

Vineyard City
Utah County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

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Vineyard City
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June 30, 2025

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GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
Vineyard, Utah

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Vineyard City, Utah (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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, business-type activities, each major fund, and the aggregate remaining fund information of the Vineyard 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 the Vineyard 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the Vineyard 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 responsibility is to express opinions on these financial statements based on our audit. We conducted our objectives 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

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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 Vineyard'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 Vineyard's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, rating of City's roads, and the required supplementary information regarding pensions, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements, budgetary comparisons, as listed as supplemental information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the combining statements, and budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Provo, Utah
December 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

*Total net position for the City as a whole increased by \$16,094,492

*Total unrestricted net position for the City as a whole increased by \$7,496,268

*Total net position for governmental activities increased by \$15,748,117

*Total net position for business-type activities increased by \$346,375

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

The City maintains three major governmental funds, the general fund, redevelopment agency fund, and capital projects fund.

The City adopts an annual appropriated budget for all its funds. Budgetary comparison schedules have been provided to demonstrate legal compliance with the adopted budget for the general fund and redevelopment agency fund.

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

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

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

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

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

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

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

FINANCIAL ANALYSIS

Vineyard City's Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current and other assets	\$ 26,385,275	14,216,531	8,833,330	5,844,638	35,218,605	20,061,169
Non-current assets	138,447,354	139,282,068	51,868,757	55,549,309	190,316,110	194,831,377
Deferred outflows	537,483	468,314	246,195	214,511	783,678	682,825
Total assets and deferred outflows	165,370,112	153,966,913	60,948,282	61,608,458	226,318,394	215,575,371
Long-term liabilities	\$ 71,385,732	75,773,985	17,951,493	18,242,516	89,337,225	94,016,501
Current liabilities	5,450,837	6,461,002	6,188,843	6,905,517	11,639,680	13,366,519
Deferred inflows	4,384,540	3,331,039	2,836	1,691	4,387,376	3,332,730
Total liabilities and deferred inflows	81,221,109	85,566,026	24,143,172	25,149,724	105,364,281	110,715,750
Net position:						
Net investment in						
capital assets	60,421,254	56,681,965	30,175,844	27,185,266	90,597,099	83,867,231
Restricted	3,073,591	2,180,918	3,890,212	2,914,529	6,963,803	5,095,447
Unrestricted	20,654,157	9,538,004	2,739,053	6,358,939	23,393,211	15,896,943
Total net position	\$ 84,149,003	68,400,886	36,805,110	36,458,734	120,954,112	104,859,621

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$120,954,112, an increase of \$16,094,492 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$23,393,211, which represents an increase of \$7,496,268 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

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

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

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

FINANCIAL ANALYSIS (continued)

Vineyard City's Change in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Program revenues:						
Charges for services	\$ 2,427,998	2,255,282	6,813,250	5,865,679	9,241,248	8,120,961
Operating grants	686,283	551,879	-	-	686,283	551,879
Capital grants	12,109,042	4,224,671	1,734,141	7,047,720	13,843,183	11,272,391
General revenues:						
Property taxes	14,899,351	13,079,429	-	-	14,899,351	13,079,429
Sales tax	3,604,684	3,204,125	-	-	3,604,684	3,204,125
Other taxes	1,686,066	1,420,132	-	-	1,686,066	1,420,132
Other revenues	2,569,421	2,468,568	219,541	426,802	2,788,962	2,895,370
Total revenues	37,982,845	27,204,086	8,766,932	13,340,201	46,749,777	40,544,287
Expenses:						
General government	10,469,679	9,890,434	-	-	10,469,679	9,890,434
Public safety	5,901,411	4,660,062	-	-	5,901,411	4,660,062
Highways and public works	2,530,611	2,333,875	-	-	2,530,611	2,333,875
Parks and recreation	1,183,902	1,246,940	-	-	1,183,902	1,246,940
Interest on long-term debt	2,064,588	2,254,922	-	-	2,064,588	2,254,922
Water	-	-	3,454,476	2,967,454	3,454,476	2,967,454
Sewer	-	-	3,584,183	2,000,229	3,584,183	2,000,229
Storm water	-	-	648,231	424,460	648,231	424,460
Transportation	-	-	818,204	305,185	818,204	305,185
Total expenses	22,150,191	20,386,233	8,505,094	5,697,328	30,655,285	26,083,561
Transfers in (out)	(84,538)	288,621	84,538	(288,621)	-	-
Change in net position	\$ 15,748,116	7,106,474	346,375	7,354,252	16,094,492	14,460,727

For the City as a whole, total revenues increased by \$6,205,490 compared to the previous year, while total expenses increased by \$4,571,724. The total net change of \$16,094,492 is, in private sector terms, the net income for the year which is \$1,633,765 more than the previous year.

Governmental activities revenues of \$37,982,845 is an increase of \$10,778,759 from the previous year. This is primarily due to increases in capital contributions and property tax revenues during the year. Governmental activities expenses of \$22,150,191 is an increase of \$1,763,958 from the previous year. While parks and recreation expenses decreased during the year, expenses across all other departments increased during the year.

Business-type activities revenue of \$8,766,932 is a decrease of \$4,573,269 from the previous year. Service revenues increased by \$947,571 and capital grants decreased by \$5,313,579. Business-type activities expenses of \$8,505,094 is an increase of \$2,807,766 from the previous year. This is due to an overall increase in operation expenses.

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

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$5,026,056 reflects an increase of \$1,042,317 from the previous year. Revenues increased by \$2,729,261. Taxes increased by \$1,955,326. Intergovernmental revenues increased by \$134,404. License and permits revenue decreased by \$166,919. Charges for services revenue increased by \$340,034. All other revenues increased by a net of \$466,416.

Total expenditures, excluding transfers out, increased by \$1,890,144. Current expenditure changes by department were as follows: general government increased by \$281,601; public safety increased by \$1,424,095; highways and public works decreased by \$24,841; and parks and recreation increased by \$209,289.

Redevelopment Agency Fund

The fund balance of \$18,161,593 reflects a decrease of \$3,823,518. Total revenues, excluding transfers, increased by \$8,956, while total expenditures increased by \$140,628.

Water Fund

Net operating income was \$875,186 compared to the previous year net operating income of \$1,139,579. The change in net position was \$793,073, compared to the previous year's net change of \$3,917,754.

Net position restricted for construction is \$2,446,065. The unrestricted net position is \$1,201,310.

Sewer Fund

Net operating loss was \$817,759 compared to the previous year net operating loss of \$225,248. The change in net position was \$405,988, compared to the previous year's net change of \$1,698,488.

Net position restricted for construction is \$1,444,147. The unrestricted net position is \$1,077,517.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$11,694,908. The final budget was \$12,760,674. Actual revenues, excluding transfers, amounted to \$14,162,332, which was \$1,401,658 more than budgeted.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$11,997,121. The final budget was \$12,036,932. Actual expenditures amounted to \$10,953,463, which was \$1,083,469 less than budgeted.

Transfers out for the year were originally budgeted in the amount of \$1,743,459. The final budget for transfers out was for the amount of \$2,050,118. Actual transfers out were made in the amount of \$2,568,554.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Vineyard City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land and water rights	\$ 15,328,207	15,328,207	826,575	724,075	16,154,782	16,052,282
Buildings	4,539,083	4,539,083	-	-	4,539,083	4,539,083
Improvements other than buildings	1,108,512	720,001	-	-	1,108,512	720,001
Machinery and equipment	3,343,811	2,954,284	65,500	65,500	3,409,310	3,019,784
Infrastructure	82,130,777	81,130,715	-	-	82,130,777	81,130,715
Water system	-	-	16,188,315	15,794,310	16,188,315	15,794,310
Sewer system	-	-	16,811,588	16,251,251	16,811,588	16,251,251
Storm water	-	-	8,630,577	7,973,369	8,630,577	7,973,369
Construction in progress	24,741,980	20,763,304	12,451,170	10,264,698	37,193,150	31,028,002
 Total	 131,192,369	 125,435,593	 54,973,725	 51,073,203	 186,166,094	 176,508,796
 Less accum. depreciation	 (17,940,333)	 (15,214,439)	 (7,026,566)	 (5,759,792)	 (24,966,899)	 (20,974,230)
 Net Capital Assets	 \$ 113,252,036	 110,221,154	 47,947,160	 45,313,412	 161,199,195	 155,534,566

The total amount of capital assets, net of depreciation, of \$161,199,195 is an increase of \$5,664,629 from the previous year.

Governmental activities capital assets, net of depreciation, of \$113,252,036 is an increase of \$3,030,882 from the previous year.

Business-type activities capital assets, net of depreciation, of \$47,947,160 is an increase of \$2,633,748 from the previous year.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Vineyard City's Outstanding Long-term Liabilities

	Current Year	Previous Year
Governmental activities:		
2016 Tax Increment Revenue Bond	\$ 3,250,318	4,806,510
2017 RDA Bond	19,776,000	19,776,000
2021 RDA Tax Increment Rev and Refund	33,075,000	35,930,000
Premiums	7,782,233	8,152,816
Leases payable	1,114,745	864,895
Notes Payable - Developers	5,994,078	5,994,078
Total governmental	\$ 70,992,374	75,524,299
Business-type activities:		
2023 Water and Sewer Revenue Bonds	\$ 13,970,000	14,200,000
Premiums	895,195	927,166
Discounts	(56,922)	(58,955)
Note Payable - Developer	2,963,042	3,355,726
Total business-type	\$ 17,771,315	18,423,937
Total outstanding debt	\$ 88,763,689	93,948,237

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Vineyard City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the City Finance Director, Vineyard City, 125 South Main Street, Vineyard, UT 84059.

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BASIC FINANCIAL STATEMENTS

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Vineyard City
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 20,666,628	8,113,352	28,779,979
Accounts receivable, net	5,671,066	719,978	6,391,044
Prepaid items	47,581	-	47,581
Total current assets	<u>26,385,275</u>	<u>8,833,330</u>	<u>35,218,605</u>
Non-current assets:			
Restricted cash and cash equivalents	25,195,318	3,890,212	29,085,530
Capital assets:			
Not being depreciated	40,070,186	13,277,745	53,347,932
Net of accumulated depreciation	73,181,849	34,669,414	107,851,264
Bond issuance costs - prepaid insurance	-	31,385	31,385
Total non-current assets	<u>138,447,354</u>	<u>51,868,757</u>	<u>190,316,110</u>
Total assets	<u>164,832,629</u>	<u>60,702,087</u>	<u>225,534,716</u>
Deferred outflows of resources - pensions	537,483	246,195	783,678
Total assets and deferred outflows of resources	<u>\$ 165,370,112</u>	<u>60,948,282</u>	<u>226,318,394</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 5,071,091	6,077,820	11,148,911
Accrued interest payable	379,746	111,023	490,769
Leases payable due within one year	171,083	-	171,083
Revenue bonds due within one year	4,591,477	240,000	4,831,477
Total current liabilities	<u>10,213,398</u>	<u>6,428,843</u>	<u>16,642,241</u>
Non-current liabilities:			
Notes payable	5,994,078	2,963,042	8,957,121
Leases payable due after one year	943,662	-	943,662
Revenue bonds due after one year	59,292,073	14,568,273	73,860,346
Net pension liability	393,358	180,178	573,536
Total non-current liabilities	<u>66,623,171</u>	<u>17,711,493</u>	<u>84,334,665</u>
Total liabilities	<u>76,836,569</u>	<u>24,140,336</u>	<u>100,976,906</u>
Deferred inflows of resources - property taxes	4,378,350	-	4,378,350
Deferred inflows of resources - pensions	6,190	2,836	9,026
Total liabilities and deferred inflows of resources	<u>81,221,109</u>	<u>24,143,172</u>	<u>105,364,281</u>
NET POSITION:			
Net investment in capital assets	60,421,254	30,175,844	90,597,099
Restricted for:			
Class C roads	-	-	-
Construction	3,073,591	3,890,212	6,963,803
Unrestricted	20,654,157	2,739,053	23,393,211
Total net position	<u>84,149,003</u>	<u>36,805,110</u>	<u>120,954,113</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 165,370,112</u>	<u>60,948,282</u>	<u>226,318,394</u>

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

Vineyard City
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 10,469,679	631,765	-	-	(9,837,914)
Public safety	5,901,411	300	-	-	(5,901,111)
Highways and public works	2,530,611	1,795,933	686,283	12,109,042	12,060,647
Parks and recreation	1,183,902	-	-	-	(1,183,902)
Interest on long-term debt	2,064,588	-	-	-	(2,064,588)
Total governmental activities	22,150,191	2,427,998	686,283	12,109,042	(6,926,868)
Business-type activities:					
Water	3,454,476	3,748,458	-	458,850	752,832
Sewer	3,584,183	2,701,846	-	618,083	(264,254)
Storm water	648,231	362,946	-	657,208	371,923
Transporation utility	818,204	-	-	-	(818,204)
Total business-type activities	8,505,094	6,813,250	-	1,734,141	42,296
Total primary government	\$ 30,655,285	9,241,248	686,283	13,843,183	(6,884,571)

(continued on next page)

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

Vineyard City
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2025

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (6,926,868)	42,296	(6,884,571)
General revenues:			
Property taxes	14,899,351	-	14,899,351
Sales tax	3,604,684	-	3,604,684
Other taxes	1,686,066	-	1,686,066
Unrestricted investment earnings	2,297,742	219,541	2,517,282
Gain (loss) on sale of capital assets	(10,751)	-	(10,751)
Insurance proceeds	120,667	-	120,667
Miscellaneous	161,763	-	161,763
Total general revenues	22,759,522	219,541	22,979,063
Transfers in (out)	(84,538)	84,538	-
Change in net position	15,748,116	346,375	16,094,492
Net position - beginning	68,400,886	36,458,734	104,859,620
Net position - ending	\$ 84,149,003	36,805,110	120,954,113

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

Vineyard City
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

			Nonmajor		
	General	Special	Capital	Special	Total
	Fund	Revenue	Projects	Revenue	Governmental
		RDA	Fund	Impact Fee	Funds
		Fund		Fund	
ASSETS					
Cash and cash equivalents	\$ 4,635,330	-	15,251,363	-	19,886,693
Accounts receivable, net of allowances	5,671,066	-	-	-	5,671,066
Prepaid items	47,581	-	-	-	47,581
Restricted cash and cash equivalents	-	22,065,775	-	3,129,543	25,195,318
TOTAL ASSETS	\$ 10,353,978	22,065,775	15,251,363	3,129,543	50,800,658
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities:					
Accounts payable	\$ 714,886	3,904,182	96,414	55,952	4,771,434
Accrued liabilities	148,766	-	-	-	148,766
Total liabilities	863,652	3,904,182	96,414	55,952	4,920,200
Deferred inflows of resources - property tax	4,464,270	-	-	-	4,464,270
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,327,922	3,904,182	96,414	55,952	9,384,470
FUND BALANCES:					
Restricted for:					
Impact fees	-	-	-	3,073,591	3,073,591
Redevelopment Agency	-	18,161,593	-	-	18,161,593
Class C roads	-	-	-	-	-
Assigned for:					
Capital projects	-	-	15,154,949	-	15,154,949
Unassigned	5,026,056	-	-	-	5,026,056
TOTAL FUND BALANCES	5,026,056	18,161,593	15,154,949	3,073,591	41,416,188
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,353,978	22,065,775	15,251,363	3,129,543	50,800,658

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

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

	General Fund	Special Revenue RDA Fund	Nonmajor		Total Governmental Funds
			Capital Projects Fund	Special Revenue Impact Fee Fund	
Revenues:					
Taxes:					
Property	\$ 4,972,219	9,975,057	-	-	14,947,276
Sales	3,604,684	-	-	-	3,604,684
Other taxes	1,686,066	-	-	-	1,686,066
License and permits	631,765	-	-	-	631,765
Intergovernmental revenues	686,283	216,402	10,000,000	-	10,902,684
Charges for services	1,795,933	-	-	-	1,795,933
Fines and forfeitures	300	-	-	-	300
Interest	623,319	1,647,366	-	27,057	2,297,742
Miscellaneous revenue	161,763	-	-	-	161,763
Total revenues	14,162,332	11,838,825	10,000,000	27,057	36,028,214
Expenditures:					
Current:					
General government	1,943,507	8,310,638	946,903	-	11,201,048
Public safety	6,062,675	-	-	-	6,062,675
Highways and public works	1,334,614	-	-	106,385	1,440,999
Parks and recreation	1,612,668	-	-	-	1,612,668
Debt service:					
Principal	-	4,411,192	7,747	-	4,418,939
Interest	-	2,466,510	-	-	2,466,510
Total expenditures	10,953,463	15,188,340	954,650	106,385	27,202,839
Excess (deficiency) of revenues over (under) expenditures	3,208,869	(3,349,515)	9,045,350	(79,329)	8,825,375
Other financing sources and (uses):					
Impact fees	-	-	-	1,005,950	1,005,950
Debt proceeds	-	-	42,680	-	42,680
Developer refunds	-	-	-	-	-
Transfers in	402,002	-	1,064,831	-	1,466,833
Transfers out	(2,568,554)	(474,002)	(3,000)	-	(3,045,556)
Total other financing sources and (uses)	(2,166,552)	(474,002)	1,104,511	1,005,950	(530,093)
Net change in fund balances	1,042,317	(3,823,518)	10,149,861	926,622	8,295,282
Fund balances - beginning of year	3,983,738	21,985,110	5,005,089	2,146,969	33,120,906
Fund balance - end of year	\$ 5,026,056	18,161,593	15,154,949	3,073,591	41,416,188

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

Vineyard City
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total Fund Balance for Governmental Funds	<u>\$ 41,416,188</u>
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:

Capital assets, at cost	128,688,441
Less accumulated depreciation	<u>(16,709,627)</u>
Net capital assets	<u>111,978,814</u>

Net pension asset	<u>-</u>
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Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>491,333</u>
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Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.

General long-term debt and notes	<u>(69,912,562)</u>
Interest accrued but not yet paid on long-term debt	<u>(379,746)</u>
Net pension liability	<u>(359,583)</u>

Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.

Deferred inflows of resources - delinquent property tax	<u>85,920</u>
Deferred inflows of resources - pensions	<u>(5,658)</u>

One internal service fund is used by management to charge the cost of vehicle replacement to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities of the statement of net position.

Internal service fund	<u>834,296</u>
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Total Net Position of Governmental Activities	<u><u>\$ 84,149,003</u></u>
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The notes to the financial statements are an integral part of this statement.

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 8,295,282</u>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays	4,523,239
Developer contributions	886,690
Depreciation expense	<u>(2,541,192)</u>
Net	<u>2,868,737</u>

The Statement of Activities show pension benefits, pension expenses, and non-employer contributions related GASB 68 that are not shown in the fund statements.

(70,389)

Book cost of assets retired

(14,751)

Long-term debt proceeds

(42,680)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Long-term debt principal repayments	4,418,939
Premium amortization	<u>370,583</u>

Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.

Change in accrued interest	<u>31,339</u>
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Governmental funds do not report certain revenues because these revenues are not available for current period expenses.

Change in deferred inflows of resources - delinquent property tax	<u>(47,926)</u>
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The City has entered into an agreement to pay back a developer for cost incurred developing a part of the City. The City is responsible to pay back a portion of each impact fee collected in that area. Governmental funds report the payments as expenditures. However, in the statement of activities, it used to pay down the long-term liability to the developer.

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An internal service fund is used by management to charge the cost of fleet management to individual funds. The net income of the internal service is reported within the governmental activities in the Statement of Activities.

Change in internal service fund	<u>(61,018)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 15,748,116</u></u>
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The notes to the financial statements are an integral part of this statement.

Vineyard City
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2025

	Water Fund	Sewer Fund	Storm Water Fund	Transportation Utility Fund	Total Utility Funds	Governmental Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS:						
Assets:						
Current assets:						
Cash and cash equivalents	\$ 6,117,443	1,256,129	165,884	573,896	8,113,352	779,935
Accounts receivable, net	401,713	270,113	48,152	-	719,978	-
Total current assets	6,519,156	1,526,242	214,036	573,896	8,833,330	779,935
Non-current assets:						
Restricted cash and cash equivalents	2,446,065	1,444,147	-	-	3,890,212	-
Bond issuance costs - prepaid insurance	28,247	3,139	-	-	31,385	-
Capital assets:						
Not being depreciated	13,262,080	15,665	-	-	13,277,745	-
Net of accumulated depreciation	14,350,956	12,399,175	7,919,284	-	34,669,414	1,273,221
Total non-current assets	30,087,348	13,862,125	7,919,284	-	51,868,757	1,273,221
Total assets	36,606,505	15,388,367	8,133,320	573,896	60,702,087	2,053,156
Deferred outflows of resources - pensions	101,333	54,687	47,066	43,109	246,195	46,150
Total assets and deferred outflows of resources	\$ 36,707,838	15,443,054	8,180,386	617,005	60,948,282	2,099,306
LIABILITIES AND DEFERRED INFLOWS:						
Liabilities:						
Current liabilities:						
Accounts payable	\$ 1,146,112	358,448	7,641	247,331	1,759,533	143,525
Accrued liabilities	2,182,717	96,347	7,075	88,799	2,374,938	7,366
Retainage payable	1,943,349	-	-	-	1,943,349	-
Accrued interest payable	99,921	11,102	-	-	111,023	-
Revenue bonds due within one year	216,000	24,000	-	-	240,000	-
Total current liabilities	5,588,099	489,898	14,716	336,130	6,428,843	150,891
Non-current liabilities:						
Notes payable	345,907	2,617,135	-	-	2,963,042	1,079,812
Revenue bonds due after one year	13,111,446	1,456,827	-	-	14,568,273	-
Net pension liability	74,160	40,023	34,446	31,549	180,178	33,775
Total non-current liabilities	13,531,513	4,113,985	34,446	31,549	17,711,493	1,113,587
Total liabilities	19,119,612	4,603,883	49,162	367,679	24,140,336	1,264,478
Deferred inflows of resources - pensions	1,167	630	542	497	2,836	532
Total liabilities and deferred inflows of resources	19,120,779	4,604,513	49,704	368,176	24,143,172	1,265,010
NET POSITION:						
Net investment in capital assets	13,939,683	8,316,878	7,919,284	-	30,175,844	193,409
Restricted for construction	2,446,065	1,444,147	-	-	3,890,212	-
Unrestricted	1,201,310	1,077,517	211,398	248,828	2,739,053	640,886
Total net position	17,587,058	10,838,541	8,130,682	248,828	36,805,110	834,296
Total liabilities and net position	\$ 36,707,838	15,443,054	8,180,386	617,005	60,948,282	2,099,306

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

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

	Water Fund	Sewer Fund	Storm Water Fund	Transportation Utility Fund	Total Utility Funds	Governmental Internal Service Fund
Operating income:						
Charges for sales and service	\$ 3,701,563	2,701,846	362,946	-	6,766,354	-
Connection fees	46,895	-	-	-	46,895	-
Total operating income	3,748,458	2,701,846	362,946	-	6,813,250	-
Operating expenses:						
Personnel services	677,593	391,836	360,168	333,397	1,762,993	334,959
Utilities	9,613	23,661	-	-	33,275	96,413
Repair and maintenance	131,034	231,724	-	60,356	423,114	129,524
Professional and technical	1,443,565	1,711,148	6,129	394,581	3,555,422	521,072
Other supplies and expenses	153,306	621,641	12,304	29,870	817,120	311,880
Bad debt expense	442	135	36	1	614	-
Depreciation expense	457,720	539,460	269,594	-	1,266,774	286,023
Total operating expense	2,873,272	3,519,605	648,231	818,204	7,859,312	1,679,871
Net operating income (loss)	875,186	(817,759)	(285,285)	(818,204)	(1,046,062)	(1,679,871)
Non-operating income (expense):						
Impact fees	64,845	118,303	-	-	183,148	-
Insurance proceeds	-	-	-	-	-	120,667
Gain (loss) on sale of capital assets	-	-	-	-	-	4,000
Interest income	219,541	-	-	-	219,541	-
Interest expense	(581,204)	(64,578)	-	-	(645,783)	-
Total non-operating income (expense)	(296,818)	53,725	-	-	(243,094)	124,667
Income (loss) before capital contributions and transfers	578,368	(764,034)	(285,285)	(818,204)	(1,289,156)	(1,555,203)
Developer contributions	394,005	499,780	657,208	-	1,550,993	-
Capital grants	-	-	-	-	-	-
Transfers in	-	-	570	772,419	772,989	1,494,185
Transfers out	(179,300)	(141,734)	(111,607)	(255,810)	(688,451)	-
Change in net position	793,073	(405,988)	260,886	(301,595)	346,375	(61,018)
Net position - beginning	16,793,985	11,244,529	7,869,796	550,423	36,458,734	895,314
Net position - ending	\$ 17,587,058	10,838,541	8,130,682	248,828	36,805,110	834,296

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

Vineyard City
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Storm Water Fund	Transportation Utility Fund	Total Utility Funds	Governmental Internal Service Fund
Cash flows from operating activities:						
Cash received from customers - service	\$ 3,693,921	2,662,297	355,619	(1)	6,711,836	-
Cash paid to suppliers	(3,572,118)	(2,252,716)	(29,563)	(257,322)	(6,111,718)	(953,837)
Cash paid to employees	(660,150)	(382,125)	(346,350)	(324,800)	(1,713,426)	(326,862)
Net cash provided (used) in operating activities	(538,348)	27,456	(20,294)	(582,123)	(1,113,308)	(1,280,699)
Cash flows from noncapital financing activities:						
Security deposits	20,883	-	-	-	20,883	-
Insurance proceeds	-	-	-	-	-	120,667
Net interfund activity	(179,300)	(141,734)	(111,037)	516,609	84,538	1,494,185
Net cash provided (used) in noncapital financing activities	(158,417)	(141,734)	(111,037)	516,609	105,421	1,614,852
Cash flows from capital and related financing activities:						
Cash received from impact fees	64,845	118,303	-	-	183,148	-
Cash received from capital grants	-	-	-	-	-	-
Cash from debt issued	778,071	86,452	-	-	864,523	-
Cash received from sale of capital assets	-	-	-	-	-	4,000
Cash payments for capital assets	(1,740,458)	(76,222)	-	-	(1,816,680)	(34,306)
Cash payments for debt principal	(217,059)	(109,833)	-	-	(326,892)	(213,695)
Cash payments for debt interest	(1,386,936)	(154,104)	-	-	(1,541,039)	-
Net cash provided (used) in capital and related financing activities	(2,501,537)	(135,404)	-	-	(2,636,940)	(244,002)
Cash flows from investing activities:						
Cash received from interest earned	219,541	-	-	-	219,541	-
Net cash provided (used) in investing activities	219,541	-	-	-	219,541	-
Net increase (decrease) in cash	(2,978,760)	(249,682)	(131,331)	(65,514)	(3,425,287)	90,152
Cash balance, beginning	11,542,269	2,949,958	297,215	639,409	15,428,851	689,783
Cash balance, ending	\$ 8,563,508	2,700,276	165,884	573,896	12,003,564	779,935
Cash reported on the statement of net position:						
Cash and cash equivalents	\$ 6,117,443	1,256,129	165,884	573,896	8,113,352	779,935
Non-current restricted cash	2,446,065	1,444,147	-	-	3,890,212	-
Total cash and cash equivalents	\$ 8,563,508	2,700,276	165,884	573,896	12,003,564	779,935

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

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

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

	Water Fund	Sewer Fund	Storm Water Fund	Transportation Utility Fund	Total Utility Funds	Governmental Internal Service Fund
Net operating income (expense)	\$ 875,186	(817,759)	(285,285)	(818,204)	(1,046,062)	(1,679,871)
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:						
Depreciation and amortization	457,720	539,460	269,594	-	1,266,774	286,023
Changes in assets and liabilities:						
(Increase) decrease in receivables	(54,096)	(39,414)	(7,290)	-	(100,800)	-
(Increase) decrease in deferred outflows	(13,041)	(7,038)	(6,057)	(5,548)	(31,684)	(5,939)
Increase (decrease) in payables	(1,834,601)	335,459	(11,131)	227,485	(1,282,787)	105,052
Increase (decrease) in payroll liabilities	2,926	1,877	7,075	2,420	14,298	1,485
Increase (decrease) in net pension liability	27,086	14,618	12,581	11,523	65,808	12,336
Increase (decrease) in deferred inflows	471	254	219	201	1,145	215
Net cash provided (used) in operating activities	<u><u>\$ (538,348)</u></u>	<u><u>27,456</u></u>	<u><u>(20,294)</u></u>	<u><u>(582,123)</u></u>	<u><u>(1,113,308)</u></u>	<u><u>(1,280,699)</u></u>
Noncash financing and investing activities:						
Developer Contributions	\$ 394,005	499,780	657,208	-	1,550,993	-

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

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Vineyard City (the City) a municipal corporation located in Utah County, Utah, operates under a Mayor Council form of government. The City was incorporated on May 11, 1989. The accompanying financial statements present their City and its component units, entities for which the City is considered to be financially accountable.

The City includes the financial statements of the Redevelopment Agency as a blended component unit and is reported in the Redevelopment Agency special revenue fund. This fund has substantively the same governing board as the primary government.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

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

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

Policy regarding use of restricted resources

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

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental fund:

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

The *redevelopment agency special revenue fund* accounts for the funds to finance the acquisition for land, construct culinary water projects and sanitary sewer projects, placement of dry utilities and other infrastructures, and construct roads.

The City reports the following nonmajor governmental funds:

The *capital projects fund* accounts for financial resources used for the acquisition or construction of the capital facilities of the City (other than those of the enterprise funds).

The *impact fees special revenue fund* is used to account for the activity collection and use of impact fees.

Proprietary funds

The City reports the following major proprietary funds:

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

The *sewer fund* is used to account for the activities regarding the operations of the sewer system collection and disposal system.

The *storm water fund* is used to account for the activities regarding the operations of the storm water system.

The *transportation utility fund* is used to account for the operations of the transportation activity.

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

1-E-1. Deposit and Investments

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 3.

1-E-2. Cash and Cash Equivalents

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

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-E-3. *Receivables and Payables*

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

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

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

1-E-4. *Restricted Assets*

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

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

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

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

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

1-E-6. *Deferred Outflows/Inflows of Resources*

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

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-E-6. Deferred Outflows/Inflows of Resources (continued)

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

1-E-7. Pensions

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

1-E-8. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30-50
Utility systems	20-40
Infrastructure	15-40
Vehicles and equipment	5-10

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-E-9. Long-term Obligations

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

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

1-E-10. Net position flow assumption

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

1-E-11. Fund balance flow assumptions

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

1-E-12. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Council may also assign fund balance, as it does when appropriating fund balance, to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

1-F. Estimates

The preparation of financial statements, in accordance with generally accepted accounting principles (GAAP), requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

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

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

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

2-B. Deficit fund net assets

None of the City's funds have deficit balances.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

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

	Fair Value
Demand deposits	\$ 9,807,632
Investments - PTIF	48,057,878
Total cash	<u>\$ 57,865,509</u>

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

Cash and cash equivalents (current)	\$ 28,779,979
Restricted cash and cash equivalents (non-current)	29,085,530
Total cash and cash equivalents	<u>\$ 57,865,509</u>

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

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

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

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-A. Deposits and investments (continued)

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2025, the City's investments in PTIF had an approximate fair value of \$48,057,878. The PTIF uses a Level 2 fair value measurement.

Deposit and Investment Risk

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

Interest rate risk

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

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2025, \$688,816 of the City's demand deposits are covered by FDIC insurance.

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

Concentration of credit risk

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

3-B. Receivables

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

	General Fund	RDA Fund	Water Fund	Sewer Fund	Storm Water Fund	Transp- ortation Fund	Total
Customers, current	\$ 67,498	-	401,713	270,113	48,152	-	787,476
Property tax	5,603,568	-	-	-	-	-	5,603,568
Total receivables	\$ 5,671,066	-	401,713	270,113	48,152	-	6,391,044

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land and land rights	\$ 15,328,207	-	-	15,328,207
Construction in progress	20,763,304	3,978,676	-	24,741,980
Total capital assets, not being depreciated	36,091,511	3,978,676	-	40,070,186
Capital assets, being depreciated:				
Buildings	4,539,083	-	-	4,539,083
Improvements other than buildings	720,001	388,511	-	1,108,512
Machinery and equipment	2,954,284	505,598	116,072	3,343,811
City Infrastructure	62,323,131	1,000,062	-	63,323,193
RDA Infrastructure	18,807,584	-	-	18,807,584
Total capital assets, being depreciated	89,344,082	1,894,172	116,072	91,122,183
Less accumulated depreciation for:				
Buildings	796,691	128,281	-	924,972
Improvements other than buildings	91,256	42,036	-	133,293
Machinery and equipment	1,802,098	314,425	101,321	2,015,202
City Infrastructure	10,173,445	1,872,283	-	12,045,728
RDA Infrastructure	2,350,948	470,190	-	2,821,138
Total accumulated depreciation	15,214,439	2,827,216	101,321	17,940,333
Total capital assets being depreciated, net	74,129,643	(933,044)	14,751	73,181,849
Governmental activities capital assets, net	\$ 110,221,154	3,045,632	14,751	113,252,036

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

Governmental activities:	
General government	\$ 1,507,507
Public safety	48,660
Highways and public improvements	1,222,794
Parks, recreation and public property	48,254
Total	\$ 2,827,216

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital Assets (continued)

Capital asset activity for the business-type activities for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land and water shares	\$ 724,075	102,500	-	826,575
Construction in progress	10,264,698	2,186,472	-	12,451,170
Total capital assets, not being depreciated	10,988,773	2,288,972	-	13,277,745
Capital assets, being depreciated:				
Water system	15,794,310	394,005	-	16,188,315
Sewer system	16,251,251	560,337	-	16,811,588
Storm water	7,973,369	657,208	-	8,630,577
Equipment	65,500	-	-	65,500
Total capital assets, being depreciated	40,084,430	1,611,550	-	41,695,980
Less accumulated depreciation for:				
Water system	1,379,639	457,720	-	1,837,359
Sewer system	3,872,953	539,460	-	4,412,413
Storm water	460,461	265,840	-	726,301
Equipment	46,738	3,754	-	50,493
Total accumulated depreciation	5,759,792	1,266,774	-	7,026,566
Total capital assets being depreciated, net	34,324,639	344,776	-	34,669,414
Business-type activities capital assets, net	\$ 45,313,412	2,633,748	-	47,947,160

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

Business-type activities:	
Water	\$ 457,720
Sewer	539,460
Storm Water	269,594
Total	\$ 1,266,774

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt

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

Governmental activities:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2016 Tax Increment Revenue Bond							
Matures 2025	\$ 16,150,000	3.00	\$ 4,806,510	-	1,556,192	3,250,318	1,601,477
2017 RDA Bond							
Matures 2036	30,624,000	2.97	19,776,000	-	-	19,776,000	-
2021 RDA Tax Increment Rev and Refund							
Matures 2046	44,065,000	5.00	35,930,000	-	2,855,000	33,075,000	2,990,000
Premiums			8,152,816	-	370,583	7,782,233	-
Total bonds payable			68,665,326	-	4,781,775	63,883,551	4,591,477
Leases payable		VAR	864,895	471,292	221,442	1,114,745	171,083
Notes Payable - Developers	8,110,267	-	5,994,078	-	-	5,994,078	-
Total governmental activity long-term liabilities			\$ 75,524,299	471,292	5,003,217	70,992,374	4,762,561

Business-type activities:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2023 Water and Sewer Revenue Bonds							
Matures 5/1/2053	\$ 14,350,000	1.00	\$ 14,200,000	-	230,000	13,970,000	240,000
Premiums			927,166	959,137	991,108	895,195	-
Discounts			(58,955)	(60,988)	63,020	(56,922)	-
Total bonds payable			15,068,211	898,150	1,284,129	14,808,273	240,000
Notes Payable - Developers	8,731,111	-	3,355,726	-	392,684	2,963,042	-
Total business-type activity long-term liabilities			\$ 18,423,937	898,150	1,676,813	17,771,315	240,000

Notes Payable - During the 2013 fiscal year, the City entered into an agreement to reimburse The Homestead, a developer, for work performed. The developer placed culinary water and sanitary sewer pipes, constructed roads, and storm drains. The City has agreed to reimburse the developer with a percentage of impact fees that are collected for the area the work was performed. Because reimbursement is contingent upon impact fees collected, there is no amortization schedule for this note.

Tax Increment Revenue Bonds - During 2018, the City refinanced the bond to lower the interest rate and increase the principal balance to the originally financed amount. The bond was originally issued to finance the removal and relocation of the UPRR rail spur that currently fronts Geneva road. This project will clean up the Geneva Road corridor and allow more access off Geneva Road. The additional principal will finance infrastructure projects as approved projects for the funding. Principal and interest payments are to be made annually on May 1st.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt (continued)

2017 RDA Bonds – During 2018, the City issued a bond to finance environmental remediation and infrastructure construction. The City plans to expend the money over 3 to 5 years to allow the development north of 800 North to move forward.

Debt service requirements to maturity are as follows:

	Governmental Bonds			Business-type Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 4,591,477	2,278,475	6,869,952	\$ 240,000	666,138	906,138
2027	4,787,138	2,082,372	6,869,510	250,000	654,138	904,138
2028	3,378,703	1,877,336	5,256,039	265,000	641,638	906,638
2029	3,501,000	1,727,384	5,228,384	280,000	628,388	908,388
2030	3,649,000	1,571,458	5,220,458	290,000	614,388	904,388
2031 - 2035	20,538,000	5,451,142	25,989,142	1,685,000	2,839,188	4,524,188
2036 - 2040	11,186,000	2,538,400	13,724,400	2,155,000	2,373,188	4,528,188
2041 - 2045	4,280,000	584,400	4,864,400	2,755,000	1,775,500	4,530,500
2046 - 2049	190,000	7,600	197,600	3,535,000	992,188	4,527,188
2050 - 2053	-	-	-	2,515,000	203,800	2,718,800
Total	\$ 56,101,318	17,526,567	74,219,886	\$ 13,970,000	8,417,063	25,358,550

	Leases		
	Principal	Interest	Total
2026	\$ 171,083	36,827	207,911
2027	398,486	33,216	431,702
2028	415,403	18,352	433,755
2029	108,141	6,816	114,957
2030	21,632	1,395	23,027
Total	\$ 1,114,745	96,606	1,211,351

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-E. Tax Abatements—City (Including Redevelopment Agency)

Vineyard City, including its blended component unit, the Vineyard Redevelopment Agency (“RDA”), enters into tax abatement agreements with private entities under Tax Increment Financing (TIF) arrangements authorized by Utah Code Title 17 C and by the adopted Geneva Urban Renewal Project Area Plan and Budget.

Under these agreements, the RDA agrees to redirect a portion of the incremental property tax revenue generated within designated project areas to reimburse developers or participating entities for eligible redevelopment activities, including infrastructure improvements, environmental site remediation, and other eligible costs. The purpose of these programs is to encourage redevelopment of the former Geneva Steel Mill industrial site to foster economic development, housing, and job creation.

Nature of the Taxes Abated

The agreements reduce the amount of property tax revenue that would otherwise be received by Vineyard City during the life of the project area and specific participation agreements.

Criteria & Mechanics

Participating entities qualify for reimbursement if they meet criteria established in their agreements, which may include:

- Construction of public infrastructure in the project area
- Environmental site remediation of the site
- Other requirements as approved by the RDA Board

Each agreement provides for reimbursement of actual approved costs up to a percentage of the available and actual tax increment generated by the project. Each phase in the project area generates tax increment for a period of 25 years.

Amount of Taxes Abated

For the fiscal year ended June 30, 2025, Vineyard City’s share of property tax revenue abated under its own tax-increment agreements totaled \$3,106,689.

City Commitments

Under certain agreements, the City/RDA has committed to reimburse certain actual costs of construction for public infrastructure and environmental remediation costs over time from the available tax increment revenues.

The total amount of such commitments outstanding at year-end is \$8,270,525.

Recapture Provisions

The agreements do not include recapture (“clawback”) provisions if participating entities fail to meet performance requirements because payments of reimbursement are paid on a post-performance basis after work has been completed to the city’s satisfaction.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-F. Interfund receivable, payables, and transfers

Interfund transfers:

	Transfers In	Transfers Out
General Fund	\$ 402,002	2,568,554
Special Revenue RDA Fund	-	474,002
Capital Projects Fund	1,064,831	3,000
Water Fund	-	179,300
Sewer Fund	-	141,734
Storm Water Fund	570	111,607
Transportation Utility Fund	772,419	255,810
Governmental Internal Service Fund	1,494,185	-
Total	\$3,734,007	3,734,007

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

NOTE 4 - OTHER INFORMATION

4-A. Risk management

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

4-B. Rounding Convention

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

4-C. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 10, 2025, the date the financial statements were available to be used.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-D. Pension Plans

General Information about the Pension Plan

Plan description:

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

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

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

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

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

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

Benefits provided:

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

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

* with actuarial reductions

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

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-D. Pension Plans (continued)

Contributions:

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

Contribution rates are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 2	-	15.19	0.70
Noncontributory System			
15 - Local Government Div - Tier 1	-	16.97	-
Tier 2 DC Only			
211 - Local Government	-	5.19	10.00

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 114,080	-
Tier 2 Public Employees System	291,334	13,451
Tier 2 DC Only System	38,407	-
Total Contributions	\$ 443,821	13,451

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

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

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$573,536.

	(Measurement Date): December 31, 2024			Proportionate	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Shre 12/31/2023	Increase (Decrease)
Noncontributory System	\$ -	\$ 392,349	0.1237259%	0.1174480%	0.0062779%
Tier 2 Public Employees System	-	181,187	0.0607524%	0.0470757%	0.0136767%
Total	\$ -	\$ 573,536			

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-D. Pension Plans (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 recognize pension expense of \$555,114.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 312,112	\$ 1,248
Changes in assumptions	92,969	19
Net difference between projected and actual earnings on pension plan investments	129,762	-
Changes in proportion and difference between contributions	28,163	7,759
Contributions subsequent to the measurement date	220,672	-
Total	\$ 783,678	\$ 9,026

\$220,672 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2025	\$ 242,111
2026	247,013
2027	(33,997)
2028	8,460
2029	40,436
Thereafter	49,958

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-D. Pension Plans (continued)

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

For the year ended June 30, 2025, we recognize pension expense of \$357,289.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 233,784	\$ -
Changes in assumptions	32,454	-
Net difference between projected and actual earnings on	118,182	-
Changes in proportion and difference between	-	5,057
Contributions subsequent to the measurement date	51,941	-
Total	\$ 436,361	\$ 5,057

\$51,941 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2025	\$ 221,288
2026	214,786
2027	(47,954)
2028	(8,757)
2029	-
Thereafter	-

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-D. Pension Plans (continued)

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

For the year ended June 30, 2025, we recognize pension expense of \$197,825.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 78,329	\$ 1,248
Changes in assumptions	60,514	19
Net difference between projected and actual earnings on	11,581	-
Changes in proportion and difference between	28,163	2,702
Contributions subsequent to the measurement date	168,731	-
Total	\$ 347,318	\$ 3,969

\$168,731 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2025	\$ 20,823
2026	32,227
2027	13,958
2028	17,217
2029	40,436
Thereafter	49,958

Actuarial assumptions:

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

Inflation	2.50 Percent
Salary increases	3.50 - 9.50 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-D. Pension Plans (continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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:

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

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

Discount rate:

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-D. Pension Plans (continued)

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 1,659,314	392,349	(670,225)
Tier 2 Public Employees System	541,163	181,187	(98,838)
Total	\$ 2,200,477	573,536	(769,063)

Pension plan fiduciary net position:

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

Defined Contribution Savings Plan:

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

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

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

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

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 299,372	\$ 228,485	\$ 218,464
Employee Contributions	137,142	66,509	86,388
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	7,119	62,767	33,325
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 9,150	\$ 6,285	\$ 1,710

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Vineyard City
Notes to Required Supplementary Information
June 30, 2025

Budgetary Comparison Schedules

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

Budgeting and Budgetary Control

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

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

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2025, actual expenditures were under budgeted amounts.

Changes in Assumptions Related to Pensions

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

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

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 8,733,636	9,744,636	10,262,969	518,333
Licenses and permits	915,000	915,000	631,765	(283,235)
Intergovernmental revenues	495,000	495,000	686,283	191,283
Charges for services	1,330,300	1,380,300	1,795,933	415,633
Fines and forfeitures	1,000	1,000	300	(700)
Interest	150,000	150,000	623,319	473,319
Miscellaneous revenue	69,972	74,738	161,763	87,025
Total revenues	11,694,908	12,760,674	14,162,332	1,401,658
Expenditures				
General government	2,328,984	2,358,419	1,943,507	414,913
Public safety	6,255,126	6,254,823	6,062,675	192,148
Streets and public works	1,614,142	1,626,338	1,334,614	291,724
Parks and recreation	1,798,869	1,797,352	1,612,668	184,684
Total expenditures	11,997,121	12,036,932	10,953,463	1,083,469
Excess (deficiency) of revenues over (under) expenditures	(302,213)	723,742	3,208,869	2,485,127
Other financing sources and (uses)				
Transfers in	1,275,323	1,323,366	402,002	(921,364)
Transfers out	(1,743,459)	(2,050,118)	(2,568,554)	(518,436)
Total other financing sources and (uses)	(468,136)	(726,752)	(2,166,552)	(1,439,800)
Net change in fund balances	(770,349)	(3,010)	1,042,317	1,045,328
Fund balances - beginning of year	3,983,738	3,983,738	3,983,738	-
Fund balances - end of year	\$ 3,213,389	3,980,728	5,026,056	1,045,328

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

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 10,937,500	9,975,057	9,975,057	-
Intergovernmental	11,000,000	3,000,000	216,402	(2,783,598)
Interest	1,000,000	1,800,000	1,647,366	(152,634)
Miscellaneous	-	-	-	-
Total revenues	22,937,500	14,775,057	11,838,825	(2,936,232)
Expenditures				
General government	25,893,388	29,408,462	8,310,638	21,097,824
Debt service	6,877,703	6,877,703	6,877,702	1
Total expenditures	32,771,091	36,286,165	15,188,340	21,097,825
Excess (deficiency) of revenues over (under) expenditures	(9,833,591)	(21,511,108)	(3,349,515)	18,161,593
Other financing sources and (uses):				
Transfers out	(512,500)	(474,002)	(474,002)	-
Total other financing sources and (uses)	(512,500)	(474,002)	(474,002)	-
Net change in fund balances	(10,346,091)	(21,985,110)	(3,823,518)	18,161,593
Fund balances - beginning of year	21,985,110	21,985,110	21,985,110	-
Fund balances - end of year	\$ 11,639,019	-	18,161,593	18,161,593

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

	Measurement Date of December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Noncontributory Retirement System										
Proportion of the net pension liability (asset)	0.1237259%	0.1174480%	0.1168548%	0.1170992%	0.1029930%	0.0907414%	0.0833720%	0.0716065%	0.0428454%	0.0267916%
Proportionate share of the net pension liability (asset)	\$ 392,349	\$ 272,428	\$ 200,143	\$ (670,640)	\$ 52,830	\$ 341,992	\$ 613,928	\$ 313,730	\$ 275,120	\$ 151,600
Covered employee payroll	\$ 706,027	\$ 743,463	\$ 721,882	\$ 759,009	\$ 693,618	\$ 609,211	\$ 559,233	\$ 455,983	\$ 327,325	\$ 200,661
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.57%	36.64%	27.73%	-88.36%	7.62%	56.14%	109.78%	68.80%	84.05%	75.55%
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.02%	96.90%	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%
Tier 2 Public Employee System										
Proportion of the net pension liability (asset)	0.0607524%	0.0470757%	0.0475008%	0.0585431%	0.0578405%	0.0580627%	0.0544800%	0.0573468%	0.0291848%	0.0164267%
Proportionate share of the net pension liability (asset)	\$ 181,187	\$ 91,627	\$ 51,723	\$ (24,778)	\$ 8,319	\$ 13,059	\$ 23,333	\$ 5,056	\$ 3,256	\$ (36)
Covered employee payroll	\$1,799,654	\$1,217,071	\$1,037,245	\$1,086,632	\$ 924,766	\$ 807,055	\$ 634,430	\$ 561,104	\$ 239,338	\$ 106,132
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.07%	7.53%	4.99%	-2.28%	0.90%	1.62%	3.68%	0.90%	1.36%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability (asset)	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%

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

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory Retirement System	2016	\$ 47,587	\$ 47,587	\$ -	\$ 248,853	19.12%
	2017	62,955	62,955	-	396,016	15.90%
	2018	88,415	88,415	-	487,369	18.14%
	2019	109,613	109,613	-	608,988	18.00%
	2020	116,854	116,854	-	649,171	18.00%
	2021	131,112	131,112	-	726,363	18.05%
	2022	142,005	142,005	-	781,217	18.18%
	2023	119,654	119,654	-	666,158	17.96%
	2024	131,141	131,141	-	737,018	17.79%
	2025	114,080	114,080	-	672,248	16.97%
Tier 2 Public Employees System*	2016	\$ 21,683	\$ 21,683	\$ -	\$ 145,428	14.91%
	2017	60,708	60,708	-	407,162	14.91%
	2018	86,450	86,450	-	572,416	15.10%
	2019	117,498	117,498	-	756,751	15.53%
	2020	134,591	134,591	-	859,459	15.66%
	2021	157,921	157,921	-	999,502	15.80%
	2022	182,495	182,495	-	1,137,489	16.04%
	2023	175,756	175,756	-	1,097,785	16.01%
	2024	242,706	242,706	-	1,516,849	16.00%
	2025	291,334	291,334	-	1,917,930	15.19%
Tier 2 Public Employees DC Only System*	2016	\$ -	\$ -	\$ -	\$ -	0.00%
	2017	617	617	-	9,225	6.69%
	2018	3,302	3,302	-	49,355	6.69%
	2019	1,568	1,568	-	23,432	6.69%
	2020	1,186	1,186	-	17,733	6.69%
	2021	5,192	5,192	-	77,608	6.69%
	2022	18,033	18,033	-	269,547	6.69%
	2023	39,399	39,399	-	633,450	6.22%
	2024	31,671	31,671	-	511,643	6.19%
	2025	38,407	38,407	-	740,022	5.19%

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

Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative practices.

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OTHER INFORMATION

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GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL CORPORATION

ESTABLISHED 1974

**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**

Honorable Mayor and City Council
Vineyard City
Vineyard, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of American 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, business type activities, each major fund, and the aggregate remaining fund information of Vineyard City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Vineyard City's basic financial statements, and have issued our report thereon dated December 10, 2025.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
December 10, 2025



GILBERT & STEWART

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ESTABLISHED 1974

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

Honorable Mayor and City Council
Vineyard City
Vineyard, UT

Report On Compliance

We have audited Vineyard City's ("the City") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City 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
Fraud Risk Assessment
Restricted Taxes and Related Revenues
Government Fees
Enterprise Fund Transfers
Tax Levy Revenue Recognition
Utah Retirement Systems
Public Treasurer Insurance

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Compliance

In our opinion, Vineyard City, complied, in all material respects, with the compliance requirements identified above for the year ended June 30, 2025.

Report on Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
December 10, 2025