

**KAMAS CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of
Kamas City

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Kamas City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Kamas 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 Kamas 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 Kamas 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 Kamas City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the proportionate share of net pension liability, and the schedule of contributions on pages 3–7 and 48-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, on our consideration of Kamas City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kamas City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kamas City's internal control over financial reporting and compliance.

Child Richards CPAs & Advisors

Ogden, Utah
December 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**KAMAS CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

INTRODUCTION

The following is a discussion and analysis of Kamas City's financial performance and activities for the fiscal year ending June 30, 2025

HIGHLIGHTS

The assets of Kamas City exceeded its liabilities at the end of the current fiscal year by \$21,785,617 (net position). Of this amount, \$3,585,385 (unrestricted net position) is available to meet ongoing obligations to citizens and creditors.

The net position of Kamas City increased by \$437,214 from the previous year.

The City's governmental funds reported a combined ending fund balance of \$2,059,632, an increase of \$310,974 compared to the prior year's ending amount. Of the combined total fund balance, \$815,813 is unassigned in the General Fund and \$495,067 is assigned to future capital projects.

The unrestricted fund balance of the General Fund at June 30, 2025, totaling \$815,813 is 31.7% of the General Fund total revenues for the year and 39.6% of governmental fund balances. The General Fund also has \$736,182 of fund balance restricted for specific purposes that will be carried over into the following fiscal year. Non-spendable fund balance in the General Fund was \$12,570 at year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's Basic Financial Statements. The Basic Financial Statements includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Position shows the overall net position of the City. Increases and decreases in net position is one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The City's business-type activities are sewer and water.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are divided into two types. The two types are governmental funds and proprietary funds.

**KAMAS CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Kamas City has two governmental funds. The General Fund is the chief operating fund of the City. All of the City's activities are reported in the General Fund unless there is a compelling reason to report an activity in some other fund type. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Kamas City has two proprietary funds. The enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Kamas City has one enterprise fund to monitor the sewer system and one to monitor the water system.

There are several differences between government-wide and fund statements. Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements. Capital outlays result in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The table on the following page illustrates the City's net position for governmental activities and business-type activities, and a comparison to the prior year. The following page illustrates the change of net position as a statement of activities for the year for governmental and business-type activities.

**KAMAS CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

	Governmental Activities		Business-type Activities		Total	
	June 30 2025	June 30 2024 (Restated)	June 30 2025	June 30 2024 (Restated)	June 30 2025	June 30 2024 (Restated)
Current and other assets	\$2,896,623	\$3,594,564	\$ 3,511,604	\$ 3,824,852	\$ 6,408,227	\$ 7,419,416
Capital assets	7,527,397	7,424,171	10,223,204	9,843,250	17,750,601	17,267,421
Total assets	10,424,020	11,018,735	13,734,808	13,668,102	24,158,828	24,686,837
Deferred outflows of resources	152,084	151,338	50,428	50,152	202,512	201,490
Total assets and deferred outflows of resources	10,576,104	11,170,073	13,785,236	13,718,254	24,361,340	24,888,327
Other liabilities	274,212	1,114,237	169,742	23,109	443,954	1,137,346
Long-term liabilities	377,764	354,255	1,189,750	1,315,982	1,567,514	1,670,237
Total liabilities	651,976	1,468,492	1,359,492	1,339,091	2,011,468	2,807,583
Deferred inflows of resources	563,859	732,341	396	-	564,255	732,341
Total liabilities and deferred inflows of resources	1,215,835	2,200,833	1,359,888	1,339,091	2,575,723	3,539,924
Net position:						
Net investments in capital assets	7,527,397	7,424,171	9,152,204	8,638,250	16,679,601	16,062,421
Restricted	736,182	571,331	784,449	745,302	1,520,631	1,316,633
Unrestricted	1,096,690	973,738	2,488,695	2,995,611	3,585,385	3,969,349
Total net position	\$9,360,269	\$8,969,240	\$12,425,348	\$12,379,163	\$21,785,617	\$21,348,403

The largest component of the City's net position, 76.56 percent, reflects investments in capital assets (land, buildings, equipment, and sewer infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 6.98 percent of total net position and is subject to external restrictions on how they may be used. The remaining 16.46 percent of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

**KAMAS CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30 2025	June 30 2024 (Restated)	June 30 2025	June 30 2024 (Restated)	June 30 2025	June 30 2024 (Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 408,670	\$ 454,964	\$ 849,567	\$ 784,610	\$1,258,237	\$1,239,574
Operating grants and contributions	323,365	694,390	-	-	323,365	694,390
Capital grants and contributions	1,388	124,876	126,973	84,617	128,361	209,493
General revenues:						
Property taxes	380,341	388,996	-	-	380,341	388,996
Other taxes	1,239,178	1,233,640	-	-	1,239,178	1,233,640
Other	341,475	353,052	12,672	16,915	354,147	369,967
Total revenues	2,694,417	3,249,918	989,212	886,142	3,683,629	4,136,060
Expenses:						
General government	933,973	634,661	-	-	933,973	634,661
Public safety	587,888	507,993	-	-	587,888	507,993
Highways and public improvements	242,370	184,545	-	-	242,370	184,545
Parks and recreation	106,213	218,862	-	-	106,213	218,862
Fiesta Days	315,053	216,616	-	-	315,053	216,616
Public works	114,186	12,798	-	-	114,186	12,798
Interest on long-term debt	-	-	19,915	22,208	19,915	22,208
Water	-	-	523,985	455,869	523,985	455,869
Sewer	-	-	402,832	396,009	402,832	396,009
Total expenses	2,299,683	1,775,475	946,732	874,086	3,246,415	2,649,561
Increase in net assets before transfers	394,734	1,474,443	42,480	12,056	437,214	1,486,499
Transfers	(3,705)	(3,705)	3,705	3,705	-	-
Change in net position	391,029	1,470,738	46,185	15,761	437,214	1,486,499
Net position-beginning	8,969,240	7,498,502	12,379,163	12,363,402	21,348,403	19,861,904
Net position-ending	<u>\$9,360,269</u>	<u>\$8,969,240</u>	<u>\$12,425,348</u>	<u>\$12,379,163</u>	<u>\$21,785,617</u>	<u>\$21,348,403</u>

**KAMAS CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$391,029 for the year. This was mostly due to taxes received for the general government, grant revenue, fiesta days revenue, and interest earnings.

Business-type Activities

The activities in the proprietary funds resulted in an increase in net position of \$46,185 for the year. The majority of the increase was the result of an increase in charges for services.

Capital Assets

Kamas City added \$405,485 in new capital assets in governmental activities during the fiscal year. The City purchased a Ford Explorer police car, electric vehicle charging stations, built a park restroom, and purchased a truck for public works. The City's business-type activities increased capital assets in the amount of \$660,069, of which includes sewer projects, a water line for the fish hatchery, and a generator.

Fund Balances

The fund balance in the General Fund was \$304,424 more than the previous year. This increase was the result of multiple factors including the restaurant tax funding, and grant funding.

Long-term Debt

The City currently owes \$1,071,000 for revenue bonds. The proceeds from the bonds were used to finance the City's water infrastructure. \$138,000 of the debt will be paid in the current year with \$933,000 remaining in long-term debt. The City also owes \$199,340 in compensated absences.

General Fund Budgets

Kamas City prepares its budget according to state statutes. The General Fund budget was amended during the year to meet the needs of growth in the City.

Actual General Fund revenues were \$187,186 below the final adjusted budget. Actual General Fund expenditures before transfers were \$710,464 below the final adjusted budget.

ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Kamas City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or any other matters related to the City's finances should be addressed to Kamas City Recorder, 170 North Main, Kamas City, Utah 84036.

BASIC FINANCIAL STATEMENTS

KAMAS CITY
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 1,075,331	\$ 2,650,406	\$ 3,725,737
Accounts receivable	590,710	76,749	667,459
Grant receivable	481,830		481,830
Lease receivable - current	-	-	-
Prepaid expenses	12,570	-	12,570
Restricted cash	736,182	784,449	1,520,631
Capital assets (net of accumulated depreciation):			
Land	103,269	452,811	556,080
Construction in progress	-	340,367	340,367
Infrastructure	3,079,744	6,969,065	10,048,809
Buildings	3,350,143	-	3,350,143
Improvements	534,971	-	534,971
Machinery and equipment	459,270	227,618	686,888
Water stock	-	2,233,343	2,233,343
Total Assets	10,424,020	13,734,808	24,158,828
Deferred Outflows of Resources:			
Deferred outflows of resources relating to pensions	152,084	50,428	202,512
Total Assets and Deferred Outflows of Resources	10,576,104	13,785,236	24,361,340
Liabilities:			
Accounts payable	159,414	148,231	307,645
Retainage payable	-	16,209	16,209
Accrued payroll liabilities	15,702	5,302	21,004
Construction bonds	99,096	-	99,096
Non-current liabilities:			
Due within one year	-	138,000	138,000
Due in more than one year	377,764	1,051,750	1,429,514
Total Liabilities	651,976	1,359,492	2,011,468
Deferred Inflows of Resources:			
Deferred inflows of resources relating to pensions	1,080	396	1,476
Unavailable property taxes	456,571	-	456,571
Unavailable revenue - fiesta	106,208	-	106,208
Unavailable revenue - leases	-	-	-
Total Liabilities and Deferred Inflows of Resources	1,215,835	1,359,888	2,575,723
Net Position:			
Net investment in capital assets	7,527,397	9,152,204	16,679,601
Restricted for:			
Class C roads	358,991	-	358,991
Park impact fees	172,023	-	172,023
Road impact fees	192,967	-	192,967
RAP tax	10,741	-	10,741
Liquor tax	1,460	-	1,460
Debt service	-	11,500	11,500
Water purchases	-	26,284	26,284
Special sewer fee	-	398,394	398,394
Impact fees	-	348,271	348,271
Unrestricted	1,096,690	2,488,695	3,585,385
Total net position	\$ 9,360,269	\$ 12,425,348	\$ 21,785,617

The accompanying notes are an integral part of these statements.

KAMAS CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 933,973	\$ 107,246	\$ 112,410	\$ -	\$ (714,317)	\$ -	\$ (714,317)
Public safety	587,888	3,208	17,831	-	(566,849)	-	(566,849)
Highways and public improvements	242,370	-	132,794	250	(109,326)	-	(109,326)
Parks and recreation	106,213	-	60,330	1,138	(44,745)	-	(44,745)
Public works	114,186	-	-	-	(114,186)	-	(114,186)
Fiesta days	315,053	298,216	-	-	(16,837)	-	(16,837)
Total governmental activities	<u>2,299,683</u>	<u>408,670</u>	<u>323,365</u>	<u>1,388</u>	<u>(1,566,260)</u>	<u>-</u>	<u>(1,566,260)</u>
Business-type activities:							
Water	543,900	552,589	-	119,981	-	128,670	128,670
Sewer	402,832	296,978	-	6,992	-	(98,862)	(98,862)
Total business-type activities	<u>946,732</u>	<u>849,567</u>	<u>-</u>	<u>126,973</u>	<u>-</u>	<u>29,808</u>	<u>29,808</u>
Total primary government	<u>\$ 3,246,415</u>	<u>\$ 1,258,237</u>	<u>\$ 323,365</u>	<u>\$ 128,361</u>	<u>(1,566,260)</u>	<u>29,808</u>	<u>(1,536,452)</u>
General revenues:							
Property taxes					380,341	-	380,341
Sales taxes					978,098	-	978,098
Franchise taxes					128,728	-	128,728
Telecommunication taxes					14,180	-	14,180
Transit tax					87,552	-	87,552
Fees-in-lieu of taxes					30,620	-	30,620
Restaurant tax					107,600		107,600
Interest earnings					233,875	12,672	246,547
Transfers					(3,705)	3,705	-
Total general revenues and transfers					<u>1,957,289</u>	<u>16,377</u>	<u>1,973,666</u>
Change in net position					391,029	46,185	437,214
Net position - beginning (restated, see note 12)					<u>8,969,240</u>	<u>12,379,163</u>	<u>21,348,403</u>
Net position - ending					<u>\$ 9,360,269</u>	<u>\$ 12,425,348</u>	<u>\$ 21,785,617</u>

The accompanying notes are an integral part of these statements.

**KAMAS CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 580,264	\$ 495,067	\$ 1,075,331
Accounts receivable	590,710	-	590,710
Grants receivable	481,830	-	481,830
Prepaid expenses	12,570	-	12,570
Restricted cash	736,182	-	736,182
	<u>736,182</u>	<u>-</u>	<u>736,182</u>
Total assets	<u>\$ 2,401,556</u>	<u>\$ 495,067</u>	<u>\$ 2,896,623</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 159,414	\$ -	\$ 159,414
Accrued payroll liabilities	15,702	-	15,702
Construction bonds	99,096	-	99,096
	<u>99,096</u>	<u>-</u>	<u>99,096</u>
Total liabilities	<u>274,212</u>	<u>-</u>	<u>274,212</u>
Deferred inflows of resources:			
Unavailable property taxes	456,571	-	456,571
Unavailable revenue - fiesta	106,208	-	106,208
	<u>106,208</u>	<u>-</u>	<u>106,208</u>
Total liabilities and deferred inflows of resources	<u>836,991</u>	<u>-</u>	<u>836,991</u>
Fund balances:			
Nonspendable:			
Prepays	12,570	-	12,570
Restricted for:			
Class C roads	358,991	-	358,991
Park impact fees	172,023	-	172,023
Road impact fees	192,967	-	192,967
RAP Tax	10,741	-	10,741
State liquor	1,460	-	1,460
Assigned to:			
Capital projects	-	495,067	495,067
Unassigned	815,813	-	815,813
	<u>815,813</u>	<u>-</u>	<u>815,813</u>
Total fund balances	<u>1,564,565</u>	<u>495,067</u>	<u>2,059,632</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,401,556</u>	<u>\$ 495,067</u>	<u>\$ 2,896,623</u>

The accompanying notes are an integral part of these statements.

KAMAS CITY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances - governmental funds:		\$ 2,059,632
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	103,269	
Infrastructure	4,182,727	
Buildings	3,878,369	
Improvements	1,068,140	
Machinery and equipment	1,105,594	
Accumulated depreciation	<u>(2,810,702)</u>	
		7,527,397
Long-term liabilities, including bonds are not due and payable in the current period and therefore are not reported in the governmental funds, but they are reported in the Statement of Net Position		
Compensated absences	(199,340)	
Net pension liability	<u>(178,424)</u>	
		(377,764)
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		152,084
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		<u>(1,080)</u>
Net position of governmental activities		<u><u>\$ 9,360,269</u></u>

The accompanying notes are an integral part of these statements.

KAMAS CITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects	Total Governmental Funds
REVENUES			
Taxes	\$ 1,588,899	\$ -	\$ 1,588,899
Fees-in-lieu of taxes	30,620	-	30,620
Licenses and permits	37,622	-	37,622
Intergovernmental	318,555	-	318,555
Charges for services	71,012	-	71,012
Fines and forfeitures	3,208	-	3,208
Fiesta Days	298,216	-	298,216
Miscellaneous revenue	227,325	6,550	233,875
Total revenues	<u>2,575,457</u>	<u>6,550</u>	<u>2,582,007</u>
EXPENDITURES			
Current:			
General government	796,941	-	796,941
Public safety	553,567	-	553,567
Highways and public improvements	168,440	-	168,440
Public works	47,366	-	47,366
Parks and recreation	92,886	-	92,886
Fiesta Days	315,053	-	315,053
Capital Outlay:			
General government	77,086	-	77,086
Public safety	74,678	-	74,678
Public works	21,883	-	21,883
Parks and recreation	231,838	-	231,838
Total expenditures	<u>2,379,738</u>	<u>-</u>	<u>2,379,738</u>
Excess (deficiency) of revenues over expenditures	<u>195,719</u>	<u>6,550</u>	<u>202,269</u>
OTHER FINANCING SOURCES (USES)			
ARPA funding	112,410	-	112,410
Transfers in	-	-	-
Transfers out	(3,705)	-	(3,705)
Sale of asset	-	-	-
Total other financing sources (uses)	<u>108,705</u>	<u>-</u>	<u>108,705</u>
Net change in fund balances	<u>304,424</u>	<u>6,550</u>	<u>310,974</u>
Fund balances - beginning of year	<u>1,260,141</u>	<u>488,517</u>	<u>1,748,658</u>
Fund balances - end of year	<u><u>\$ 1,564,565</u></u>	<u><u>\$ 495,067</u></u>	<u><u>\$ 2,059,632</u></u>

The accompanying notes are an integral part of these statements.

KAMAS 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

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

Net changes in fund balances - total governmental funds	\$	310,974
---	----	---------

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

Infrastructure	-		
Buildings	-		
Improvements	184,258		
Machinery and equipment	221,227		
Depreciation expense	<u>(302,260)</u>		
			103,225

The disposition of capital assets results in a gain or loss against the
net book value of the assets sold rather than just the proceeds on
the sale. The net book value of assets sold is as follows:

Disposition value on assets, trade in	-
---------------------------------------	---

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and, therefore,
are not reported as expenditures in governmental funds.

Compensated absences	8,303
----------------------	-------

Capital assets contributed by developers constitute revenues on government-wide financial statements.	-
--	---

The Statement of Activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund financial statements.	<u>(31,473)</u>
--	-----------------

Change in net position of governmental activities	\$	<u><u>391,029</u></u>
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The accompanying notes are an integral part of these statements.

KAMAS CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 1,255,313	\$ 1,395,093	\$ 2,650,406
Accounts receivable	51,815	24,934	76,749
Total current assets	<u>1,307,128</u>	<u>1,420,027</u>	<u>2,727,155</u>
Noncurrent assets:			
Restricted cash and cash equivalents	37,784	746,665	784,449
Land and other non-depreciable assets	2,271,654	414,500	2,686,154
Other capital assets, net of accumulated depreciation	<u>5,209,132</u>	<u>2,327,918</u>	<u>7,537,050</u>
Total noncurrent assets	<u>7,518,570</u>	<u>3,489,083</u>	<u>11,007,653</u>
Total assets	<u>8,825,698</u>	<u>4,909,110</u>	<u>13,734,808</u>
Deferred outflows of resources:			
Deferred outflows of resources relating to pensions	25,214	25,214	50,428
Total assets and deferred outflows of resources	<u>8,850,912</u>	<u>4,934,324</u>	<u>13,785,236</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	7,831	140,400	148,231
Retainage payable	-	16,209	16,209
Accrued payroll liabilities	2,651	2,651	5,302
Revenue bonds payable	<u>138,000</u>	<u>-</u>	<u>138,000</u>
Total current liabilities	<u>148,482</u>	<u>159,260</u>	<u>307,742</u>
Noncurrent liabilities:			
Bonds payable	933,000	-	933,000
Net pension liability	26,896	26,896	53,792
Compensated absences	<u>32,479</u>	<u>32,479</u>	<u>64,958</u>
Total noncurrent liabilities	<u>992,375</u>	<u>59,375</u>	<u>1,051,750</u>
Total liabilities	<u>1,140,857</u>	<u>218,635</u>	<u>1,359,492</u>
Deferred inflows of resources:			
Deferred inflows of resources relating to pensions	198	198	396
Total liabilities and deferred inflows of resources	<u>1,141,055</u>	<u>218,833</u>	<u>1,359,888</u>
<u>NET POSITION</u>			
Net investment in capital assets	6,409,786	2,742,418	9,152,204
Restricted - water purchases	26,284	-	26,284
Restricted - bond reserves	11,500	-	11,500
Restricted - impact fees	-	348,271	348,271
Restricted - special sewer fee	-	398,394	398,394
Unrestricted	<u>1,262,287</u>	<u>1,226,408</u>	<u>2,488,695</u>
Total net position	<u>\$ 7,709,857</u>	<u>\$ 4,715,491</u>	<u>\$ 12,425,348</u>

The accompanying notes are an integral part of these statements.

KAMAS CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 542,535	\$ 293,978	\$ 836,513
Connection fees	767	500	1,267
Miscellaneous	9,287	2,500	11,787
Total operating revenues	<u>552,589</u>	<u>296,978</u>	<u>849,567</u>
Operating expenses:			
Cost of service	204,148	213,957	418,105
Administrative	14,055	10,333	24,388
Maintenance	118,613	85,597	204,210
Depreciation	187,169	92,945	280,114
Total operating expenses	<u>523,985</u>	<u>402,832</u>	<u>926,817</u>
Operating income (loss)	<u>28,604</u>	<u>(105,854)</u>	<u>(77,250)</u>
Nonoperating revenues (expenses):			
Grant revenue	117,781	-	117,781
Interest revenue	2,193	10,479	12,672
Interest expense	(19,915)	-	(19,915)
Special sewer fee	-	4,792	4,792
Gain (loss) on disposal	-	-	-
Impact fee revenue	2,200	2,200	4,400
Total nonoperating revenues (expenses)	<u>102,259</u>	<u>17,471</u>	<u>119,730</u>
Income (loss) before contributions and transfers	130,863	(88,383)	42,480
Contributed capital	-	-	-
Transfers	3,705	-	3,705
Change in net position	134,568	(88,383)	46,185
Total net position - beginning	<u>7,575,289</u>	<u>4,803,874</u>	<u>12,379,163</u>
Total net position - ending	<u><u>\$ 7,709,857</u></u>	<u><u>\$ 4,715,491</u></u>	<u><u>\$ 12,425,348</u></u>

The accompanying notes are an integral part of these statements.

KAMAS CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 540,728	\$ 297,131	\$ 837,859
Payments to suppliers and employees	(333,976)	(174,415)	(508,391)
Payments for interfund services used			-
Receipts for connection fees	767	500	1,267
Net cash provided (used) by operating activities	207,519	123,216	330,735
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	3,705	-	3,705
Net cash provided (used) by noncapital financing activities	3,705	-	3,705
Cash Flows From Capital and Related Financing Activities			
Receipts for impact fees	2,200	2,200	4,400
Receipts for special sewer fees	-	4,792	4,792
Receipts from grants	117,781	-	117,781
Principal paid on capital debt	(134,000)	-	(134,000)
Purchase of capital assets	(319,596)	(324,262)	(643,858)
Proceeds from sale of capital assets			-
Interest paid on capital debt	(19,915)	-	(19,915)
Net cash provided (used) by capital and related financing activities	(353,530)	(317,270)	(670,800)
Cash Flows From Investing Activities			
Interest and dividends received	2,193	10,479	12,672
Net cash provided (used) by investing activities	2,193	10,479	12,672
Net increase (decrease) in cash and cash equivalents	(140,113)	(183,575)	(323,688)
Cash and cash equivalents, July 1	1,433,210	2,325,333	3,758,543
Cash and cash equivalents, June 30	\$ 1,293,097	\$ 2,141,758	\$ 3,434,855
 Cash at June 30	 \$ 1,255,313	 \$ 1,395,093	 \$ 2,650,406
Restricted cash at June 30	37,784	746,665	784,449
Total cash and cash equivalents at June 30, 2025	\$ 1,293,097	\$ 2,141,758	\$ 3,434,855

The accompanying notes are an integral part of these statements.

KAMAS CITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 28,604	\$ (105,854)	\$ (77,250)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	187,169	92,945	280,114
(Increase) decrease in prepaids	-	-	-
(Increase) decrease in accounts receivable	(11,094)	653	(10,441)
(Increase) decrease in deferred outflow of resources relating to pension	(138)	(138)	(276)
(Decrease) increase in net pension liability	5,865	5,865	11,730
(Decrease) increase in accounts payable	(1,104)	131,528	130,424
(Decrease) increase in compensated absences	(1,981)	(1,981)	(3,962)
Total adjustments	178,915	229,070	407,985
Net cash provided (used) by operating activities	<u>\$ 207,519</u>	<u>\$ 123,216</u>	<u>\$ 330,735</u>
 Non cash capital activities:			
Contribution of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Kamas City, Utah conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The City has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

Kamas City was incorporated in the State of Utah. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: Public safety (police), public utilities (sewer and water), highways and streets, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The criteria set forth by generally accepted accounting principles (GAAP) was used to determine which entities to include in this report. In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government and the following component units:

Kamas City Municipal Building Authority

The Kamas City Municipal Building Authority's governing board is appointed by the government's governing body. The City created a building authority in the form of a non-profit corporation under the Utah Municipal Building Authority Act for the purpose of acquiring, improving, or extending one or more projects, as defined in the Act, and to finance their costs on behalf of the City in accordance with the procedures and subject to limitations of the Act. There was no activity in the current year.

B. Government-wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (continued)

The *Statement of Net Position* presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Statements are provided for *governmental funds* and *proprietary funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column.

The City reports the following major governmental funds:

General Fund - This fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Projects Fund - This fund accounts for financial resources to be used for the construction of major capital projects.

The City reports the following major proprietary funds:

Sewer Fund - The sewer fund is used to account for operations of the sewer system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water Fund - The water fund is used to account for operations of the water system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the City are discussed below.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Assets, Liabilities, and Fund Balances/Net Position

The following are the City's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

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

**KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (continued)

Inventories

No significant inventories are maintained by the City, therefore none are reflected in these statements.

Restricted Assets

Certain resources set aside as reserves in accordance with council resolutions and State statutes are classified as restricted assets on the balance sheet because their use is limited.

Capital Assets

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets are reported in the governmental column in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets are defined as assets with an initial, individual cost of more than \$5,000.

Infrastructure capital assets which are newly constructed are capitalized.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	0-50 years
Equipment	5-10 years
Improvements	0-50 years
Infrastructure	25-50 years

Long-term Obligations

In the government-wide statements, long-term debt obligations are reported as liabilities.

The face amount of debt issued is reported as other financing sources in the governmental fund financial statements.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (continued)

Equity

Fund financial statements:

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable - Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance - Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.
- c. Committed fund balance - Fund balances are reported as committed when the City Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council likewise formally changes the use.
- d. Assigned fund balance - Fund balances are reported as assigned when the City Council or management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are, by their nature, assigned to the purpose of those respective funds.
- e. Unassigned fund balance - Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless City Council has provided otherwise in its commitment or assignment actions.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (continued)

Equity (continued)

Government-wide statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; of (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

E. Revenues and Expenditures

The following are the City's significant policies related to recognition and reporting of certain revenues, expenditures, and interfund activity.

Revenue Availability

Under the modified accrual basis of accounting, revenues are considered to be "available" when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days after the end of the current year. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues, including sales taxes, are considered to be available if they are collected within 60 days after year-end.

Statement of Governmental Accounting Standards (SGAS) No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange." For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes, and in accordance with the provisions of the statement, has now recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1st of the year.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues and Expenditures (continued)

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City generally uses restricted resources first, then unrestricted resources.

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for both the general fund and capital projects fund. All annual appropriations lapse at the fiscal year end. Encumbrance accounting is not used by the City.

Summary of City Budget Procedures and Calendar

The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.

Budgets are required by the State of Utah for both the General and Capital Project Funds.

Each year the City publishes a separate budget document prepared according to this legal level of control.

The City's budget is a Financial Plan of all estimated revenues and all appropriations for expenditures. Revenues and Expenditures must balance for the funds required by the State Code.

A tentative budget is presented by the Mayor to the City Council by the first regularly scheduled council meeting in May.

The tentative budget is reviewed and tentatively adopted by the Council no later than June 22.

The tentative budget is a public record and is available for inspection at the City offices for at least ten days prior to adoption of the final budget.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting (continued)

1. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
2. The public hearing on the tentatively adopted budget is held no later than June 22. Final adjustments are made to the tentative budget by the Council after the public hearing.
3. Occasionally the City Council will exercise their option to open the budget to indicate additional financing sources that become available.
4. The final budget is adopted by ordinance before June 22 and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.
5. In connection with budget adoption:
 - a. An annual tax ordinance establishing the property tax rate is adopted before June 22.
 - b. The City Treasurer is to certify the property tax rate to the County Auditor before June 22.
6. Budgets for the General and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Summary of Action Required for Budget Changes

The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.

Fund budgets may be increased by resolution after a public hearing.

G. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of items reported under this category. First, unavailable revenue-property taxes are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. The second type is related to the City's pension plan. The City participates in the Utah Retirement Systems and has deferred inflows of resources associated with differences between expected and actual experience and changes in assumptions.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Contributions

Certain proprietary fund types receive contributions for aid in construction from various sources. With the adoption of GASB No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue.

I. Compensated Absences

The City policy provides for vested or accumulated vacation and sick leave. The balance at June 30, 2025, was \$199,340.

J. Use of Estimates

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

K. Leases as a lessee / Subscription Based Information Technology Arrangements (SBITAs)

The City recognizes a liability and an intangible right-to-use assets in the government-wide financial statements. At the commencement of a lease / SBITA, the City initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct / implementation costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases / SBITAs include how the City determines (the discount rate it uses to discount the expected lease payments to present value, (2) term, and (3) payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The term includes the noncancellable period of the lease /SBITA. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. In determining the term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the term if the lease / SBITA is reasonably certain to be extended (or not terminated).

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

K. Leases as a lessee / Subscription Based Information Technology Arrangements (SBITAs) (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease / SBITAs and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. Assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position. Payments due under the lease / SBITA contracts are fixed payments. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the City under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the City exercising that option.

Payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in leases / SBITAs to maximize operational flexibility in terms of managing the assets used in the City's operations. The majority of extension and termination options held are exercisable only by the City and not by the respective lessor.

The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term

L. Change in Accounting Principle

In 2022 GASB Announced GASB 101- Compensated Absences, effective for years beginning after December 15, 2023. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and more likely than not will be used and has not yet been paid. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be paid. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave is paid.

Adoption of this new standard required a restatement of prior year net position. See note 12 for the restatement. See note 6 for the compensated absences liability at year-end.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits & Investments

The maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the 's funds. Deposits are not collateralized nor are they required to be by State statute.

The follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of funds in a "qualified depository".

Deposits & Investments (Continued)

The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the deposits may not be returned to it. The does not have a formal deposit policy for custodial credit risk. As of June 30, 2024, \$230,693 of the bank balances of \$480,693 was uninsured and uncollateralized.

Investments

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

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

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

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

Fair Value of Investments

The 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.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

At June 30, 2025, the City had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 5,105,012	\$ -	\$ 5,105,012	\$ -
Total debt securities	\$ 5,105,012	\$ -	\$ 5,105,012	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2025 fair value factor, as calculated by the Utah State Treasurer, to the 's average daily balance in the Fund.

Interest Rate Risk

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

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	\$ 5,105,012	\$ 5,105,012	\$ -	\$ -	\$ -
	\$ 5,105,012	\$ 5,105,012	\$ -	\$ -	\$ -

Credit Risk

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

At June 30, 2025, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	\$ 5,105,012	\$ -	\$ -	\$ -	\$ 5,105,012
	\$ 5,105,012	\$ -	\$ -	\$ -	\$ 5,105,012

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

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The does not have a formal policy for custodial credit risk.

The City’s investment in the Utah Public Treasurer’s Investment Fund has no custodial credit risk.

Cash on hand and on deposit:

	<u>Carrying Amount</u>	<u>Market Value</u>
Utah Public Treasurer's Investment Fund	<u>\$ 5,105,012</u>	<u>\$ 5,105,012</u>

	<u>Carrying Amount</u>
Cash on deposit	\$ 141,356
Investment in State Treasurer's Investment Fund	<u>5,105,012</u>
Total deposits and investments	<u>\$ 5,246,368</u>
Equity in pooled cash and investments	\$ 3,718,986
Restricted cash - water fund	37,784
Restricted cash - sewer fund	746,665
Restricted cash - general fund	<u>742,933</u>
Total deposits and investments	<u>\$ 5,246,368</u>

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – CAPITAL ASSETS

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

	Balance			Balance
<u>PRIMARY</u> <u>GOVERNMENT</u>	June 30, 2024	Additions	(Deletions)	June 30, 2025
GOVERNMENTAL ACTIVITIES				
Nondepreciated assets				
Land	\$ 103,269	\$ -	\$ -	\$ 103,269
Construction in progress	-	-	-	-
Total nondepreciated assets	103,269	-	-	103,269
Depreciated assets				
Infrastructure	4,182,727	-	-	4,182,727
Improvements-nonbuilding	883,882	184,258	-	1,068,140
Machinery and equipment	884,367	221,227	-	1,105,594
Buildings	3,878,369	-	-	3,878,369
Total depreciated assets	9,829,345	405,485	-	10,234,830
Less accumulated depreciation				
Infrastructure	(1,033,040)	(69,944)	-	(1,102,984)
Improvements	(447,565)	(85,604)	-	(533,169)
Machinery and equipment	(524,573)	(121,751)	-	(646,324)
Buildings	(503,265)	(24,960)	-	(528,225)
Total	(2,508,443)	(302,259)	-	(2,810,702)
Net assets depreciated	7,320,902	103,226	-	7,424,128
Governmental activities capital assets, net	<u>\$ 7,424,171</u>	<u>\$ 103,226</u>	<u>\$ -</u>	<u>\$ 7,527,397</u>

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2024	Additions	(Deletions)	Balance June 30, 2025
<u>BUSINESS-TYPE ACTIVITIES</u>				
Nondepreciated assets				
Land	\$ 452,811	\$ -	\$ -	\$ 452,811
Construction in progress	16,179	324,188	(340,367)	-
Water stock	2,233,343		-	2,233,343
Total nondepreciated assets	2,702,333	324,188	(340,367)	2,686,154
Depreciated assets				
Improvements-nonbuilding				
Water system	8,444,084	140,000	-	8,584,084
Sewer system	3,870,532	340,367	-	4,210,899
Equipment				
Water system	386,163	179,596	-	565,759
Sewer system	397,909	16,284	-	414,193
Total depreciated assets	13,098,688	676,247	-	13,774,935
Less accumulated depreciation				
Improvements-nonbuilding				
Water system	(3,479,800)	(15,426)	-	(3,495,226)
Sewer system	(1,947,935)	(42,389)	-	(1,990,324)
Equipment				
Water system	(273,745)	(171,743)	-	(445,488)
Sewer system	(256,291)	(50,556)	-	(306,847)
Total	(5,957,771)	(280,114)	-	(6,237,885)
Net assets depreciated	7,140,917	396,133	-	7,537,050
Business-type activities capital assets, net	<u>\$ 9,843,250</u>	<u>\$ 720,321</u>	<u>\$ (340,367)</u>	<u>\$ 10,223,204</u>
	Government	Business		
DEPRECIATION EXPENSE	Types	Types	Total	
General government	\$ 24,961	\$ -	\$ 24,961	
Highways and public improvements	69,944	-	69,944	
Public works	64,584	-	64,584	
Parks	121,751	-	121,751	
Public safety	21,020	-	21,020	
Sewer	-	92,945	92,945	
Water	-	187,169	187,169	
TOTAL	<u>\$ 302,260</u>	<u>\$ 280,114</u>	<u>\$ 582,374</u>	

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 – REVENUE BOND RESERVES

2020 Water Revenue Refunding Bonds

Beginning in May 1, 2020 and continuing each month, the City is required to reserve one-twelfth (1/12) of the annual principal and interest payment due on the water revenue bond. The reserve shall then be used to make the annual payment. At June 30, 2025, the City has reserved \$11,500 in the water revenue bond account.

NOTE 5 – RESTRICTIONS/ASSIGNMENTS OF FUND BALANCE/NET POSITION

Restricted for Park Impact Fees – This represents park impact fees collected and restricted for park improvements.

Restricted for Road Impact Fees – This represents road impact fees collected and restricted for road improvements.

Restricted for Debt Service – This represents required reserve accounts set up under bond ordinances.

Restricted for Class C Road – This represents restrictions place on funds received for the purpose of Class C road improvements and expenditures.

Restricted for Water Purchases – This represents funds set aside for water share purchases.

Restricted for Bond Reserves – This represents required reserve accounts set up under bond ordinances.

Restricted for Impact Fees – This represents sewer and water impact fees restricted for sewer and water improvements.

Assigned for Capital Projects – The City is setting aside funds in a reserve for major capital improvements.

NOTE 6 – LONG-TERM DEBT

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

GOVERNMENTAL ACTIVITIES

<u>Liability</u>	<u>Outstanding June 30, 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>Outstanding June 30, 2025</u>	<u>Current Portion</u>
Net pension liability	\$ 146,613	\$ 31,811	\$ -	\$ 178,424	\$ -
Compensated absences	207,643	-	8,303	199,340	-
	<u>\$ 354,256</u>	<u>\$ 31,811</u>	<u>\$ 8,303</u>	<u>\$ 377,764</u>	<u>\$ -</u>

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – LONG-TERM DEBT (CONTINUED)

BUSINESS-TYPE ACTIVITIES

Liability	Outstanding June 30, 2024	Additions	Payments	Outstanding June 30, 2025	Current Portion
Water utility fund:					
2020 water revenue bond	\$ 1,205,000	\$ -	\$ 134,000	\$ 1,071,000	\$ 138,000
Net pension liability	21,031	5,865	-	26,896	-
Compensated absences	16,049	16,430	-	32,479	-
Total water utility	1,242,080	22,295	134,000	1,130,375	138,000
Sewer utility fund:					
Net pension liability	21,031	5,865	-	26,896	-
Compensated absences	16,049	16,430	-	32,479	-
Total sewer utility	37,080	22,295	-	59,375	-
Total business-type activities	\$ 1,279,160	\$ 44,590	\$ 134,000	\$ 1,189,750	\$ 138,000

2020 Water Revenue Refunding Bonds

The City issued \$1,529,000 in revenue bonds in 2020 to refund the 2006 Water Revenue Bonds at a rate of 1.75%, down from 3%. The 2006 Water Revenue Bonds were issued to finance the construction of water system improvements. The new bonds require 12 annual payments of principal and interest on January 1st of each year and will fully mature on January 1, 2032.

Annual debt service requirements to amortize the revenues bonds are as follows:

June 30,	Principal	Interest
2025	\$ 138,000	\$ 21,088
2026	143,000	18,743
2027	148,000	16,328
2028	153,000	13,825
2029	158,000	11,235
2030	164,000	8,558
2031	167,000	5,793
	<u>\$ 1,071,000</u>	<u>\$ 95,570</u>

**KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – POST-EMPLOYMENT BENEFITS

The only post-employment benefit offered by the City is health insurance for eighteen (18) months following termination. Employees covered and eligible are all employees who were covered by the insurance during employment. The participant is required to pay 100% of the premiums. The City is not required to contribute and therefore incurs no expense.

NOTE 8 – RISK MANAGEMENT

Kamas City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property, crime, treasurer, public officials and officers, excess liability, and worker's compensation. As of June 30, 2025, there is no anticipation of unpaid claims and therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

NOTE 9 – INTEREST EXPENSE

The Proprietary Funds incurred \$19,915 in interest expense of which \$19,915 was charged to expense and \$0 was capitalized.

The General Fund incurred \$0 in interest expense of which \$0 was charged to expense and \$0 was capitalized.

NOTE 10 - PROPERTY TAX CALENDAR

Lien date	Jan. 1
Taxing entity notifies the county of date, time, and place of public hearing	Mar. 1
Budget officer of the entity prepares and files with the City Council a tentative budget for the next fiscal year	1st council meeting scheduled in May
County auditor sends valuation certified tax rate and levy worksheets to each taxing entity	Jun. 8
Taxing entity must adopt a proposed tax rate, certify the rate and levy, and submit to the county auditor	Before Jun. 22
Taxing entity adopts a final tax rate if there is no increase in certified tax rate	Jun. 22
Taxing entity adopts final budget if there is no increase in certified tax rate	Jun. 22
Copy of the budget is submitted to state auditor within 30 days of adoption	
Payment and delinquency date	Nov. 30

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN

Summary of Significant Accounting Policies

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 and 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.

Deferred outflows/inflows of resources: In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

General Information about the Pension Plan

Plan Description:

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

Defined Benefit Plans

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

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

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN (CONTINUED)

Defined Benefit Plans (Continued)

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

Summary of Benefits by System

Benefits Provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% 4% depending upon employer
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years age 65*	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years, any age 20 years, age 60* 10 years, age 62* 4 years age 65*	1.50% per year to June 30, 2020 2.00% per year July 1, 2020 to present	Up to 2.5%

* Actuarial reductions are applied.

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

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN (CONTINUED)

Contribution Rate Summary:

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

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Empl yee	Employ er	ER 401(k)	Tier 2 Fund	Employ ee	Employ er	ER 401(k)	Tier 2 Fund	Empl yee	Employ er	ER 401(k)
Noncontributory System											
15 - Local											
Government	-	16.97	-	111	0.70	15.19	-	211	-	5.19	10.00
Public Safety Retirement											
System Noncontributory											
43 Other Div A with											
2.5% COLA	-	33.54	-	122	4.73	25.33	-	222	-	11.33	14.00

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

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

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 37,892	\$ -
Public Safety System	62,574	-
Tier 2 Public Employees System	29,901	1,378
Tier 2 DC Public Employees Plan	3,266	-
Total Contributions	\$ 133,633	\$ 1,378

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

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

At June 30, 2025, we reported a net pension asset of \$ 0 and a net pension liability of \$ 232,216.

(Measurement Date): December 31, 2024

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2023	Change (Decrease)
Noncontributory System	\$ -	\$ 79,338	0.0250190%	0.0233872%	0.0016318%
Public Safety System	-	131,507	0.0849912%	0.0837449%	0.0012463%
Tier 2 Public Employees System	-	21,371	0.0071657%	0.0075309%	-0.0003652%
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 232,216</u>			

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2025, we recognized pension expense of \$ 177,065.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,409	\$ 147
Changes in assumptions	13,700	2
Net difference between projected and actual earnings on pension plan investments	48,024	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,258	1,326
Contributions subsequent to the measurement date	67,120	-
Total	<u>\$ 202,512</u>	<u>\$ 1,476</u>

\$ 67,120 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 62,527
2026	\$ 79,465
2027	\$ (17,317)
2028	\$ (1,418)
2029	\$ 4,793
Thereafter	\$ 5,867

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2025, we recognized pension expense of \$ 71,764.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,274	\$ -
Changes in assumptions	6,563	-
Net difference between projected and actual earnings on pension plan investments	23,898	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,133
Contributions subsequent to the measurement date	18,404	-
Total	<u>\$ 96,139</u>	<u>\$ 1,133</u>

\$ 18,404 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 44,686
2026	\$ 43,384
2027	\$ (9,697)
2028	\$ (1,771)
2029	\$ -
Thereafter	\$ -

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN (CONTINUED)

Public Safety Systems Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$ 81,996.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,896	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	22,760	-
Changes in proportion and differences between contributions and proportionate share of contributions	143	-
Contributions subsequent to the measurement date	32,834	-
Total	<u>\$ 69,633</u>	<u>\$ -</u>

\$ 32,834 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 15,414
2026	\$ 32,306
2027	\$ (9,245)
2028	\$ (1,676)
2029	\$ -
Thereafter	\$ -

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2025, we recognized pension expense of \$ 23,304.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,239	\$ 147
Changes in assumptions	7,138	2
Net difference between projected and actual earnings on pension plan investments	1,366	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,115	194
Contributions subsequent to the measurement date	15,882	-
Total	<u>\$ 36,740</u>	<u>\$ 343</u>

\$ 15,882 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 2,427
2026	\$ 3,774
2027	\$ 1,625
2028	\$ 2,028
2029	\$ 4,793
Thereafter	\$ 5,867

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the January 1, 2023, valuation were based on 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.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	35.00%	7.01%	2.45%
Debt Securities	20.00%	2.54%	0.51%
Real Assets	18.00%	5.45%	0.98%
Private Equity	12.00%	10.05%	1.21%
Absolute Return	15.00%	4.36%	0.65%
Cash and Cash Equivalents	0.00%	.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.

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN (CONTINUED)

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. The discount rate was reduced from 6.95 percent to 6.85 percent from the prior measurement date.

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 used 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	\$ 335,536	\$ 79,338	\$ (135,528)
Public Safety System	404,008	131,507	(90,850)
Tier 2 Public Employees System	63,830	21,371	(11,658)
Total	<u>\$ 803,374</u>	<u>\$ 232,216</u>	<u>\$ (238,036)</u>

***Pension plan fiduciary net position: Detailed information about the fiduciary net position of the pension plans is available in the separately issued URS financial report.

Defined Contribution Savings Plans:

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.

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

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

KAMAS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – PENSION PLAN (CONTINUED)

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
401(k) Plan			
Employer Contributions	\$ 6,292	\$ 1,446	\$ 281
Employee Contributions	\$ 800	\$ -	\$ -
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 25	\$ 250	\$ 1,480
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 2,436	\$ 1,530	\$ 1,480

NOTE 12 – RESTATEMENT

The beginning net position for the government-type activities has been restated on the financial statements to make a prior year adjustment for the implementation of GASB 101- Compensated Absences. The adjustments and reconciliation to the prior year beginning balance is as follows:

Net position, beginning of year	\$ 9,080,178
Compensated absences adjustment	<u>(110,938)</u>
Net position, beginning of year, restated	<u><u>\$ 8,969,240</u></u>

The beginning net position for the business-type activities has been restated on the financial statements to make a prior year adjustment for the implementation of GASB 101- Compensated Absences. The adjustments and reconciliation to the prior year beginning balance is as follows:

Net position, beginning of year	\$ 12,415,985
Compensated absences adjustment	<u>(36,822)</u>
Net position, beginning of year, restated	<u><u>\$ 12,379,163</u></u>

NOTE 13 – SUBSEQUENT EVENTS

Events subsequent to the date of the financial statements through December 5, 2025, which is the financial statement issuance date, have been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

KAMAS CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Taxes:				
Property taxes	\$ 356,178	\$ 356,178	\$ 359,319	\$ 3,141
Redemptions	18,000	18,000	21,022	3,022
Sales tax	985,000	985,000	978,098	(6,902)
Transit tax	86,000	86,000	87,552	1,552
Telecommunications tax	14,000	14,000	14,180	180
Franchise tax	145,000	145,000	128,728	(16,272)
Total taxes	1,604,178	1,604,178	1,588,899	(15,279)
Fees-in-lieu taxes	30,000	30,000	30,620	620
Licenses and permits:				
Business licenses & permits	15,000	15,000	14,703	(297)
Building permits	100,000	100,000	22,919	(77,081)
Total licenses and permits	115,000	115,000	37,622	(77,378)
Intergovernmental:				
Class "C" roads	105,000	105,000	132,794	27,794
State liquor allotment	5,900	5,900	7,331	1,431
Restaurant tax	107,600	107,600	107,600	-
R.A.P. tax	-	-	60,330	60,330
Police grant	10,000	10,000	4,500	(5,500)
Grants	85,000	85,000	6,000	(79,000)
Total intergovernmental	313,500	313,500	318,555	5,055
Charges for services:				
Public property rent	35,000	35,000	37,357	2,357
Road impact fees	1,250	1,250	250	(1,000)
Park impact fees	2,500	2,500	1,138	(1,362)
Road cut fees - plan review fees	7,000	7,000	18,527	11,527
Special event reimbursement	2,000	2,000	-	(2,000)
Engineering fees	16,000	16,000	7,904	(8,096)
Miscellaneous	6,000	6,000	5,836	(164)
Total charges for services	69,750	69,750	71,012	1,262
Fines and forfeitures:				
Fines and forfeitures	5,000	5,000	3,208	(1,792)

KAMAS CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues - (continued)				
Other revenues:				
Interest earnings	261,050	261,050	226,832	(34,218)
Fiesta days	343,965	343,965	298,216	(45,749)
Miscellaneous	20,200	20,200	493	(19,707)
Total other revenues	625,215	625,215	525,541	(99,674)
Total revenues	2,762,643	2,762,643	2,575,457	(187,186)
Expenditures				
Current:				
General government:				
Administrative and legislative:				
Salaries and benefits	261,950	261,950	240,837	21,113
Materials, supplies and services	77,056	77,056	78,042	(986)
	339,006	339,006	318,879	20,127
Nondepartmental				
Elections	100	100	180	(80)
Insurance and bonds	30,000	30,000	26,981	3,019
Professional services	308,000	308,000	208,994	99,006
Restaurant tax expenditure	107,600	107,600	107,600	-
	445,700	445,700	343,755	101,945
General governmental buildings:				
Materials, supplies and services	90,000	90,000	93,331	(3,331)
Improvements to buildings	166,844	166,844	118,062	48,782
Total general government	1,041,550	1,041,550	874,027	167,523
Public safety:				
Law enforcement				
Salaries and benefits	525,150	525,150	404,935	120,215
Materials and supplies	123,400	123,400	156,311	(32,911)
	648,550	648,550	561,246	87,304
Inspections				
Salaries and benefits	78,700	78,700	66,819	11,881
Materials and supplies	1,500	1,500	180	1,320
	80,200	80,200	66,999	13,201
Total public safety	728,750	728,750	628,245	100,505

KAMAS CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Expenditures - continued				
Highways and public improvements:				
Class "C" roads	150,000	150,000	-	150,000
Salaries and wages	129,304	129,304	121,681	7,623
Materials, supplies and service	333,860	333,860	46,759	287,101
Total highways and public improvement	613,164	613,164	168,440	444,724
Public works:				
Materials and supplies	81,034	81,034	69,249	11,785
Total public works	81,034	81,034	69,249	11,785
Parks and recreation:				
Salaries and benefits	129,304	129,304	121,681	7,623
Materials, supplies and services	40,960	40,960	30,036	10,924
ARPA funding expenditures	230,991	230,991	112,410	118,581
R.A.P. tax	-	-	60,597	(60,597)
Total parks and recreation	401,255	401,255	324,724	76,531
Fiesta days:				
Materials, supplies and services	343,030	343,030	315,053	27,977
Total fiesta days	343,030	343,030	315,053	27,977
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	3,208,783	3,208,783	2,379,738	829,045
Excess (deficiency) of revenues over expenditures	(446,140)	(446,140)	195,719	641,859
Other financing sources (uses):				
ARPA funding revenue	-	-	112,410	(112,410)
Transfers in/(out)	(503,705)	(503,705)	(3,705)	(500,000)
Appropriations from fund balance	949,345	949,345	-	949,345
Total other financing sources (uses)	445,640	445,640	108,705	-
Net change in fund balance	(500)	(500)	304,424	641,859
Fund balance - beginning of year	1,260,141	1,260,141	1,260,141	1,260,141
Fund balance - end of year	<u>\$ 1,259,641</u>	<u>\$ 1,259,641</u>	<u>\$ 1,564,565</u>	<u>\$ 304,924</u>

KAMAS CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2025
with a measurement date of December 31, 2024
Last 10 fiscal years

		Noncontributory System	Public Safety System	Tier 2 Public Employee Retirement System
Proportion of the net pension liability/(asset)	2025	0.0250190%	0.0849912%	0.0071657%
	2024	0.0233872%	0.0837449%	0.0075309%
	2023	0.0240258%	0.0841597%	0.0053965%
	2022	0.0249202%	0.0852116%	0.0047676%
	2021	0.0241484%	0.0824841%	0.0054792%
	2020	0.0241582%	0.0823875%	0.0061856%
	2019	0.0229475%	0.0790177%	0.0045793%
	2018	0.0234956%	0.0665719%	0.0013651%
	2017	0.0251833%	0.0681446%	0.0000000%
	2016	0.0250880%	0.0637445%	0.0000000%
Proportion share of the net pension liability/(asset)	2025 \$	79,338	\$ 131,507	\$ 21,371
	2024 \$	54,248	\$ 119,769	\$ 14,658
	2023 \$	41,150	\$ 108,825	\$ 5,876
	2022 \$	(142,721)	\$ (69,204)	\$ (2,018)
	2021 \$	12,387	\$ 68,482	\$ 788
	2020 \$	91,049	\$ 132,283	\$ 1,391
	2019 \$	168,979	\$ 203,280	\$ 1,961
	2018 \$	102,941	\$ 104,429	\$ 120
	2017 \$	161,708	\$ 138,284	\$ -
	2016 \$	141,960	\$ 114,182	\$ -
Covered employee payroll	2025 \$	243,997	\$ 173,190	\$ 212,446
	2024 \$	226,439	\$ 163,509	\$ 194,698
	2023 \$	235,841	\$ 152,131	\$ 117,301
	2022 \$	235,468	\$ 142,404	\$ 88,493
	2021 \$	220,912	\$ 136,635	\$ 87,595
	2020 \$	212,932	\$ 132,652	\$ 85,941
	2019 \$	203,930	\$ 123,982	\$ 53,186
	2018 \$	217,678	\$ 103,972	\$ 13,213
	2017 \$	234,235	\$ 104,544	\$ -
	2016 \$	224,203	\$ 96,362	\$ -

See accompanying notes to required supplementary information

KAMAS CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2025
with a measurement date of December 31, 2024
Last 10 fiscal years

		Noncontributory System	Public Safety System	Tier 2 Public Employee Retirement System
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	2025	32.52%	75.93%	10.06%
	2024	17.45%	71.53%	5.01%
	2023	-60.61%	-48.60%	-2.28%
	2022	5.61%	50.12%	0.90%
	2021	42.76%	99.72%	1.62%
	2020	82.86%	163.98%	3.69%
	2019	47.29%	100.44%	0.91%
	2018	69.04%	132.27%	0.00%
	2017	63.32%	118.49%	0.00%
	2016	49.50%	104.30%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	2025	96.02%	93.30%	87.44%
	2024	97.50%	93.60%	92.30%
	2023	108.70%	104.20%	103.80%
	2022	99.20%	95.50%	98.30%
	2021	93.70%	90.90%	96.50%
	2020	87.00%	84.70%	90.80%
	2019	91.90%	90.20%	97.40%
	2018	87.30%	86.50%	0.00%
	2017	87.80%	87.10%	0.00%
	2016	90.20%	90.50%	0.00%

See accompanying notes to required supplementary information

KAMAS CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2025
with a measurement date of December 31, 2024
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	41,381	41,381	-	224,991	18.39%
	2017	44,277	44,277	-	242,590	18.25%
	2018	35,450	35,450	-	197,585	17.94%
	2019	37,209	37,209	-	206,722	18.00%
	2020	38,207	38,207	-	216,408	17.66%
	2021	39,074	39,074	-	224,847	17.38%
	2022	42,491	42,491	-	244,326	17.39%
	2023	35,708	35,708	-	219,359	16.28%
	2024	37,471	37,471	-	237,008	15.81%
	2025	37,892	37,892	-	255,068	14.86%
Public Safety System	2016	36,054	36,054	-	105,916	34.04%
	2017	36,061	36,061	-	103,845	34.73%
	2018	38,220	38,220	-	112,280	34.04%
	2019	44,486	44,486	-	130,686	34.04%
	2020	45,824	45,824	-	134,618	34.04%
	2021	47,198	47,198	-	138,653	34.04%
	2022	49,774	49,774	-	146,221	34.04%
	2023	53,775	53,775	-	157,976	34.04%
	2024	57,542	57,542	-	169,042	34.04%
	2025	62,574	62,574	-	186,565	33.54%
Tier 2 Public Employee System*	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	4,950	4,950	-	32,718	15.13%
	2019	11,316	11,316	-	72,822	15.54%
	2020	13,924	13,924	-	88,912	15.66%
	2021	13,812	13,812	-	87,418	15.80%
	2022	14,923	14,923	-	92,861	16.07%
	2023	25,008	25,008	-	156,205	16.01%
	2024	35,309	35,309	-	220,545	16.01%
	2025	29,901	29,901	-	196,849	15.19%
Tier 2 DC Public Employees System	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
	2021	-	-	-	-	0.00%
	2022	-	-	-	-	0.00%
	2023	-	-	-	-	0.00%
	2024	502	502	-	8,114	6.19%
	2025	3,266	3,266	-	62,923	5.19%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contribution in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

See accompanying notes to required supplementary information

KAMAS CITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2025

Changes in Assumptions:

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

AUDITOR'S REPORTS



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

To the Mayor and City Council of
Kamas City

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Kamas City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Kamas City's basic financial statements, and have issued our report thereon dated December 5, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Child Richards CPAs & Advisors

Ogden, Utah
December 5, 2025



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

To the Mayor and City Council of
Kamas City

Report On Compliance

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

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

Budgetary Compliance	Fund Balance
Restricted Taxes and Related Restricted Revenue	Fraud Risk Assessment
Governmental Fees	Tax Levy Revenue Recognition

Opinion on Compliance

In our opinion, Kamas 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 Kamas 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 Kamas 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 Kamas 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 Kamas 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 Kamas 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 Kamas City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Kamas 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 Kamas City's internal control over compliance. Accordingly, no such opinion is expressed.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guide and which is described in the accompanying schedule of findings as item 2025-001. Our opinion on compliance is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control over Compliance

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. We noted other matters that we reported to management of the City in a separate letter dated December 5, 2025.

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

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

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

Child Richards CPAs & Advisors

Ogden, Utah
December 5, 2025

**KAMAS CITY
SCHEDULE OF FINDINGS
JUNE 30, 2025**

2025-01: Impact Fees

Criteria: Per state compliance, impact fee proceeds should be used in a timely manner and reasons for holding fees longer than six years should be appropriate and documented.

Condition: Road and park impact fees have been held for longer than six years with no plan stating the use of the funds.

Cause: Road and park impact fees have been held longer than six years.

Effect: There is no effect on the financial statements. The City is noncompliant with the Utah Code.

Recommendation: We recommend that the City have a plan for the use of the aged impact fees, such as a capital facilities plan, which includes how the impact fees will be spent and the timeline in which they will be spent.

Management's Response: The City is updating its capital facilities plan. Once the plan is completed the City will work towards completing the necessary projects within an 18-month time frame to eliminate the impact fee funds that are older than six years.