deferred inflows of resources, and net position	\$ 16,715,085	9,636,524	1,322,149	1,664,444	9,023,457	38,361,658

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

Providence City
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS**

For the year ended June 30, 2025

	Culinary Water Fund	Waste Water Fund	Nonmajor Storm Water Fund	Solid Waste Fund	Fiber Network Fund	Total Enterprise Funds
Operating income:						
Charges for sales and service	\$ 1,368,862	1,722,839	269,293	809,218	840,193	5,010,404
Connection fees	33,505	12,750	-	-	-	46,255
Total operating income	1,402,367	1,735,589	269,293	809,218	840,193	5,056,659
Operating expenses:						
Personnel services	421,890	195,316	104,558	-	-	721,765
Utilities	125,375	1,614	1,041	-	11,633	139,664
Treatment	-	867,493	-	-	-	867,493
Repair and maintenance	190,024	3,821	8,141	14,123	5,533	221,641
Other supplies and expenses	40,057	20,384	2,991	47,364	288,313	399,110
Professional and technical	24,088	77,429	4,056	315,573	20,078	441,223
Bad debt	(17,143)	(15,960)	(3,028)	(7,509)	(4,216)	(47,857)
Depreciation expense	492,896	192,967	26,082	129,615	141,941	983,501
Total operating expense	1,277,187	1,343,063	143,841	499,166	463,282	3,726,539
Net operating income (loss)	125,180	392,526	125,453	310,052	376,911	1,330,120
Non-operating income (expense):						
Impact fees	145,880	585,637	-	-	-	731,517
Gain (loss) on capital asset trade-in	-	-	-	-	-	-
Interest income	134,614	116,842	-	-	43,878	295,334
Impact fees paid to Logan City	-	(269,705)	-	-	-	(269,705)
Interest on long-term debt	(27,283)	-	-	-	(178,387)	(205,670)
Total non-operating income (expense)	253,212	432,773	-	-	(134,509)	551,476
Income (loss) before contributions	378,391	825,298	125,453	310,052	242,402	1,881,596
Capital contributions	327,491	540,000	-	-	-	867,491
Change in net position	705,882	1,365,298	125,453	310,052	242,402	2,749,087
Net position - beginning	14,048,206	8,078,636	1,174,638	(8,636)	1,140,585	24,433,429
Net position - ending	\$ 14,754,088	9,443,934	1,300,091	301,416	1,382,987	27,182,516

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

Providence City
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

	Culinary Water Fund	Waste Water Fund	Nonmajor Storm Water Fund	Solid Waste Fund	Fiber Network Fund	Total Enterprise Funds
Cash flows from operating activities:						
Cash received from customers - service	\$ 1,423,465	1,734,421	277,287	815,227	831,826	5,082,226
Cash paid to suppliers	(250,382)	(840,324)	(15,632)	(378,040)	(275,923)	(1,760,302)
Cash paid to employees	(419,728)	(193,414)	(102,777)	-	-	(715,919)
Net cash provided (used) in operating activities	753,355	700,683	158,878	437,187	555,903	2,606,005
Cash flows from noncapital financing activities:						
Change in due to (from) other funds	(1,342,782)	-	-	1,342,782	-	-
Net cash provided (used) in noncapital financing activities	(1,342,782)	-	-	1,342,782	-	-
Cash flows from capital and related financing activities:						
Cash from impact fees	145,880	315,931	-	-	-	461,811
Cash from capital grants	327,491	540,000	-	-	-	867,491
Cash from sale of capital assets	-	-	-	-	-	-
Cash payments for capital assets	(3,001,175)	(1,184,199)	(187,198)	(376,471)	(1,162,929)	(5,911,971)
Cash payments for long-term debt principal	(55,000)	-	-	-	(240,000)	(295,000)
Cash payments for long-term debt interest	(27,420)	-	-	-	(180,075)	(207,495)
Net cash provided (used) in capital and related financing activities	(2,610,224)	(328,268)	(187,198)	(376,471)	(1,583,004)	(5,085,164)
Cash flows from investing activities:						
Cash received from interest earned	134,614	116,842	-	-	43,878	295,334
Net cash provided (used) in investing activities	134,614	116,842	-	-	43,878	295,334
Net increase (decrease) in cash	(3,065,037)	489,257	(28,321)	1,403,498	(983,223)	(2,183,825)
Cash balance, beginning	6,003,161	5,735,816	682,493	(1,403,498)	1,647,157	12,665,129
Cash balance, ending	\$ 2,938,124	6,225,073	654,172	-	663,934	10,481,304
Cash on the statement of net position:						
Cash and cash equivalents	\$ 2,865,480	6,057,173	654,172	-	663,934	10,240,759
Non-current restricted cash	72,644	167,900	-	-	-	240,544
Total cash and cash equivalents	\$ 2,938,124	6,225,073	654,172	-	663,934	10,481,304

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

Providence 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:**

	Culinary Water Fund	Waste Water Fund	Nonmajor Storm Water Fund	Solid Waste Fund	Fiber Network Fund	Total Enterprise Funds
Net operating income (expense)	\$ 125,180	392,526	125,453	310,052	376,911	1,330,120
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:						
Depreciation and amortization	492,896	192,967	26,082	129,615	141,941	983,501
Changes in assets and liabilities:						
(Increase) decrease in receivables	3,955	(17,127)	4,966	(1,500)	(12,583)	(22,290)
(Increase) decrease in deferred outflows	(1,069)	(802)	(802)	-	-	(2,673)
Increase (decrease) in payables	129,162	130,416	596	(980)	49,634	308,829
Increase (decrease) in compensated absences	(3,230)	(2,142)	(2,263)	-	-	(7,634)
Increase (decrease) in net pension liability	6,453	4,840	4,840	-	-	16,132
Increase (decrease) in deferred inflows	8	6	6	-	-	21
Net cash provided (used) in operating activities	<u>\$ 753,355</u>	<u>700,683</u>	<u>158,878</u>	<u>437,187</u>	<u>555,903</u>	<u>2,606,005</u>

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

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Providence City (the City), a municipal corporation located in Cache County, Utah, operates under a 6 member council form of government. The accompanying financial statements present the City and its component units (if any), entities for which the City is considered to be financially accountable because of the significance of their operational or financial relationships with the City.

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

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Providence 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 needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-D. Fund types and major funds

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

The *waste water fund* is used to account for the operations of the sewer system.

The *solid waste fund* is used to account for the operations of the solid waste.

The *fiber network fund* is used to account for the operations of the fiber network.

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

1-E-1. *Deposit and Investments*

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

1-E-2. *Cash and Cash Equivalents*

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

1-E-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 allowance for uncollectable accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

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

Property taxes are assessed and collected for the City by Cache 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.

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

1-E-4. *Restricted Assets*

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

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

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

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

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

1-E-6. *Capital Assets*

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual 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.

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

1-E-6. Capital Assets (continued)

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	20-30
Improvements	20
Infrastructure	15
Sewer system	40-50
Vehicles and equipment	5-10
Water system	40-50

1-E-7. Long-term Obligations

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

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

1-E-8. Deferred Outflows/Inflows of Resources

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

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

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

1-E-9. 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-10. Net position flow assumption

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

1-E-11. Fund balance flow assumptions

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

1-E-12. Fund balance policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

1-E-12. *Fund balance policies (continued)*

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Council to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

1-F. Estimates

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

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

In accordance with State Law, annual budgets are reported and adopted by the City Council on or before June 22 for the fiscal year commencing the following July 1. Prior to June 22, an advertised public hearing is conducted to receive taxpayer input. The operating budgets include proposed revenues and expenditures. Control of budget appropriations is exercised under State Law at the department level. Budget amendments are required to increase expenditure budgets and are adopted following a public hearing before the end of the fiscal year. During the current fiscal year budget amendments were made to prevent budget overruns and to increase revenue estimates and appropriations for unanticipated revenues and expenditures. The governmental fund type budgets are prepared using the modified accrual basis of accounting. Budgets for the proprietary funds are prepared using the accrual basis of accounting.

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

2-B. Deficit fund net position

While the City's Solid Waste Fund had a total net position of \$301,416, there was a deficit unrestricted net position of \$1,288,956.

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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	\$ 3,425,168
Investments - Zions	5,649,818
Investments - PTIF	11,010,649
Total cash	\$ 20,085,635

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

Cash and cash equivalents (current)	\$ 18,079,255
Restricted cash and cash equivalents (non-current)	2,006,381
Total cash and cash equivalents	\$ 20,085,635

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

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.

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-A. Deposits and investments (continued)

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 \$11,010,649 invested in the PTIF and \$5,649,818 in a Zions Investment Account, which use a Level 2 fair value measurement.

Deposit and investment risk

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

Interest rate risk

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

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, \$2,964,678 of the City's bank balances of \$3,464,678 was uninsured and uncollateralized.

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

Concentration of credit risk

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

3-B. Receivables

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

	General Fund	Water	Waste Water	Storm Water	Solid Waste	Fiber Network	Total
Property tax	\$ 1,333,315	-	-	-	-	-	1,333,315
Intergovernmental	636,182	-	-	-	-	-	636,182
Customers, current	17,881	164,328	180,445	23,398	76,245	61,593	523,891
Total receivables	1,987,378	164,328	180,445	23,398	76,245	61,593	2,493,387
Less allowance for uncollectibles	(402)	(4,686)	(5,146)	(667)	(2,174)	(1,756)	(14,832)
Net receivables	\$ 1,986,976	159,641	175,300	22,731	74,071	59,836	2,478,555

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital assets

Capital asset activity for governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land rights	\$ 2,665,811	-	-	2,665,811
Construction in progress	262,662	939,575	1,026,589	175,648
Total capital assets, not being depreciated	2,928,473	939,575	1,026,589	2,841,459
Capital assets, being depreciated:				
Buildings	1,508,187	13,000	-	1,521,187
Improvements other than buildings	3,781,013	1,061,530	-	4,842,543
Machinery and equipment	2,353,842	283,881	111,305	2,526,419
Infrastructure	13,780,636	220	-	13,780,856
Total capital assets, being depreciated	21,423,679	1,358,631	111,305	22,671,005
Less accumulated depreciation for:				
Buildings	911,530	42,838	-	954,368
Improvements other than buildings	1,636,496	188,995	-	1,825,490
Machinery and equipment	1,683,695	241,260	75,131	1,849,823
Infrastructure	6,330,629	399,602	-	6,730,232
Total accumulated depreciation	10,562,349	872,695	75,131	11,359,913
Total capital assets being depreciated, net	10,861,329	485,937	36,174	11,311,092
Governmental activities capital assets, net	\$ 13,789,802	1,425,512	1,062,763	14,152,551

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

Governmental activities:	
General government	\$ 40,015
Highways and public property	655,485
Parks, and recreation	143,834
Cemetery	33,360
Total	\$ 872,695

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital assets (continued)

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

Business-type activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and water shares	\$ 1,382,045	-	-	1,382,045
Construction in progress	8,558,473	5,848,214	12,270,347	2,136,339
Total capital assets, not being depreciated	9,940,518	5,848,214	12,270,347	3,518,384
Capital assets, being depreciated:				
Culinary water system	12,176,909	2,397,541	-	14,574,451
Waste water system	6,697,802	-	-	6,697,802
Storm water system	535,483	108,816	-	644,299
Fiber system	-	8,186,392	-	8,186,392
Buildings	273,915	-	-	273,915
Machinery and equipment	1,785,365	1,577,598	22,500	3,340,463
Total capital assets, being depreciated	21,469,475	12,270,347	22,500	33,717,322
Less accumulated depreciation for:				
Culinary water system	4,453,352	386,620	-	4,839,972
Waste water system	4,838,607	180,341	-	5,018,948
Storm water system	114,497	21,805	-	136,302
Fiber system	-	141,941	-	141,941
Buildings	181,453	7,708	-	189,161
Machinery and equipment	721,081	245,084	22,500	943,665
Total accumulated depreciation	10,308,990	983,501	22,500	11,269,990
Total capital assets being depreciated, net	11,160,485	11,286,846	-	22,447,332
Business-type activities capital assets, net	\$ 21,101,003	17,135,060	12,270,347	25,965,716

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

Business-type activities:	
Culinary water	\$ 492,896
Waste water	192,967
Storm water	26,082
Solid waste	129,615
Fiber system	141,941
Total	\$ 983,501

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2020 Water Revenue							
Matures 5/1/2051	\$ 1,990,000	1.50	\$ 1,828,000	-	55,000	1,773,000	56,000
2021 Franchise and Sales Tax Revenue							
Matures 3/1/2048	7,750,000	3.00	7,750,000	-	240,000	7,510,000	245,000
Total business-type activity							
long-term debt			\$ 9,578,000	-	295,000	9,283,000	301,000

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

	Principal	Interest	Total
2026	\$ 301,000	199,470	500,470
2027	312,000	191,280	503,280
2028	318,000	182,775	500,775
2029	329,000	174,105	503,105
2030	340,000	165,120	505,120
2031 - 2035	1,812,000	699,845	2,511,845
2036 - 2040	1,995,000	516,450	2,511,450
2041 - 2045	2,195,000	312,513	2,507,513
2046 - 2050	1,599,000	78,623	1,677,623
2051	82,000	1,230	83,230
Total	\$ 9,283,000	2,521,410	11,804,410

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences			
Governmental	\$ 92,690	(809)	91,881
Business-type	38,701	(7,634)	31,067
Total	\$ 131,391	(8,443)	122,947

	Beginning	Increase (Decrease)	Ending
Net pension liability			
Governmental	\$ 174,617	64,527	239,144
Business-type	43,654	16,132	59,786
Total	\$ 218,271	80,659	298,930

At June 30, 2025, the City's debt covenants requires a debt sinking fund account of \$14,000 and a debt reserve account of \$58,333. The financial statements reflect these sinking and reserve accounts as restricted cash.

All loans are secured by their applicable revenue stream or franchise sales tax revenues. In the event of late payment, debt interest rates increase to 18%. In the event of default, 25% or more of the bond holders may appoint a receiver to manage the cash flow of the City.

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-E. Restricted net position

The restricted amounts reported on the Statement of Net Position and Balance Sheet are comprised of the following:

General fund:	
Roads impact fees	\$ 167,039
Perpetual Care	637,552
Library donations	-
Parks impact fees	917,144
Total general fund	<u>\$ 1,721,735</u>
Capital projects fund:	
Park impact fees	<u>\$ 44,101</u>
Total capital projects fund	<u>\$ 44,101</u>
Enterprise funds:	
Culinary water - sinking/reserve	\$ 58,333
Culinary water - impact fees	14,311
Waste water collection - impact fees	167,900
Total enterprise funds	<u>\$ 240,544</u>
Total restricted net position	<u>\$ 2,006,381</u>

3-F. Interfund transfers

Interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	2,330,000
Capital Projects Fund	2,330,000	-
Total	<u>\$ 2,330,000</u>	<u>2,330,000</u>

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

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the prior year.

4-B. Rounding convention

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

4-C. Pension Plans

General Information about the Pension Plan

Plan description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

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

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

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

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

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

Benefits provided:

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

System	Final Average Salary	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	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 Years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years any age 60*		
		10 years age 62*		
		4 years age 65		

* with actuarial reductions

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

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

	Employee Paid	Employer Contribution Rate	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 2	-	15.19	0.70
Noncontributory System			
15 - Local Government Div - Tier 1	-	16.97	-
Tier 2 DC Only			
211 Local Government	-	5.19	10.00

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

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 113,841	-
Tier 2 Public Employees System	95,840	4,422
Tier 2 DC Only System	9,913	-
Total Contributions	\$ 219,594	4,422

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.

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$298,930.

	(Measurement Date): December 31, 2024			Proportionate	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Share 12/31/2023	Change (Decrease)
Noncontributory System	\$ -	239,649	0.0755726%	0.0767815%	-0.0012089%
Tier 2 Public Employees System	-	59,281	0.0198769%	0.0206391%	-0.0007622%
Total	\$ -	298,930			

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 \$286,538.

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	\$ 168,424	408
Changes in assumptions	39,622	6
Net difference between projected and actual earnings on pension plan investments	75,975	-
Changes in proportion and difference between contributions	8,922	1,648
Contributions subsequent to the measurement date	108,445	-
Total	\$ 401,389	2,063

\$108,445 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.

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

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

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2025	\$ 143,550
2026	142,336
2027	(24,797)
2028	177
2029	13,189
Thereafter	16,426

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	3.50 - 9.50 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.

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. 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%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

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

Discount rate:

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

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	\$ 1,013,520	239,649	(409,378)
Tier 2 Public Employees System	177,057	59,281	(32,338)
Total	\$ 1,190,577	298,930	(441,715)

Pension plan fiduciary net position:

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

Providence City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-C. Pension Plans (continued)

Defined Contribution Savings Plan:

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

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

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

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 24,271	\$ 14,073	\$ 12,814
Employee Contributions	28,607	23,346	20,276
457(b) Plan			
Employer Contributions	10,331	3,895	8,562
Employee Contributions	11,033	12,053	22,252
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	6,945	8,228	5,221

4-D. Insurance and bond coverage

Providence City has insurance and bonding policies with effective limits as follows:

Description	Issuer	Policy #	Limits	Expiration Date
Insurance:				
Comprehensive general liability (includes vehicle)	Utah Local Governments Trust (ULGT)	13080-GL2011	\$ 5,000,000	7/1/2026
Buildings	ULGT	ULGT-APDP-2010	7,292,500	7/1/2026
Contents	ULGT	ULGT-APDP-2010	1,141,700	7/1/2026
Equipment	ULGT	ULGT-APDP-2010	338,048	7/1/2026
Automobile	ULGT	ULGT-APDP-2010	26 Vehicles	7/1/2026
Bonds:				
City Treasurer/Recorder	CAN Surety	70011063	600,000	9/15/2026

4-E. 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, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Providence City
Notes to Required Supplementary Information
June 30, 2025

Budgetary Comparison Schedules

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

Budgeting and Budgetary Control

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

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

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2025, expenditures were under appropriations.

Changes in Assumptions Related to Pensions

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

Providence 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	\$ 1,435,900	\$ 1,435,900	\$ 1,394,803	\$ (41,097)
Sales	2,144,700	2,144,700	2,052,254	(92,446)
Other taxes	983,500	1,042,000	1,112,213	70,213
License and permits	147,900	149,500	128,245	(21,255)
Intergovernmental revenues	565,100	665,500	719,057	53,557
Charges for services	284,700	324,400	286,059	(38,341)
Fines and forfeitures	67,700	86,000	89,785	3,785
Interest	465,600	506,000	607,096	101,096
Miscellaneous revenue	7,500	1,114,600	51,017	(1,063,583)
Total revenues	6,102,600	7,468,600	6,440,529	(1,028,071)
Expenditures:				
Current:				
General government	1,810,600	1,914,200	1,657,275	256,925
Public safety	868,700	940,400	851,698	88,702
Highways and public improvements	1,273,400	1,348,500	987,339	361,161
Parks, recreation and public property	632,300	658,900	557,906	100,994
Cemetery	132,200	190,100	162,785	27,315
Total expenditures	4,717,200	5,052,100	4,217,002	835,098
Excess (deficiency) of revenues over (under) expenditures	1,385,400	2,416,500	2,223,527	(192,973)
Other financing sources and (uses):				
Impact fees	259,800	323,000	344,361	21,361
Transfers (out)	(1,645,200)	(2,739,500)	(2,330,000)	409,500
Total other financing sources and (uses)	(1,385,400)	(2,416,500)	(1,985,639)	430,861
Net change in fund balances	-	-	237,888	237,888
Fund balances - beginning of year	3,305,692	3,305,692	3,305,692	-
Fund balance - end of year	\$ 3,305,692	\$ 3,305,692	\$ 3,543,580	\$ 237,888

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

	As of December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Noncontributory Retirement System										
Proportion of the net pension liability	0.0755726%	0.0767815%	0.0778207%	0.0684762%	0.0652356%	0.0558421%	0.0005534%	0.0488373%	0.0499826%	0.0534176%
Proportionate share of the net pension liability (asset)	\$ 239,649	\$ 178,100	\$ 133,287	\$ (392,171)	\$ 33,462	\$ 210,462	\$ 407,508	\$ 214,130	\$ 320,949	\$ 302,263
Covered employee payroll	\$ 663,257	\$ 678,886	\$ 675,526	\$ 557,337	\$ 539,759	\$ 441,821	\$ 449,446	\$ 399,515	\$ 420,266	\$ 464,761
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.13%	26.31%	-19.73%	-70.37%	6.20%	47.64%	90.67%	53.60%	76.37%	65.04%
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.02%	96.90%	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%
Tier 2 Public Employees Retirement System										
Proportion of the net pension liability	0.0198769%	0.0206391%	0.0181619%	0.0164109%	0.0133081%	0.0174494%	0.0176496%	0.0154365%	0.0142109%	0.0047790%
Proportionate share of the net pension liability (asset)	\$ 59,281	\$ 40,172	\$ 19,776	\$ (6,946)	\$ 1,914	\$ 3,925	\$ 7,559	\$ 1,361	\$ 1,585	\$ (10)
Covered employee payroll	\$ 588,670	\$ 533,592	\$ 395,673	\$ 304,038	\$ 212,758	\$ 242,547	\$ 205,880	\$ 151,188	\$ 116,541	\$ 30,880
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.07%	7.53%	5.00%	-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 (asset)	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%

Providence City
SCHEDULE OF CONTRIBUTIONS
June 30, 2025
Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2016	\$ 81,347	\$ 81,347	\$ -	\$ 440,428	18.47%
	2017	76,719	76,719	-	415,369	18.47%
	2018	78,802	78,802	-	426,651	18.47%
	2019	82,467	82,467	-	447,563	18.43%
	2020	87,282	87,282	-	475,483	18.36%
	2021	103,424	103,424	-	558,603	18.51%
	2022	110,358	110,358	-	601,775	18.34%
	2023	122,988	122,988	-	690,656	17.81%
	2024	117,461	117,461	-	659,954	17.80%
	2025	113,841	113,841	-	677,736	16.80%
Tier 2 Public Employees Riterment System*	2016	\$ 7,339	\$ 7,339	\$ -	\$ 49,223	14.91%
	2017	23,882	23,882	-	160,172	14.91%
	2018	25,716	25,716	-	169,686	15.15%
	2019	35,897	35,897	-	230,931	15.54%
	2020	36,236	36,236	-	227,762	15.91%
	2021	37,047	37,047	-	234,474	15.80%
	2022	57,135	57,135	-	355,542	16.07%
	2023	75,466	75,466	-	471,365	16.01%
	2024	89,236	89,236	-	557,376	16.01%
	2025	95,840	95,840	-	630,942	15.19%
Tier 2 Public Employees DC Only System*	2016	\$ -	\$ -	\$ -	\$ -	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	1,669	1,669	-	24,953	6.69%
	2020	5,253	5,253	-	76,704	6.85%
	2021	6,964	6,964	-	104,101	6.69%
	2022	6,538	6,538	-	97,729	6.69%
	2023	5,720	5,720	-	92,407	6.19%
	2024	6,083	6,083	-	98,276	6.19%
	2025	9,913	9,913	-	191,005	5.19%

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

SUPPLEMENTAL INFORMATION

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Providence City Council

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities of Providence City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Providence City's basic financial statements, and have issued our report thereon dated December 12, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. 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 & Other Matters

As part of obtaining reasonable assurance about whether Providence City's financial statements are free of 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.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
December 12, 2025

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide

Council Members
Providence, Utah

Report On Compliance

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

State compliance requirements were tested for the year ended June 30, 2025, in the following areas: budgetary compliance, fund balance, justice court, restricted taxes and other related restricted revenues, fraud risk assessment, governmental fees, and Open and Public Meetings Act.

Opinion on Compliance

In our opinion, Providence 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 Providence 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 Providence 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 Providence 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 Providence 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 Providence 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 Providence City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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- Obtain an understanding of the Providence 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 Providence 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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the State Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
December 12, 2025