

CITY OF TREMONTON
FINANCIAL STATEMENTS
June 30, 2025

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Independent Auditor's Report

City Council
Tremonton City

Report on the Basic Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as presented in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Squin & Company, PC

Orem, Utah
January 13, 2026

Management's Discussion and Analysis

CITY OF TREMONTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

This document is a narrative overview and analysis of the financial activities of Tremonton City for the fiscal year ending June 30, 2025. Tremonton City's management suggests that all readers consider the information presented here in conjunction with the financial statements which follow this section. In this report the City's activities are classified in the following manner: governmental activities which refers to general administration, public safety, streets and public improvements, parks, recreation, public property, library, and separate budgets for its Redevelopment Agencies, etc., while business-type activities refer to operations of the water, sewer, wastewater, storm drainage and solid waste utilities.

Overview of the Financial Statements

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

- *The government-wide financial statements* are designed to provide readers with a broad overview of Tremonton City's finances in a manner similar to a private-sector business.
- *The Statement of Net Position* presents information on all of Tremonton City's assets and deferred outflows and liabilities and deferred inflows, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Tremonton City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- *The Statement of Activities* presents information showing how the city's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.
- The Statement of Net Position and the Statement of Activities, which together comprise the government-wide financial statements, distinguish between activities that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found in this report.

CITY OF TREMONTON
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. Tremonton City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City currently has no fiduciary funds.

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

The major governmental funds (as defined by generally accepted accounting principles) are the General Fund, Fire/EMS Fund, the Capital Projects Fund, and the Transportation Capacity Capital Projects Fund. The City also maintains the Parks Fund, Recreation Fund, the Food Pantry Fund, Redevelopment Agency #2, Redevelopment Agency #3, and Equipment/Vehicle Replacement Capital Projects Fund. Tremonton City adopts an annual budget for each of these funds.

- **Proprietary funds** - Tremonton City maintains one type of proprietary fund, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Tremonton City uses enterprise funds to account for its culinary water, sewer collection, storm drain, solid waste collection and wastewater treatment utilities. As determined by generally accepted accounting principles, the Water Fund, the Treatment Plant Fund, and the Storm Drain Fund meet the criteria for major fund classification. The City also maintains the Sewer Fund. At the start of the fiscal year, the City Council authorized the creation of the Solid Waste Fund to account for garbage collection services. This activity was previously included in the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tremonton City, assets and deferred outflows exceed liabilities and deferred inflows by \$75,573,626.

CITY OF TREMONTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

By far the largest portion of Tremonton City's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, machinery and equipment, net of depreciation), less any related outstanding debt used to acquire these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET POSITION

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	
	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Current and other assets \$	23,870,715	25,766,761	15,191,763	17,534,758
Capital assets, net	<u>15,519,950</u>	<u>16,780,282</u>	<u>27,273,487</u>	<u>28,248,727</u>
Total assets	<u>39,390,665</u>	<u>42,547,043</u>	<u>42,465,250</u>	<u>45,783,485</u>
Deferred outflows	<u>846,648</u>	<u>929,838</u>	<u>324,651</u>	<u>348,115</u>
Current liabilities	2,138,916	2,179,304	1,114,710	3,385,811
Noncurrent liabilities	<u>943,533</u>	<u>1,248,423</u>	<u>5,905,147</u>	<u>6,704,925</u>
Total liabilities	<u>3,082,449</u>	<u>3,427,727</u>	<u>7,019,857</u>	<u>10,090,736</u>
Deferred inflows	<u>3,461,170</u>	<u>3,919,971</u>	<u>16,746</u>	<u>24,148</u>
Net investment in capital assets	15,519,950	16,780,282	21,083,487	22,553,727
Restricted	2,820,252	3,202,867	236,935	469,343
Unrestricted	<u>15,353,492</u>	<u>16,146,034</u>	<u>14,432,876</u>	<u>16,421,373</u>
Total net position \$	<u>33,693,694</u>	<u>36,129,183</u>	<u>35,753,298</u>	<u>39,444,443</u>

An additional part of net position is assets that are subject to external restrictions on how they may be expended (debt reserve, capital projects, redevelopment, or other purposes). The remaining portion can be used to meet the city's ongoing obligations to its creditors and citizens.

CITY OF TREMONTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

CHANGES IN NET POSITION

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	
	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Revenues:				
Program revenues:				
Charges for services	\$ 3,816,133	2,573,215	6,068,895	7,449,930
Operating grants and contributions	1,781,705	1,812,004	-	-
Capital grants and contributions	-	59,595	2,383,548	1,225,272
General revenues:				
Taxes	8,175,116	8,686,588	-	-
Interest	<u>884,131</u>	<u>881,240</u>	<u>698,093</u>	<u>726,721</u>
Total revenues	<u>14,657,085</u>	<u>14,012,642</u>	<u>9,150,536</u>	<u>9,401,923</u>
Expenses:				
General government	1,736,210	2,203,624	-	-
Public safety	4,868,425	5,964,339	-	-
Streets	2,675,604	1,108,302	-	-
Sanitation	824,633	-	-	-
Parks and recreation	1,450,972	1,569,735	-	-
Health and human services	659,749	681,153	-	-
Water	-	-	2,305,802	2,665,477
Sewer treatment	-	-	1,690,624	1,886,616
Storm drain	-	-	154,561	153,450
Solid waste	<u>-</u>	<u>-</u>	<u>251,461</u>	<u>1,055,235</u>
Total expenses	<u>12,215,593</u>	<u>11,527,153</u>	<u>4,402,448</u>	<u>5,760,778</u>
Capital contribution	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Change in net position	2,441,492	2,435,489	4,748,088	3,691,145
Net position – beginning	<u>31,252,202</u>	<u>33,693,694</u>	<u>31,005,210</u>	<u>35,753,298</u>
Net position – ending	\$ <u>33,693,694</u>	<u>36,129,183</u>	<u>35,753,298</u>	<u>39,444,443</u>

CITY OF TREMONTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Governmental Activities

As noted in the table above, Governmental Activities net position increased by \$2,435,489 this current fiscal year compared to \$2,441,492 in the prior year. Key elements of the change in this increase were as follows:

- 1) The City collected approximately \$230,000 more in property tax in the current year.
- 2) Sales tax revenues increased by approximately \$268,000. Charges for service for public safety decreased by approximately \$454,000 mostly due to ambulance service charges
- 3) At the start of the year, the City started recording the revenues and expenses related to solid waster (garbage collection) services in the newly created Solid Waste Fund. As a result, the General Fund revenues and expenses decreased by over \$800,000. In addition, the General Fund made a capital contribution of \$50,000 to the Solid Waste Fund.

Sales, property and franchise taxes account for 62% of all revenue in the governmental activities.

Business-type activities

Business-type activities net position increased by \$3,691,145 in the current year compared to \$4,748,088 in the prior year. The City received grants for establishing a secondary water system in portions of the City of approximately \$1,225,000 compared to the prior year of \$2,383,000. Charges for services increased by approximately \$1,360,000 primarily due to \$910,000 in charges for garbage collection services and \$430,000 in higher water usage. Expenses were also higher by \$1,386,000 primarily due to \$830,000 in garbage collection expenses and higher operational costs. There was also a \$50,000 capital contribution to the Solid Waste Fund by the General Fund. The business-type activities continue to be asset intensive and require continual improvements to ensure that the citizens are properly served.

FINANCIAL ANALYSIS OF FUNDS

The focus of the city's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the City's financing requirements. All activities which are not required to be accounted for in separate funds, either by state or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund.

CITY OF TREMONTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Taxes continue to be the largest source of revenue in the General Fund and represented 72% of the total general fund revenues. The two largest elements of taxes are sales and use taxes and property taxes. Sales and use tax growth continues to be an important issue for the city as it accounts for job growth and inflation, unlike its companion property tax, which cannot increase by inflationary impacts.

The City's property tax was higher mostly due to new growth within the City. Ambulance fees decreased during the year as the City changed to a new billing company and wrote off numerous accounts. The City spent more on public safety due to adding full-time staff and improved pay as adopted with the property tax increase. The City also incurred higher personnel costs.

The City was required to contribute to UTOPIA (see notes for more information) to satisfy bond commitments. The City also set aside over \$2,500,000 for future capital projects, including transportation capacity, parks, and city redevelopment.

The Water Fund revenue increased as the City had more water connections and the secondary system was available in more areas of the City. The City also received grants from the State of Utah for constructing secondary water systems in portions of the City. Expenses increased overall due to higher personnel costs and increased cost based on inflation.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget is constantly under review by the office staff, mayor, and city council. Typically, adjustments to the budget are considered midway through the fiscal year and considered again as the year comes to a close. Many adjustments are minor while some are of greater significance. The City adjusted the amount expected to be received from licenses and permits due new housing permits issued being higher than expected. The City increased the appropriations for public safety based on desired improvements to public safety services for the City. The City also increased the amount of funds transferred to capital projects funds for future improvements. Other smaller adjustments were also made to expense appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City invested approximately \$2,190,000 in governmental fixed assets and approximately \$2,367,000 in business-type fixed assets. The City's governmental fixed assets additions consisted mostly of a road widening project, the purchase of a new fire truck, the purchase of various vehicles, and other various City improvements.

The City's business-type fixed asset additions related to a pump line improvement, secondary water line additions, a treatment plant upgrade, improving the compost area, and utility improvements constructed as part of the road widening project.

CITY OF TREMONTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

The City has no governmental long-term debt. The City made required debt payments as scheduled for Water Fund bonds payable.

Additional information on the City's capital assets and long-term debt can be found in the notes to these financial statements.

OTHER INFORMATION

The City continues to have bond commitments to UTOPIA. During the year, the City was required to pay approximately \$412,000 for the commitment. The maximum commitment for the next fiscal year is approximately \$420,000. Further information is provided in the notes under Joint Venture in UTOPIA.

The City implemented GASB Statement No. 101, *Compensated Absences*, during the year ended June 30, 2025. Based on an analysis, a restatement of net position was not required.

Subsequent to year-end, the City Manager left the City to take a position with another City.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Tremonton City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Tremonton City Finance Director, 102 South Tremont Street, Tremonton Utah, 84337.

Basic Financial Statements

CITY OF TREMONTON
STATEMENT OF NET POSITION

June 30, 2025

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<u>Assets</u>			
Pooled cash and cash equivalents	\$ 20,243,671	15,643,131	35,886,802
Cash and cash equivalents	-	275,167	275,167
Accounts receivable, net	726,761	750,131	1,476,892
Due from other governments	4,771,540	859,117	5,630,657
Net pension assets	24,789	7,212	32,001
Land	2,588,729	1,347,956	3,936,685
Construction in process	-	347,329	347,329
Infrastructure	16,432,585	-	16,432,585
Buildings	2,198,618	7,876,114	10,074,732
Improvements	4,068,663	6,341,127	10,409,790
Water and sewer lines	-	17,898,161	17,898,161
Equipment	6,999,376	8,620,451	15,619,827
Accumulated depreciation	(15,780,221)	(14,182,411)	(29,962,632)
Total assets	42,274,511	45,783,485	88,057,996
<u>Deferred Outflows of Resources</u>			
Pension related	929,838	348,115	1,277,953
<u>Liabilities</u>			
Accounts payable	528,265	355,088	883,353
Accrued expenses	1,345,486	75,000	1,420,486
Unearned revenues	305,553	238,994	544,547
Deposits due customers	-	30,425	30,425
Long-term liabilities:			
Due within one year	-	507,000	507,000
Due in more than one year	338,000	5,188,000	5,526,000
Net pension liability	910,423	268,502	1,178,925
Total liabilities	3,427,727	6,663,009	10,090,736
<u>Deferred Inflows of Resources</u>			
Pension related	42,621	24,148	66,769
Revenues for future periods	3,877,350	-	3,877,350
Total deferred inflow of resources	3,919,971	24,148	3,944,119
<u>Net Position</u>			
Net investment in capital assets	16,780,282	22,553,727	39,334,009
Restricted	3,202,867	469,343	3,672,210
Unrestricted	16,146,034	16,421,373	32,567,407
Total net position	\$ 36,129,183	39,444,443	75,573,626

The accompanying notes are an integral
part of these financial statements.

CITY OF TREMONTON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-type	Total
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,203,624	911,990	159,858	-	(1,131,776)	-	(1,131,776)
Public safety	5,964,339	985,909	196,616	-	(4,781,814)	-	(4,781,814)
Streets	1,108,302	104,332	1,013,763	-	9,793	-	9,793
Parks and recreation	1,569,735	570,984	17,090	59,595	(922,066)	-	(922,066)
Health and human services	681,153	-	424,677	-	(256,476)	-	(256,476)
Total governmental activities	11,527,153	2,573,215	1,812,004	59,595	(7,082,339)	-	(7,082,339)
Business-type activities:							
Water	2,665,477	3,435,119	-	1,225,272	-	1,994,914	1,994,914
Sewer treatment	1,886,616	2,277,345	-	-	-	390,729	390,729
Storm drain	153,450	452,982	-	-	-	299,532	299,532
Solid waste	1,055,235	1,284,484	-	-	-	229,249	229,249
Total business-type activities	5,760,778	7,449,930	-	1,225,272	-	2,914,424	2,914,424
Total primary government	\$ 17,287,931	10,023,145	1,812,004	1,284,867	(7,082,339)	2,914,424	(4,167,915)
General revenues:							
Taxes:							
Property tax					\$ 3,956,551	-	3,956,551
Sales and use tax					3,537,592	-	3,537,592
Franchise tax					1,192,445	-	1,192,445
Total taxes					8,686,588	-	8,686,588
Interest					881,240	726,721	1,607,961
Total general revenues					9,567,828	726,721	10,294,549
Capital contribution					(50,000)	50,000	-
Change in net position					2,435,489	3,691,145	6,126,634
Net position — beginning					33,693,694	35,753,298	69,446,992
Net position — ending					\$ 36,129,183	39,444,443	75,573,626

The accompanying notes are an integral part
of these financial statements.

CITY OF TREMONTON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General	Special Revenue Fire/EMS	Capital Projects	Transportation Capacity Capital Projects	Nonmajor Funds	Total Governmental Funds
<u>Assets</u>						
Pooled cash and cash equivalents	\$ 4,215,396	480,896	3,155,989	3,962,766	8,428,624	20,243,671
Accounts receivable, net	205,823	520,938	-	-	-	726,761
Due from other governments	4,055,584	4,083	-	111,873	600,000	4,771,540
Total assets	<u>\$ 8,476,803</u>	<u>1,005,917</u>	<u>3,155,989</u>	<u>4,074,639</u>	<u>9,028,624</u>	<u>25,741,972</u>
<u>Liabilities</u>						
Accounts payable	\$ 375,123	91,975	24,322	-	36,845	528,265
Unearned revenues	-	-	-	-	305,553	305,553
Accrued expenses	1,345,486	-	-	-	-	1,345,486
Total liabilities	<u>1,720,609</u>	<u>91,975</u>	<u>24,322</u>	<u>-</u>	<u>342,398</u>	<u>2,179,304</u>
<u>Deferred Inflows of Resources</u>						
Revenues for future periods	<u>3,277,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>3,877,350</u>
<u>Fund balances</u>						
Restricted	-	-	-	-	3,178,078	3,178,078
Assigned	-	913,942	3,131,667	4,074,639	4,908,148	13,028,396
Unassigned	3,478,844	-	-	-	-	3,478,844
Total fund balances	<u>3,478,844</u>	<u>913,942</u>	<u>3,131,667</u>	<u>4,074,639</u>	<u>8,086,226</u>	<u>19,685,318</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,476,803</u>	<u>1,005,917</u>	<u>3,155,989</u>	<u>4,074,639</u>	<u>9,028,624</u>	<u>25,741,972</u>

The accompanying notes are an integral
part of these financial statements.

CITY OF TREMONTON
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
For the Year Ended June 30, 2025

Total fund balances for governmental funds	\$ 19,685,318
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Land	\$ 2,588,729	
Construction in progress	272,532	
Infrastructure	16,432,585	
Buildings	2,198,618	
Improvements	4,068,663	
Equipment	6,999,376	
Accumulated depreciation	<u>(15,780,221)</u>	16,780,282

Required recording of the net pension liability and related deferred inflows and outflows are not current financial resources and, therefore, are not reported in the funds

Deferred outflows of resources	929,838
Deferred inflows of resources	(42,621)
Net pension asset	24,789
Net pension liability	(910,423)

Long-term liabilities are not due and payable in the current period and therefore are not in the funds.

Compensated absences	<u>(338,000)</u>
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Net position of governmental activities	\$ <u><u>36,129,183</u></u>
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The accompanying notes are an integral part
of these financial statements.

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2025

	General	Special Revenue Fire/EMS	Capital Projects	Transportation Capacity Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 7,802,831	-	-	287,626	596,131	8,686,588
Licenses and permits	731,077	-	-	-	-	731,077
Intergovernmental	1,497,043	6,876	99,593	59,505	79,598	1,742,615
Charges for services	275,255	944,214	-	104,332	481,975	1,805,776
Fines and forfeitures	116,533	-	-	-	-	116,533
Interest income	241,695	26,451	-	168,734	344,767	781,647
Miscellaneous	137,804	33,529	-	-	90,773	262,106
Total revenues	10,802,238	1,011,070	99,593	620,197	1,593,244	14,126,342
Expenditures:						
Current:						
General government	1,626,406	-	-	-	668,466	2,294,872
Public safety	3,396,492	2,024,597	-	-	-	5,421,089
Streets	670,742	-	-	59,505	-	730,247
Parks and recreation	1,073,682	-	-	-	354,889	1,428,571
Health and human services	525,136	-	-	-	75,183	600,319
Capital Outlay:						
General government	-	-	48,644	-	-	48,644
Public safety	-	653,384	-	-	255,153	908,537
Streets	36,665	-	-	969,400	52,957	1,059,022
Parks and recreation	31,185	-	22,085	-	109,604	162,874
Health and human services	-	-	10,665	-	-	10,665
Total expenditures	7,360,308	2,677,981	81,394	1,028,905	1,516,252	12,664,840
Excess (deficiency) of revenues over (under) expenditures	3,441,930	(1,666,911)	18,199	(408,708)	76,992	1,461,502
Other financing sources (uses):						
Capital contribution to enterprise fund	(50,000)	-	-	-	-	(50,000)
Transfers in (out)	(3,397,500)	358,500	1,100,000	500,000	1,439,000	-
Net other financing sources (uses)	(3,447,500)	358,500	1,100,000	500,000	1,439,000	(50,000)
Change in fund balances	(5,570)	(1,308,411)	1,118,199	91,292	1,515,992	1,411,502
Fund balances - July 1	3,484,414	2,222,353	2,013,468	3,983,347	6,570,234	18,273,816
Fund balances - June 30	\$ 3,478,844	913,942	3,131,667	4,074,639	8,086,226	19,685,318

The accompanying notes are an integral
part of these financial statements.

CITY OF TREMONTON
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	\$ 1,411,502
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$2,189,742) was more than depreciation (\$929,410).	1,260,332
Governmental funds are not required to report the changes in net pension liability and the related adjustments to pension and compensated absence amounts. These amounts are reported in the Statement of Activities.	<u>(236,345)</u>
Change in net position of governmental activities	\$ <u><u>2,435,489</u></u>

The accompanying notes are an integral part
of these financial statements.

CITY OF TREMONTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Water Fund	Treatment Plant Fund	Storm Drain Fund	Nonmajor Funds	Total Proprietary Funds
<u>Assets</u>					
Current assets:					
Pooled cash and cash equivalents	\$ 5,040,020	8,208,546	1,674,385	720,180	15,643,131
Cash and cash equivalents	5	275,162	-	-	275,167
Due from other governments	859,117	-	-	-	859,117
Accounts receivable, net	405,807	208,928	19,803	115,593	750,131
Total current assets	6,304,949	8,692,636	1,694,188	835,773	17,527,546
Noncurrent assets:					
Net pension assets	3,372	3,200	-	640	7,212
Capital assets, net	17,370,081	6,521,119	2,366,633	1,990,894	28,248,727
Total noncurrent assets	17,373,453	6,524,319	2,366,633	1,991,534	28,255,939
Total assets	23,678,402	15,216,955	4,060,821	2,827,307	45,783,485
<u>Deferred outflows of resources</u>					
Pension related	161,284	155,828	-	31,003	348,115
<u>Liabilities</u>					
Current liabilities:					
Bonds payable, current portion	507,000	-	-	-	507,000
Accounts payable	169,450	93,035	12,300	80,303	355,088
Accrued expenses	37,000	35,000	-	3,000	75,000
Unearned revenue	238,994	-	-	-	238,994
Deposits due customers	30,425	-	-	-	30,425
Total current liabilities	982,869	128,035	12,300	83,303	1,206,507
Noncurrent liabilities:					
Net pension liability	127,030	117,893	-	23,579	268,502
Bonds payable, long-term	5,188,000	-	-	-	5,188,000
Total liabilities	6,297,899	245,928	12,300	106,882	6,663,009
<u>Deferred Inflows of Resources</u>					
Pension related	12,522	8,912	-	2,714	24,148
<u>Net Position</u>					
Net investment in capital assets	11,675,081	6,521,119	2,366,633	1,990,894	22,553,727
Restricted	3,372	3,200	462,131	640	469,343
Unrestricted	5,850,812	8,593,624	1,219,757	757,180	16,421,373
Total net position	\$ 17,529,265	15,117,943	4,048,521	2,748,714	39,444,443

The accompanying notes are an integral
part of these financial statements.

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2025

	Water Fund	Treatment Plant Fund	Storm Drain Fund	Nonmajor Funds	Total Proprietary Funds
Operating revenues:					
Charges for services	\$ 2,825,350	2,028,083	208,771	1,187,598	6,249,802
Connection fees	81,855	-	-	11,100	92,955
Miscellaneous	77,264	2,370	-	-	79,634
Total operating revenues	2,984,469	2,030,453	208,771	1,198,698	6,422,391
Operating expenses:					
Salaries and benefits	684,971	710,615	30,664	85,318	1,511,568
Other expenses	1,190,464	572,377	52,492	897,049	2,712,382
Depreciation	645,064	603,624	70,294	72,868	1,391,850
Total operating expenses	2,520,499	1,886,616	153,450	1,055,235	5,615,800
Operating income (loss)	463,970	143,837	55,321	143,463	806,591
Non-operating revenues (expenses):					
Impact fees	450,650	246,892	244,211	85,786	1,027,539
Capital grants	1,225,272	-	-	-	1,225,272
Interest income	252,681	375,316	70,026	28,698	726,721
Interest expense	(144,978)	-	-	-	(144,978)
Net non-operating revenues (expenses)	1,783,625	622,208	314,237	114,484	2,834,554
Income before capital contributions	2,247,595	766,045	369,558	257,947	3,641,145
Capital contributions from: General fund	-	-	-	50,000	50,000
Change in net position	2,247,595	766,045	369,558	307,947	3,691,145
Net position - beginning	15,281,670	14,351,898	3,678,963	2,440,767	35,753,298
Net position - ending	\$ 17,529,265	15,117,943	4,048,521	2,748,714	39,444,443

The accompanying notes are an integral
part of these financial statements.

CITY OF TREMONTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2025

	<u>Water Fund</u>	<u>Treatment Plant Fund</u>	<u>Storm Drain Fund</u>	<u>Nonmajor Funds</u>	<u>Total Proprietary Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,912,559	2,017,211	208,305	1,108,212	6,246,287
Payments to suppliers	(1,164,022)	(525,265)	(42,799)	(817,969)	(2,550,055)
Payments to employees	(667,235)	(694,879)	(30,664)	(87,771)	(1,480,549)
Net cash provided by operating activities	<u>1,081,302</u>	<u>797,067</u>	<u>134,842</u>	<u>202,472</u>	<u>2,215,683</u>
Cash flows from capital and related financing activities:					
Capital contribution	-	-	-	50,000	50,000
Impact fees collected	450,650	246,892	244,211	85,786	1,027,539
Grants for capital purchases	1,086,198	-	-	-	1,086,198
Principal payments	(495,000)	-	-	-	(495,000)
Interest paid	(144,978)	-	-	-	(144,978)
Purchases of capital assets	(1,502,303)	(570,319)	(281,670)	(12,800)	(2,367,092)
Net cash provided (used) by capital and related financing activities	<u>(605,433)</u>	<u>(323,427)</u>	<u>(37,459)</u>	<u>122,986</u>	<u>(843,333)</u>
Cash flows from investing activities:					
Interest and dividends received	<u>252,681</u>	<u>375,316</u>	<u>70,026</u>	<u>28,698</u>	<u>726,721</u>
Net cash provided by investing activities	<u>252,681</u>	<u>375,316</u>	<u>70,026</u>	<u>28,698</u>	<u>726,721</u>
Net increase in cash and cash equivalents	728,550	848,956	167,409	354,156	2,099,071
Cash and cash equivalents at beginning of year	<u>4,311,475</u>	<u>7,634,752</u>	<u>1,506,976</u>	<u>366,024</u>	<u>13,819,227</u>
Cash and cash equivalents at end of year	<u>\$ 5,040,025</u>	<u>8,483,708</u>	<u>1,674,385</u>	<u>720,180</u>	<u>15,918,298</u>
Shown in Statement of Net Position as:					
Pooled cash and cash equivalents	\$ 5,040,020	8,208,546	1,674,385	720,180	15,643,131
Cash and cash equivalents	<u>5</u>	<u>275,162</u>	<u>-</u>	<u>-</u>	<u>275,167</u>
	<u>\$ 5,040,025</u>	<u>8,483,708</u>	<u>1,674,385</u>	<u>720,180</u>	<u>15,918,298</u>

(continued)

The accompanying notes are an integral
part of these financial statements.

(continued)

CITY OF TREMONTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2025

	<u>Water Fund</u>	<u>Treatment Plant Fund</u>	<u>Storm Drain Fund</u>	<u>Nonmajor Funds</u>	<u>Total Proprietary Funds</u>
Supplemental disclosures:					
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 463,970	143,837	55,321	143,463	806,591
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	645,064	603,624	70,294	72,868	1,391,850
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(75,060)	(13,242)	(466)	(90,486)	(179,254)
Increase (decrease) in accounts payable	26,442	47,112	9,693	79,080	162,327
Increase (decrease) in accrued expenses	-	(2,000)	-	(6,000)	(8,000)
Change in pension related items	17,736	17,736	-	3,547	39,019
Increase (decrease) in deposits due customers	3,150	-	-	-	3,150
Total adjustments	617,332	653,230	79,521	59,009	1,409,092
Net cash provided by operating activities	\$ <u>1,081,302</u>	<u>797,067</u>	<u>134,842</u>	<u>202,472</u>	<u>2,215,683</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Tremonton (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the City are discussed below.

Financial Reporting Entity

The City operates as an incorporated governmental entity within the State of Utah. The City operates under the Council-Mayor form of government and provides the following services: public safety (police, fire and ambulance), highway and streets, sanitation, recreation, public improvements, planning and zoning, health and human services and general administrative services. In addition, the City owns and operates water, sewer collection and storm drain systems and a sewer treatment plant.

The City's basic financial statements include the accounts of all City operations. The accounting policies of the City conform to generally accepted accounting principles.

The City has created the Tremonton Redevelopment Agency #3 (RDA #3) and this entity has been determined to be a blended component unit of the City. The accounts of this entity have been appropriately blended into the City's financial statements in accordance with GAAP.

The City has created the Tremonton Redevelopment Agency #2 (RDA#2) and this entity has been determined to be a blended component unit of the City. The accounts of this entity have been appropriately blended into the City's financial statements in accordance with GAAP.

The City is a member of the Utah Telecommunications Open Infrastructure Agency (UTOPIA), which was created as an interlocal cooperative agreement as provided in the laws of the State of Utah. The City has determined that their investment in and involvement with UTOPIA is less than other members and, therefore, has concluded that the financial amounts of UTOPIA should not be included in these financial statements.

The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective government board.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's public safety, streets, sanitation, culture, parks recreation, health and human services and general government services are classified as governmental activities. The City's water, sewer, storm drain and sewer treatment plant services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general, public safety, etc.). The functions are also supported by general government revenues (property, sales and use taxes, and interest earnings). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

These government-wide statements focus more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Fund Statements

The City's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions, or specific purposes.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major individual funds, as defined by GASB, with each displayed as a separate column. All remaining governmental and proprietary funds are aggregated and reported as non-major funds in their respective fund financial statements.

The following fund types are used by the City.

Governmental Funds

The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City.

- The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes or the revenues have been separated to account for specific operations of the government.
- The **Capital Projects Funds** are used to account for the resources accumulated for future capital improvements and the acquisition or construction of those improvements.

The City's major governmental funds consist of the following:

General Fund - see description above.

Fire/EMS – This fund accounts for the operations of the City's fire protection and ambulance services. The fund primarily collects fees from ambulance services provided.

Capital Projects – This fund accounts for the accumulation of funds for general capital projects for any City activity. It also accounts for any expenditures for these capital projects.

Transportation Capacity Capital Projects – This fund accounts for the accumulation of funds for improvements in transportation capacity within the City.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

The City's nonmajor governmental funds consist of the Parks Fund, Recreation Fund, Food Pantry Fund, RDA#2 and RDA#3, which are special revenue funds, and the Equipment/Vehicle Replacement Capital Projects Fund. The Parks Fund collects fees to improve city parks. The Recreation fund collects fees for providing recreation programs for citizens. The Food Pantry Fund collects donations or receives grants and provides temporary assistance to citizens in the form of food. The RDA#2 fund and the RDA#3 fund develop and build projects to promote economic activity within a portion of the City. These funds account for the operations of this blended component unit. The Capital Projects Fund accumulate resources for future equipment and vehicle purchases.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as non-operating.

- **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The City's major enterprise funds consist of the following:

Water Fund - This fund accounts for the water services provided to City residents.

Treatment Plant Fund - This fund accounts for the treatment of sewer products collected by the City sewer system and by the City of Garland, Utah.

Storm Drain Fund – This fund accounts for the building and maintenance of the storm drainage system for the City.

The City's nonmajor enterprise funds consist of the Sewer Fund and Solid Waste Fund. The Sewer Fund accounts for the sewer collection activities of the City. The Solid Waste Fund was created in this fiscal year to account for the garbage collection activities previously reported in the General Fund.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service and compensated absences expenditures are recorded only when payment is due.

Financial Statement Amounts

Cash and cash equivalents

For the purpose of the Statement of Net Position, the term “cash and cash equivalents” includes all demand deposit accounts, savings accounts, or other short-term, highly liquid investments. For the purposes of the Statement of Cash Flows, the enterprise funds consider all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Interfund Receivables and Payables

During the course of operations, transactions sometimes occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Accounts Receivable and Due From Other Governments

Receivables consist of all revenues earned at year-end but received after year-end. Allowances for uncollectible accounts are based upon historical trends. Receivable balances for the governmental activities include sales taxes, franchise taxes, property taxes, garbage collection fees, and ambulance fees. Business-type activities report receivables for utility service fees.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical costs. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all depreciable assets has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	30 to 50 years
Improvements	10 to 50 years
Infrastructure	50 years
Water and sewer lines	15 to 60 years
Equipment	3 to 20 years

In the governmental fund financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate unused vacation leave. The City's policies regarding sick leave allow employees to receive up to one-half of their accrued sick leave, limited to 45 days, as a termination benefit if they voluntarily retire or resign. In the fund financial statements, governmental funds do not report a liability for compensated absences while proprietary funds report the liability as it is incurred. Compensated absences related to governmental activities are usually liquidated by the General Fund.

During the year, the City adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The new standard requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or paid out upon termination or retirement. The adjustment for the liability did not require a restatement of the prior year net position.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government wide financial statements. The long-term debt consists of bonds payable, and accrued compensated absences. The City generally uses the General Fund to liquidate long-term debt related to government activities. However, the Fire/EMS Fund is used to liquidate debt used to acquire ambulance or fire protection vehicles and equipment.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Financial Statement Amounts

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item related to pensions that is the result of actuarial calculations.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. One item, property taxes, is reported in the governmental funds balance sheet as a deferred inflow of resources due to the property taxes being recognized as receivables prior to the period for which the taxes are levied. These amounts are also reported as deferred inflows of resources on the government-wide statement of net position. The City also has one item related to pensions that is the result of actuarial calculations.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Equity Classifications

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

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

Equity in the Governmental Fund statements is required to be separated into the following categories, with the applicable definition:

- Nonspendable - Amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to remain intact;
- Restricted - Amounts constrained to specific purposes by their provider, through constitutional provisions, or enabling legislation;
- Committed - Amounts constrained to a specific purpose by the government itself, using its highest level of decision-making authority, used first for unrestricted expenditures;
- Assigned - Amounts a government intends to use for a specific purpose: intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority (for the City, this authority has been delegated to the management of the City by Council resolution), used after committed funds are exhausted for unrestricted expenditures;
- Unassigned - Amounts that are available for any purpose.

As required by State law, the City is required to maintain a minimum of 5% and a maximum of 35% of the total current year General Fund revenues in unassigned, assigned or committed fund balance.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

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

Revenues

Property taxes, franchise taxes, licenses, fees-in-lieu, 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. Property taxes associated with future periods are deferred. All other revenue items are considered to be measurable and available only when the City receives cash. Grants are usually reimbursable grants and are thus recognized as revenue at the time the expenditures are made.

Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB Statement No. 33. In addition, other revenues that do not result from providing services are reported as non-operating revenues.

Expenses/Expenditures

When an expense/expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's general policy to use restricted resources first.

For proprietary fund financial statements, operating expenses are those that result from providing services to customers.

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.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses/expenditures during the reporting period. Actual amounts could differ from those estimates.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Property Tax Calendar

Box Elder County assesses all taxable property other than centrally assessed property, which is assessed through the State, by May 22 of each year. The City must adopt a final tax rate prior to June 22, which is then submitted to the State for approval. Property taxes are due on November 30. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 16 of the following year, delinquent taxes and penalties bear interest at 6% above the federal discount rate from January 1 until paid.

Note 2 - Deposits and Investments

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

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

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2 - Deposits and Investments (continued)

At June 30, 2025, the City's deposits and investments consisted of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and cash equivalents:				
Cash on hand	\$ -	-	530	530
Demand deposits	723,923	-	-	723,923
Sweep account in mutual funds	-	472,161	-	472,161
Public Treasurer's Investment Pool	<u>-</u>	<u>34,690,188</u>	<u>-</u>	<u>34,690,188</u>
Total pooled cash and cash equivalents	\$ <u>723,923</u>	<u>35,162,349</u>	<u>530</u>	<u>35,886,802</u>
Cash and cash equivalents:				
Public Treasurer's Investment Pool	\$ <u>-</u>	<u>275,167</u>	<u>-</u>	<u>275,167</u>
Total all deposits and investments	\$ <u>723,923</u>	<u>35,437,516</u>	<u>530</u>	<u>36,161,969</u>

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2025, \$198,865 of the City's bank balances of \$527,867 was uninsured and uncollateralized.

Investments

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

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2 - Deposits and Investments (continued)

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionately in any realized gains or losses on investments.

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

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 determined that all the investments are Level 1 investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all City investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2 - Deposits and Investments (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing exposure to credit risk is to comply with the State's Money Management Act as previously discussed. At June 30, 2025, all investments held by the City are in the PTIF which is unrated or an open-ended money market mutual fund that is unrated.

Concentration of Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy for custodial risk is to use the PTIF whenever possible. As of June 30, 2025, all of the City's investments were in the PTIF or an open-ended money market mutual fund held through Zions Bank.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 3 - Accounts Receivable and Due From Other Governments

The City's accounts receivable and due from other governments at June 30, 2025, consist of:

Governmental activities

Accounts receivable:

General fund:	
Senior Center fees	\$ 91,202
Utility franchise fees	112,063
Other	<u>2,558</u>
Total general fund	<u>205,823</u>

Fire/EMS fund:	
Ambulance fees	900,938
Less allowance for uncollectible accounts	<u>(380,000)</u>
Total Fire/EMS fund	<u>520,938</u>

Total accounts receivable	\$ <u>726,761</u>
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Due from other governments:

General fund:	
Property taxes - deferred to future periods	\$ 3,277,350
Property tax - current	49,697
Class "C" roads	134,939
Sales tax	559,388
Other	<u>34,210</u>
Total general fund	<u>4,055,584</u>

Fire/EMS fund: Other	<u>4,083</u>
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Transportation Capacity Capital Project fund:	
Sales tax	52,368
State of Utah grant	<u>59,505</u>
Total Transportation Capacity Capital Project fund	<u>111,873</u>

Redevelopment Agency #2:	
Property taxes - deferred to future periods	<u>600,000</u>

Total due from other governments	\$ <u>4,771,540</u>
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CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 3 - Accounts Receivable and Due From Other Governments (continued)

Business-type activities

Accounts receivable:

Water fund:	
Utility services and fees	\$ 405,807
Treatment Plant fund:	
Sewer services and fees	208,928
Storm Drain fund:	
Storm drain fees	19,803
Nonmajor fund accounts receivable	<u>115,593</u>
Total accounts receivable	<u>\$750,131</u>

Due from Other Governments:

Water fund:	
Grant receivable	\$ <u>859,117</u>

Note 4 – Interfund Transfers

Interfund transfers for the fiscal year consisted of the following:

The General Fund transferred \$1,100,000 to Capital Projects fund and \$500,000 to the Transportation Capacity Capital Projects Fund for future capital projects. Additionally, the General Fund also transferred \$358,500 to the Fire/EMS Fund for operations. The General Fund also transferred \$100,000 to a non-major capital project fund for future capital projects, \$500,000 to the Parks Fund, \$164,000 to the Recreation Fund and \$675,000 to RDA #2 for operations.

In addition, the General Fund transferred \$50,000 to the newly created Solid Waste enterprise fund as a capital contribution.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 5 - Capital Assets

Capital asset changes occurring for the year ended June 30, 2025, are as follows:

<i>Governmental activities</i>	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Capital assets not being depreciated:					
Land	\$ 2,502,256	-	-	86,473	2,588,729
Construction in progress	<u>654,507</u>	<u>1,093,049</u>	<u>-</u>	<u>(1,475,024)</u>	<u>272,532</u>
Total capital assets not being depreciated	<u>3,156,763</u>	<u>1,093,049</u>	<u>-</u>	<u>(1,388,551)</u>	<u>2,861,261</u>
Capital assets being depreciated:					
Buildings	2,198,618	-	-	-	2,198,618
Infrastructure	15,044,034	-	-	1,388,551	16,432,585
Improvements	4,006,679	61,984	-	-	4,068,663
Equipment	<u>6,389,598</u>	<u>1,034,709</u>	<u>(424,931)</u>	<u>-</u>	<u>6,999,376</u>
Total capital assets being depreciated	<u>27,638,929</u>	<u>1,096,693</u>	<u>(424,931)</u>	<u>1,388,551</u>	<u>29,699,242</u>
Accumulated depreciation for:					
Buildings	(1,126,950)	(66,585)	-	-	(1,193,535)
Infrastructure	(6,724,799)	(307,860)	-	-	(7,032,659)
Improvements	(2,559,536)	(87,453)	-	-	(2,646,989)
Equipment	<u>(4,864,457)</u>	<u>(467,512)</u>	<u>(424,931)</u>	<u>-</u>	<u>(4,907,038)</u>
Total accumulated depreciation	<u>(15,275,742)</u>	<u>(929,410)</u>	<u>(424,931)</u>	<u>-</u>	<u>(15,780,221)</u>
Total capital assets being depreciated, net	<u>12,363,187</u>	<u>167,283</u>	<u>-</u>	<u>1,388,551</u>	<u>13,919,021</u>
Total governmental activities capital assets, net	\$ <u>15,519,950</u>	<u>1,260,332</u>	<u>-</u>	<u>-</u>	<u>16,780,282</u>

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 5 - Capital Assets (continued)

Business-type activities

	<u>July 1,</u> <u>2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30,</u> <u>2025</u>
Capital assets not being depreciated:					
Land	\$ 1,193,020	154,936	-	-	1,347,956
Construction in process	<u>1,748,547</u>	<u>406,041</u>	<u>-</u>	<u>(1,807,259)</u>	<u>347,329</u>
Total capital assets not being depreciated	<u>2,941,567</u>	<u>560,977</u>	<u>-</u>	<u>(1,807,259)</u>	<u>1,695,285</u>
Capital assets being depreciated:					
Buildings	7,876,114	-	-	-	7,876,114
Equipment and vehicles	8,440,231	180,220	-	-	8,620,451
Improvements	5,822,765	518,362	-	-	6,341,127
Water and sewer lines	<u>14,983,370</u>	<u>1,107,532</u>	<u>-</u>	<u>1,807,259</u>	<u>17,898,161</u>
Total capital assets being depreciated	<u>37,122,480</u>	<u>1,806,114</u>	<u>-</u>	<u>1,807,259</u>	<u>40,735,853</u>
Accumulated depreciation for:					
Buildings	(2,677,660)	(283,930)	-	-	(2,961,590)
Equipment and vehicles	(5,131,338)	(497,324)	-	-	(5,628,662)
Improvements	(1,347,617)	(87,596)	-	-	(1,435,213)
Lines	<u>(3,633,945)</u>	<u>(523,001)</u>	<u>-</u>	<u>-</u>	<u>(4,156,946)</u>
Total accumulated depreciation	<u>(12,790,560)</u>	<u>(1,391,851)</u>	<u>-</u>	<u>-</u>	<u>(14,182,411)</u>
Total capital assets being depreciated, net	<u>24,331,920</u>	<u>414,263</u>	<u>-</u>	<u>1,807,259</u>	<u>26,553,442</u>
Total business-type activities capital assets, net	\$ <u>27,273,487</u>	<u>975,240</u>	<u>-</u>	<u>-</u>	<u>28,248,727</u>

Depreciation expense of governmental activities was charged to functions as follows:

General government	\$ 15,357
Streets and highways	367,413
Public safety	351,247
Parks and recreation	123,427
Health and human services	<u>71,966</u>
Total depreciation expense	\$ <u>929,410</u>

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 6 - Refundable Deposits

The City requires a security deposit from customers for utility services. The deposit, reported as a liability in the Water Fund, covers garbage pickup, water charges, and sewer services. Security deposits in the Water Fund of \$30,425 were held by the City at June 30, 2025.

Note 7 – Unearned Revenue

The City received grant funds as an advance for construction of a secondary water equalization basin and also develop an aquifer storage and recovery system. The City is required to spend the grant funds or they must be returned. As of June 30, 2025, the City had unspent grant funds of \$238,994 which have been recorded as unearned revenue. The City had also received grants funds for a park improvement in the downtown area. As of June 30, 2025, the City had unspent grant funds of \$305,553 which have been recorded as unearned revenue.

Note 8 - Long-Term Liabilities

Long-term liability activity for fiscal year ending June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
<u>Governmental activities</u>					
Compensated absences	\$ <u>241,000</u>	<u>276,000</u>	<u>(179,000)</u>	<u>338,000</u>	<u>-</u>
<u>Business-type activities</u>					
Bonds payable	\$ <u>6,190,000</u>	<u>-</u>	<u>(495,000)</u>	<u>5,695,000</u>	<u>507,000</u>

Governmental Activities

At the end of fiscal 2025, there was no long-term debt other than compensated absences.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8 - Long-Term Liabilities (continued)

Business-type Activities

In May 2019, the City issued Water Revenue Bonds Series 2019 for \$3,400,000 to finance the construction of a secondary water system and purchase water rights. The bonds bear interest at 2.522% and mature on May 15, 2034. Principal payments began on May 15, 2021. The bonds are secured by the revenues from the Water Fund. The City is required to maintain water rates sufficient to provide Net Revenues plus Other Available Funds equal to or in excess of 110% of the Aggregate Annual Debt Service Requirement for such year plus a sufficient amount to fund the Debt Service Reserve Fund for the Bonds. For the fiscal year 2025, the debt service requirement is approximately \$291,000. The management of the City believes that as of June 30, 2025, the City was in compliance with the covenants of the outstanding revenue bonds.

In April 2021, the City issued Water Revenue Bonds Series 2021 for \$4,400,000 to finance the construction of a secondary water system and purchase water rights. The bonds bear interest at 2.242% and mature on May 15, 2036. Principal payments will begin on May 15, 2022. The bonds are secured by the revenues from the Water Fund. The City is required to maintain water rates sufficient to provide Net Revenues plus Other Available Funds equal to or in excess of 125% of the Aggregate Annual Debt Service Requirement for such year plus a sufficient amount to fund the Debt Service Reserve Fund for the Bonds. For the fiscal year 2025, the debt service requirement is approximately \$350,000. The management of the City believes that as of June 30, 2025, the City was in compliance with the covenants of the outstanding revenue bonds.

Business-type activities bonds payable were comprised of the following as of June 30, 2025:

\$3,400,000 water revenue bonds due to JP Morgan Chase Bank in annual installments ranging from \$205,000 to \$284,000 plus interest at 2.522%	\$ 2,320,000
\$4,400,000 water revenue bonds due to JP Morgan Chase Bank in annual installments ranging from \$239,000 to \$342,000 plus interest at 2.242%	<u>3,375,000</u>
Total business-type activities bonds payable	\$ <u>5,695,000</u>

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8 - Long-Term Liabilities (continued)

The annual requirements to amortize the bonds payable of the business-type activities as of June 30, 2025, were as follows:

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	507,000	134,178	641,178
2027		519,000	122,159	641,159
2028		531,000	109,853	640,853
2029		544,000	97,262	641,262
2030		556,000	84,363	640,363
2031-2035		2,696,000	217,520	2,913,520
2036		<u>342,000</u>	<u>7,688</u>	<u>349,668</u>
Totals	\$	<u>5,695,000</u>	<u>773,003</u>	<u>6,468,003</u>

Note 9 - Retirement Plans

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems (Systems). The 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.

The Public Safety Retirement System (Public Safety System) is a cost-sharing, multiple-employer public employee retirement system.

Tier 2 Public Employee Contributory Retirement System (Tier 2 Public Employees System) and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighter System) are multiple employer, cost sharing, public employee retirement systems.

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.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 9 - Retirement Plans (continued)

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953 as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (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 to Utah Retirement Systems, 560 East 200 South, Salt Lake City, UT 84102 or by visiting the website: www.urs.org/general/publicatons.

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 benefits	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on the employer
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 20, 2020 2% per year July 2020 to present	Up to 2.5%

* With actuarial reductions

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

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 9 - Retirement 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 as of June 30, 2025 are as follows:

	<u>Employee Paid</u>	<u>Employer Paid</u>	<u>Employer 401(k)</u>
Noncontributory System			
15 – Local Government Tier 1	N/A	16.97 %	N/A
111 – Local Government Tier 2	0.70 %	15.19 %	0.00 %
Public Safety Retirement System			
75 – Other Division A			
With 4% COLA	N/A	35.21 %	N/A
122 – Tier 2 DB Hybrid	4.73 %	26.49 %	N/A
Firefighters Retirement System			
31 – Other Division A	15.05 %	1.61 %	N/A
132 – Tier 2 DB Hybrid	4.73 %	14.08 %	N/A
Tier 2 Defined Contribution Only			
211 – Local Government	N/A	5.19 %	10.00 %
222 – Public Safety	N/A	12.49 %	14.00 %
232 – Firefighters	N/A	0.08 %	14.00 %

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

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 9 - Retirement Plans (continued)

For the fiscal year ended June 30, 2024, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 216,602	N/A
Public Safety System	169,026	N/A
Firefighters System	1,361	12,725
Tier 2 Public Employee System	152,006	7,005
Tier 2 Public Safety and Firefighter	295,110	62,956
Tier 2 DC Only	3,298	N/A
Tier 2 DC Public Safety and Firefighter	43	N/A
Total Contributions	\$ <u>837,447</u>	<u>82,687</u>

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

Note 9 - Retirement Plans (continued)

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 \$32,001 and a net pension liability of \$1,178,925.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.1286016 %	\$ -	\$ 407,811
Public Safety System	0.3715192 %	-	574,852
Firefighters System	0.1821833 %	32,001	-
Tier 2 Public Employees System	0.0272739 %	-	81,341
Tier 2 Public Safety and Firefighter	0.2540864 %	<u>-</u>	<u>114,920</u>
Total net pension asset/liability		\$ <u>32,001</u>	\$ <u>1,178,925</u>

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 9 - Retirement 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 was based on actual historical employer contributions to the System during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025, we recognized pension expense of \$1,016,104. At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 443,640	\$ 6,599
Changes in assumptions	127,917	1,813
Net difference between projected and actual earnings on pension plan investments	244,124	-
Changes in proportion and differences between contributions and proportionate share of contributions	27,236	58,358
Contributions subsequent to the measurement date	<u>435,036</u>	<u>-</u>
Total	\$ <u>1,277,952</u>	\$ <u>66,769</u>

The \$435,036 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 pension will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2025	\$ 326,343
2026	406,764
2027	(86,658)
2028	(946)
2029	42,703
Thereafter	87,942

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 9 - Retirement Plans (continued)

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

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

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

The actuarial assumptions used in the January 1, 2024, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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

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

	<u>Expected Return Arithmetic Basis</u>		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-term expected portfolio real rate of return</u>
Equity securities	35 %	7.01 %	2.48 %
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	<u>0 %</u>	0.49 %	<u>0.00 %</u>
Totals	100 %		5.80 %
Inflation			2.50 %
Expected arithmetic nominal return			8.30 %

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 9 - Retirement Plans (continued)

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

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

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

	1 % Decrease	Discount Rate	1 % Increase
<u>System</u>	<u>(5.85 %)</u>	<u>(6.85 %)</u>	<u>(7.85 %)</u>
Noncontributory System	\$ 1,724,705	407,811	(696,637)
Public Safety System	1,766,029	574,852	(397,129)
Firefighters System	69,643	(32,001)	(114,880)
Tier 2 Public Employees System	242,947	45,207	(44,372)
Tier 2 Public Safety and Firefighter	391,868	73,570	(106,503)

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 Plans

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

The City participates in the following Defined Contribution Savings Plans with the URS: 401(k) Plan, 457(b) Plan, Roth IRA Plan and Traditional IRA Plan.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 9 - Retirement Plans (continued)

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
401(k) Plan – Employer	\$ 18,133	25,369	24,841
401(k) Plan – Employee	57,421	41,391	51,628
457(b) Plan – Employee	15,066	10,522	13,680
Roth IRA Plan – Employee	41,062	55,187	48,678
Traditional IRA Plan – Employee	780	2,410	1,270

Note 10 – Redevelopment Agency

In accordance with Section 17C-1-605, Utah Code Annotated, all municipalities that have established Redevelopment Agencies are required to disclose the following revenues and expenditures associated with the various project areas.

	<u>RDA #3</u>	<u>RDA#2</u>
Tax increment collected	\$ -	596,131
Tax increment payments	-	-
Expenditures:		
Site improvements or site preparation	-	596,131

RDA#2 functions under the community development act and had additional activities. However, the activities were funded by interest income and a previous transfer from the general fund.

Note 11 - Restricted Net Position/Restricted Fund Equity

Restricted net position and restricted fund equity represent moneys required to be maintained to satisfy third party agreements or legal requirements. The following schedule details restricted net position at June 30, 2025:

Governmental Activities

Low-income housing	\$ 2,375,951
Park impact fee	<u>802,127</u>
Total governmental activities	\$ <u>3,178,078</u>

Additionally, the governmental activities net pension asset of \$24,789 is considered part of restricted net position.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 11 - Restricted Net Position/Restricted Fund Equity

Business-type Activities

Water Fund Net pension asset	\$ 3,372
Treatment Plant Fund Net pension asset	3,200
Storm Drain Fund Impact fee	462,131
Sewer Fund Net pension asset	<u>640</u>
 Total business-type activities	 \$ <u>469,343</u>

Note 12 – Fund Balances

The City has assigned fund balances as follows:

<i>Fire/EMS Fund</i> – Public safety	\$ 913,942
<i>Capital Projects Fund</i> – Future capital projects	3,131,667
<i>Capital Projects Fund</i> – Transportation Capacity	4,074,639

Nonmajor Governmental Funds

Parks projects	\$ 927,200
Recreation	438,570
Food pantry	333,115
RDA #2	1,883,682
Equipment and vehicles replacement	<u>1,325,581</u>
 Total nonmajor governmental funds	 \$ <u>4,908,148</u>

Note 13 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Utah Local Government Insurance Trust, a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. There have been no claim settlements that exceeded the City's insurance coverage for the past three years.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 14 - Commitments

During a prior year, the City received a grant from the State of Utah for improvements to the downtown area of the City. The grant amount was \$405,720 and the required match amount was \$173,880 and is a reimbursement type grant. The City started work on the improvement during the year. The State advanced 90% of the grants funds in the prior year but the City is required to report the costs of the project to the State. As such, the unspent grant funds are recognized as unearned revenues as of June 30, 2025.

As of June 30, 2025, the City had purchased a chassis for a new dump truck. The remaining commitment on the truck is approximately \$155,000.

The City is in the process of designing and constructing an aquifer storage system. As of June 30, 2025, the City was still in the design phase.

Note 15 - Joint Venture in UTOPIA

As discussed previously, the City is a member of UTOPIA, which is a joint venture between the City and certain other local municipalities in the State of Utah (collectively called the Members). UTOPIA was created to determine the feasibility of and constructing an open, carrier class, and scalable telecommunications system that would provide transparent high-speed broadband, voice, video, and data access for internal use by the Members and to every home and business within the Member's boundaries on a wholesale basis. The City has no on-going responsibility to fund the operations of UTOPIA. However, the City is entitled to receive a share of any revenues in excess of those needed to properly administer UTOPIA, as determined by the Board of Directors of UTOPIA. According to the terms of the interlocal agreement, UTOPIA shall remain a separate legal entity so long as there are any outstanding bonds. UTOPIA issues separate financial statements which can be obtained from its offices in West Valley, Utah.

UTOPIA has issued revenue bonds which are guaranteed by the sales tax revenues of the Members.

CITY OF TREMONTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 15 - Joint Venture in UTOPIA (continued)

During fiscal year 2012, UTOPIA entered into an agreement with the participating cities and a financial institution to retire the outstanding bonds and issue new bonds. As part of this agreement, the pledge agreement with each participating city, including Tremonton City, was amended. The new pledge agreement requires the City to pledge up to 100% of the City's sales and use tax revenues but is limited by an annual maximum pledge. The annual maximum pledge increases by approximately 2% each year until the end of the pledge in fiscal year 2040. During fiscal year 2025, the City was required to pay approximately \$412,000 to satisfy the pledge agreement. For fiscal year 2026, the maximum pledge amount is approximately \$420,000 (monthly amount of approximately \$35,000). The sales and use tax revenues of the City for fiscal year 2025 were approximately \$3,184,000. The City plans to pay the pledged amount from the General Fund. However, the City is allowed to be reimbursed by UTOPIA from the net revenues of UTOPIA. In addition, in accordance with the terms of the agreement, the amounts paid by the City are considered a loan to UTOPIA to be repaid from revenues from the system but subordinate to any bond payment obligations. The City is allowed to charge interest up to 6% from the date that each payment is made to UTOPIA.

Note 16 – Subsequent Events

Subsequent to year-end, the City authorized the purchase of a new vector truck for approximately \$570,000.

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Required Supplementary Information

CITY OF TREMONTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For The Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,576,000	7,576,000	7,802,831	226,831
Licenses and permits	310,600	448,800	731,077	282,277
Intergovernmental	1,437,100	1,442,100	1,497,043	54,943
Charges for services	386,700	386,700	275,255	(111,445)
Fines and forfeitures	90,000	90,000	116,533	26,533
Interest income	221,000	221,000	241,695	20,695
Miscellaneous	132,500	132,500	137,804	5,304
Total revenues	<u>10,153,900</u>	<u>10,297,100</u>	<u>10,802,238</u>	<u>505,138</u>
Expenditures:				
General government	1,778,100	1,813,100	1,626,406	186,694
Public Safety	3,379,500	3,475,500	3,396,492	79,008
Streets	892,100	892,100	707,407	184,693
Parks and recreation	1,211,100	1,211,300	1,104,867	106,433
Health and human services	575,800	587,800	525,136	62,664
Total expenditures	<u>7,836,600</u>	<u>7,979,800</u>	<u>7,360,308</u>	<u>619,492</u>
Excess (deficiency) of revenues over expenditures	<u>2,317,300</u>	<u>2,317,300</u>	<u>3,441,930</u>	<u>1,124,630</u>
Other financing sources (uses)				
Capital contribution to nonmajor enterprise fund	(50,000)	(50,000)	(50,000)	-
Transfer to Fire/EMS fund	(358,500)	(358,500)	(358,500)	-
Transfer to Capital Projects fund	(100,000)	(1,100,000)	(1,100,000)	-
Transfer to Transportation Capacity Capital Projects fund	(500,000)	(500,000)	(500,000)	-
Transfer to non-major fund	<u>(1,439,000)</u>	<u>(1,439,000)</u>	<u>(1,439,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>(2,447,500)</u>	<u>(3,447,500)</u>	<u>(3,447,500)</u>	<u>-</u>
Change in fund balances	\$ <u><u>(130,200)</u></u>	<u><u>(1,130,200)</u></u>	(5,570)	<u><u>1,124,630</u></u>
Fund balances - July 1			<u>3,484,414</u>	
Fund balances - June 30	\$		<u><u>3,478,844</u></u>	

CITY OF TREMONTON
BUDGETARY COMPARISON SCHEDULE
FIRE/EMS SPECIAL REVENUE FUND
For The Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Intergovernmental	\$ 50,300	50,300	6,876
Charges for services	1,299,500	1,299,500	944,214
Interest income	36,700	36,700	26,451
Miscellaneous	<u>22,000</u>	<u>22,000</u>	<u>33,529</u>
 Total revenues	 <u>1,408,500</u>	 <u>1,408,500</u>	 <u>1,011,070</u>
Expenditures:			
Public Safety	2,236,000	2,236,000	2,024,597
Capital outlay	<u>921,000</u>	<u>921,000</u>	<u>653,384</u>
 Total expenditures	 <u>3,157,000</u>	 <u>3,157,000</u>	 <u>2,677,981</u>
Deficiency of revenue under expenditures	<u>(1,748,500)</u>	<u>(1,748,500)</u>	<u>(1,666,911)</u>
Other financing sources:			
Transfer in from General fund	<u>358,500</u>	<u>358,500</u>	<u>358,500</u>
 Total other financing sources	 <u>358,500</u>	 <u>358,500</u>	 <u>358,500</u>
Change in fund balances	<u>\$ (1,390,000)</u>	<u>(1,390,000)</u>	<u>(1,308,411)</u>

CITY OF TREMONTON
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For The Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Interest income	\$ 44,000	44,000	99,593	55,593
Total revenues	44,000	44,000	99,593	55,593
Expenditures:				
General governmnet	45,000	45,000	48,644	(3,644)
Streets and highways	330,000	330,000	-	330,000
Parks and recreation	205,000	205,000	22,085	182,915
Health and human services	64,000	64,000	10,665	53,335
Total expenditures	644,000	644,000	81,394	562,606
Excess of revenue over expenditures	(600,000)	(600,000)	18,199	618,199
Other financing sources (uses):				
Transfer from (to) General fund	100,000	1,100,000	1,100,000	-
Total other financing sources (uses)	100,000	1,100,000	1,100,000	-
Change in fund balance	\$ (500,000)	500,000	1,118,199	618,199

CITY OF TREMONTON
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION CAPACITY CAPITAL PROJECTS FUND
For The Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Sales tax	\$ 150,000	150,000	287,626	137,626
Grants	60,000	60,000	59,505	(495)
Impact fees	34,000	34,000	104,332	70,332
Interest income	70,000	70,000	168,734	98,734
Total revenues	314,000	314,000	620,197	306,197
Expenditures:				
Streets and highways	77,000	77,000	59,505	17,495
Capital outlay	2,550,000	2,550,000	969,400	1,580,600
Debt service	-	-	-	-
Total expenditures	2,627,000	2,627,000	1,028,905	1,598,095
Excess (deficiency) of revenue over (under) expenditures	(2,313,000)	(2,313,000)	(408,708)	1,904,292
Other financing sources (uses):				
Transfer from (to) nonmajor funds	-	-	-	-
Transfer from (to) General fund	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Change in fund balances	\$ (1,813,000)	(1,813,000)	91,292	1,904,292

CITY OF TREMONTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING AND RETIREMENT SCHEDULES
June 30, 2025

Budget Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each major special revenue fund as required by generally accepted accounting principles (GAAP). Budgets for governmental funds are adopted on a legally enacted basis. The legally enacted basis differs from a GAAP basis budget by including interfund loan payments as expenditures and excluding note payable proceeds and the related expenditures from the presentation.

Annual appropriated budgets are adopted for all governmental and business-type funds. All annual appropriations lapse at fiscal year-end. Each fund adopts a “balanced budget” in accordance with State law. As allowed by State law, the City Council may authorize increases to or uses of unreserved fund balances. In the budget presentations, authorized increases to fund balance are shown as positive changes in fund balance and authorized decreases are shown as negative changes in fund balance.

Budget Adoption and Monitoring

On or before the first scheduled council meeting in May, all agencies of the City submit requests for appropriation to the City's financial officers so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the City Council for review at the first scheduled meeting in May. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. The City financial officer must, within the revenues and reserves, estimate any changes in the budget as available or revenue estimates may be changed by an affirmative vote of a majority of the City Council. Within 30 days of adoption, the final budget must be submitted to the State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22, and adoption of budgets is done similarly.

State statute requires that City officers shall not incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

Only the Council at a properly advertised public hearing can make increases in total fund appropriations. The final budget information presented is after all approved amendments.

Retirement Plan – Changes in Assumptions

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

TREMONTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2025

Noncontributory System	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Proportion of the net pension liability (asset)	0.1309382%	0.1271599%	0.1296792%	0.1281869%	0.1288403%	0.1306842%	0.1276723%	0.1345942%	0.1293227%	0.1286016%
Proportionate share of the net pension liability (asset)	\$ 740,912	816,522	568,163	943,933	485,582	67,034	(731,193)	230,526	299,972	407,811
Covered employee payroll	\$ 1,114,459	1,110,941	1,142,662	1,145,740	1,152,407	1,157,857	1,153,983	1,296,597	1,301,996	1,261,613
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	66.48%	73.50%	49.72%	82.39%	42.14%	5.78%	-63.36%	17.78%	23.04%	32.32%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	87.30%	91.90%	87.00%	93.70%	99.20%	108.70%	97.50%	96.90%	96.02%

The amount and percentages above were measured by URS as of December 31 of the year indicated.

Changes in Assumptions - Utah Retirement Systems

Discount rate	7.20%	6.95%	6.95%	6.95%	6.95%	6.85%	6.85%	6.85%	6.85%	6.85%
Payroll growth rate	3.25%	3.00%	3.00%	3.00%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Wage inflation rate	3.35 to 9.35%	3.25 to 9.25%	3.25 to 9.25%	3.25 to 9.25%	3.25 to 9.25%	3.25 to 9.25%	3.25 to 9.25%	3.5 to 9.5%	3.5 to 9.5%	3.5 to 9.5%
Inflation rate	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

TREMONTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2025

Public Safety System		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Proportion of the net pension liability (asset)		0.2035400%	0.2086772%	0.2175551%	0.2196603%	0.3216855%	0.3273681%	0.2991667%	0.2790947%	0.3460651%	0.3715192%
Proportionate share of the net pension liability (asset)	\$	364,591	423,454	341,270	667,998	516,504	271,795	(242,966)	360,890	494,930	574,852
Covered employee payroll	\$	410,824	424,052	392,959	369,945	444,015	446,715	374,100	346,270	464,504	452,020
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll		88.75%	99.86%	86.85%	180.57%	116.33%	60.84%	-64.95%	104.22%	106.55%	127.17%
Plan fiduciary net position as a percentage of the total pension liability		87.10%	86.50%	90.20%	84.70%	90.90%	95.50%	104.20%	93.60%	93.44%	93.30%

The amount and percentages above were measured by URS as of December 31 of the year indicated.

TREMONTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2025

Tier 2 Public Employees Retirement System	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Proportion of the net pension liability (asset)	0.0252327%	0.0244407%	0.0217133%	0.0211401%	0.0232671%	0.0244658%	0.0221576%	0.0224915%	0.0232263%	0.0272739%
Proportionate share of the net pension liability (asset)	\$ (55)	2,726	1,914	9,054	5,233	3,519	(9,378)	24,491	45,207	81,341
Covered employee payroll	\$ 163,016	200,432	212,883	246,784	323,218	391,174	411,372	490,362	600,479	807,112
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.03%	1.36%	0.90%	3.67%	1.62%	0.90%	-2.28%	4.99%	7.53%	10.08%
Plan fiduciary net position as a percentage of the total pension liability	100.20%	95.10%	97.40%	90.80%	96.50%	98.30%	103.80%	92.30%	89.58%	87.44%

The amount and percentages above were measured by URS as of December 31 of the year indicated.

TREMONTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2025

Tier 2 Public Safety and Firefighters Retirement	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Proportion of the net pension liability (asset)	0.0496153%	0.0432021%	0.0595283%	0.0904154%	0.0553402%	0.0734754%	0.1483843%	0.1879756%	0.1953058%	0.2540864%
Proportionate share of the net pension liability (asset)	\$ (725)	(375)	(689)	2,265	5,206	6,590	(7,500)	15,682	73,570	114,920
Covered employee payroll	\$ 29,524	35,695	62,766	121,052	91,229	141,914	354,843	578,360	740,022	1,159,828
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-2.46%	-1.05%	-1.10%	1.87%	5.71%	4.64%	-2.11%	2.71%	9.94%	9.91%
Plan fiduciary net position as a percentage of the total pension liability	110.70%	103.60%	103.00%	95.60%	89.60%	93.10%	102.80%	96.40%	89.10%	90.10%

The amount and percentages above were measured by URS as of December 31 of the year indicated.

TREMONTON CITY
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30

Noncontributory System	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 202,077	206,892	207,666	207,657	211,810	211,127	213,489	228,503	228,874	216,602
Contributions in relation to the contractually required contribution	<u>(202,077)</u>	<u>(206,892)</u>	<u>(207,666)</u>	<u>(207,657)</u>	<u>(211,810)</u>	<u>(211,127)</u>	<u>(213,489)</u>	<u>(228,503)</u>	<u>(228,874)</u>	<u>(216,602)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 1,100,101	1,130,455	1,143,697	1,144,227	1,163,567	1,155,117	1,171,062	1,303,917	1,317,620	1,314,145
Contribution as a percentage of covered employee payroll	18.37%	18.30%	18.16%	18.15%	18.20%	18.28%	18.23%	17.52%	17.37%	16.48%

Amounts presented were determined as of June 30 each year and were provided by the Utah Retirement Systems.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

TREMONTON CITY
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30

Public Safety System	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 97,923	101,327	102,646	140,942	172,048	142,398	112,858	150,819	165,265	169,026
Contributions in relation to the contractually required contribution	<u>(97,923)</u>	<u>(101,327)</u>	<u>(102,646)</u>	<u>(140,942)</u>	<u>(172,048)</u>	<u>(142,398)</u>	<u>(112,858)</u>	<u>(150,819)</u>	<u>(165,265)</u>	<u>(169,026)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 417,046	417,953	374,675	394,683	481,793	398,763	316,041	424,906	463,268	480,159
Contribution as a percentage of covered employee payroll	23.48%	24.24%	27.40%	35.71%	35.71%	35.71%	35.71%	35.49%	35.67%	35.20%

Amounts presented were determined as of June 30 each year and were provided by the Utah Retirement Systems.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

TREMONTON CITY
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30

Tier 2 Public Employees System*	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 27,569	32,318	32,139	42,615	58,021	62,973	70,560	83,197	109,940	152,006
Contributions in relation to the contractually required contribution	<u>(27,569)</u>	<u>(32,318)</u>	<u>(32,139)</u>	<u>(42,615)</u>	<u>(58,021)</u>	<u>(62,973)</u>	<u>(70,560)</u>	<u>(83,197)</u>	<u>(109,940)</u>	<u>(152,006)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 184,904	216,752	212,883	274,231	370,504	398,565	439,076	519,658	688,398	1,000,807
Contribution as a percentage of covered employee payroll	14.91%	14.91%	15.10%	15.54%	15.66%	15.80%	16.07%	16.01%	15.97%	15.19%

Amounts presented were determined as of June 30 each year and were provided by the Utah Retirement Systems.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

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

TREMONTON CITY
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30

Tier 2 Public Safety and Firefighter System*	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 7,838	8,819	24,427	26,689	22,361	60,780	95,898	129,876	221,457	295,110
Contributions in relation to the contractually required contribution	<u>(7,838)</u>	<u>(8,819)</u>	<u>(24,427)</u>	<u>(26,689)</u>	<u>(22,361)</u>	<u>(60,780)</u>	<u>(95,898)</u>	<u>(129,876)</u>	<u>(221,457)</u>	<u>(295,110)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 33,126	37,274	102,943	110,055	92,060	245,246	458,373	612,792	1,000,322	1,332,538
Contribution as a percentage of covered employee payroll	23.66%	23.66%	23.73%	24.25%	24.29%	24.78%	20.92%	21.19%	22.14%	22.15%

Amounts presented were determined as of June 30 each year and were provided by the Utah Retirement Systems.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

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

TREMONTON CITY
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30

Tier 2 Public Employees Defined Contribution Only System*	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ -	-	67	654	2,312	2,318	2,464	2,968	5,706	3,298
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>(67)</u>	<u>(654)</u>	<u>(2,312)</u>	<u>(2,318)</u>	<u>(2,464)</u>	<u>(2,968)</u>	<u>(5,706)</u>	<u>(3,298)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ -	-	994	9,776	34,561	34,656	36,829	47,954	92,778	63,552
Contribution as a percentage of covered employee payroll	0.00%	0.00%	6.74%	6.69%	6.69%	6.69%	6.69%	6.19%	6.15%	5.19%

Amounts presented were determined as of June 30 each year and were provided by the Utah Retirement Systems.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

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

TREMONTON CITY
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30

Tier 2 Public Safety and Firefighter Defined Contribution Only System*	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 4,638	4,957	5,586	5,895	6,123	7,455	7,750	8,846	3,805	43
Contributions in relation to the contractually required contribution	<u>(4,638)</u>	<u>(4,957)</u>	<u>(5,586)</u>	<u>(5,895)</u>	<u>(6,123)</u>	<u>(7,455)</u>	<u>(7,750)</u>	<u>(8,846)</u>	<u>(3,805)</u>	<u>(43)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 35,707	38,159	43,002	45,382	47,134	57,389	119,762	112,766	80,993	53,814
Contribution as a percentage of covered employee payroll	12.99%	12.99%	12.99%	12.99%	12.99%	12.99%	6.47%	7.84%	4.70%	0.08%

Amounts presented were determined as of June 30 each year and were provided by the Utah Retirement Systems.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

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

Supplementary Information

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	2025			
	Final Budget	Actual	Variance Favorable (Unfavorable)	2024 Actual
Revenues:				
Taxes:				
General property taxes	\$ 3,166,000	3,168,779	2,779	3,201,020
Fee in lieu of property taxes	210,000	191,641	(18,359)	226,918
Sales and use taxes	3,000,000	3,184,383	184,383	3,060,406
Transient room taxes	50,000	65,583	15,583	47,551
Franchise taxes	1,150,000	1,192,445	42,445	1,178,929
Total taxes	7,576,000	7,802,831	226,831	7,714,824
Licenses and permits:				
Business licenses and permits	40,600	45,753	5,153	44,650
Non-business licenses and permits	408,200	685,324	277,124	508,135
Total licenses and permits	448,800	731,077	282,277	552,785
Intergovernmental:				
Class "C" roads	550,000	703,893	153,893	594,710
BRAG/Senior Citizens	260,100	308,017	47,917	263,687
Liquor allotment	16,000	16,436	436	12,101
Library grant	7,000	16,440	9,440	10,378
Public safety grants	71,000	168,022	97,022	58,237
Streets grants	488,000	250,365	(237,635)	488,037
General government grants	50,000	33,870	(16,130)	1,000
Total intergovernmental	1,442,100	1,497,043	54,943	1,428,150
Charges for services:				
Administrative fees to other funds	113,700	113,700	-	110,700
Sanitation		-	-	839,980
Cemetery	40,100	54,400	14,300	44,968
Parks and recreation	24,100	29,746	5,646	27,846
Library	5,000	4,863	(137)	4,071
General government fees	197,700	64,380	(133,320)	208,172
Public safety fees	6,100	8,166	2,066	11,512
Total charges for services	386,700	275,255	(111,445)	1,247,249
Fine and forfeitures	90,000	116,533	26,533	114,837

(continued)

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	2025			
	Final Budget	Actual	Variance Favorable (Unfavorable)	2024 Actual
Miscellaneous revenues:	\$			
Interest	221,000	241,695	20,695	205,282
Public safety donations	4,000	5,282	1,282	4,916
Parks and recreation donations	-	650	650	17,539
Health and human service donations	5,000	10,978	5,978	20,947
Collection from Utopia	118,000	118,994	994	110,911
Insurance proceeds	500	-	(500)	17,316
Proceeds from sale of property	5,000	1,900	(3,100)	975
Total miscellaneous	353,500	379,499	25,999	377,886
Total revenues	10,297,100	10,802,238	505,138	11,435,731
Expenditures:				
General government:				
City council	98,700	83,640	15,060	101,683
Court	131,000	103,485	27,515	126,632
City administration	255,400	180,114	75,286	204,274
Treasurer	100,700	85,180	15,520	84,510
Recorder	137,400	93,474	43,926	97,009
Professional	105,600	102,452	3,148	111,423
Economic development	4,000	3,172	828	5,785
Election	300	9	291	18,267
Civic center	42,400	44,791	(2,391)	47,886
Planning and zoning	408,100	405,557	2,543	168,816
Contribution to Utopia	411,500	412,178	(678)	404,096
Non-departmental	118,000	112,354	5,646	338,324
Total general government	1,813,100	1,626,406	186,694	1,708,705
Public safety:				
Liquor law enforcement	16,000	15,860	140	-
Police department	3,288,600	3,223,537	65,063	2,825,574
Building inspection	170,900	157,095	13,805	107,264
Total public safety	3,475,500	3,396,492	79,008	2,932,838
Streets:				
Streets department	846,100	659,388	186,712	734,556
Class "C" roads	46,000	48,019	(2,019)	96,965
Total streets	892,100	707,407	184,693	831,521

(continued)

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Sanitation	-	-	-	824,633
Parks and recreation:				
Parks and recreation	609,300	530,187	79,113	466,801
Golf course	3,100	3,060	40	2,835
Cemetery	66,700	49,903	16,797	44,063
Community events	114,500	100,890	13,610	118,927
Library	417,700	420,827	(3,127)	394,731
Total parks and recreation	1,211,300	1,104,867	106,433	1,027,357
Health and human services:				
Senior programming	147,100	108,548	38,552	108,634
Congregate meals	121,000	106,601	14,399	104,455
Home delivered meals	264,700	256,624	8,076	257,614
Senior building	55,000	53,363	1,637	49,050
Total health and human services	587,800	525,136	62,664	519,753
Total expenditures	7,979,800	7,360,308	619,492	7,844,807
Excess of revenues over expenditures	2,317,300	3,441,930	1,124,630	3,590,924
Other financing sources (uses):				
Capital contribution to nonmajor enterprise fund	(50,000)	(50,000)	-	-
Transfer to Fire/EMS fund	(358,500)	(358,500)	-	(358,500)
Transfer to Capital Projects fund	(1,100,000)	(1,100,000)	-	(565,200)
Transfer to Transportation Capacity Fund	(500,000)	(500,000)	-	(715,600)
Transfer to non-major fund	(1,439,000)	(1,439,000)	-	(560,000)
Total other financing sources (uses)	(3,447,500)	(3,447,500)	-	(2,199,300)
Change in fund balances	\$ (1,130,200)	(5,570)	1,124,630	1,391,624
Fund balances - July 1		3,484,414		2,092,790
Fund balances - June 30	\$	3,478,844		3,484,414

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CITY OF TREMONTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2025

			Special Revenue			Equipment/ Vehicle Capital Projects	Total Nonmajor Governmental Funds
	Parks	Recreation	Food Pantry	RDA#2	RDA#3		
<u>Assets</u>							
Pooled cash and cash equivalents	\$ 2,052,165	455,572	335,673	1,883,682	2,375,951	1,325,581	8,428,624
Due from other governments	-	-	-	600,000	-	-	600,000
Total assets	<u>2,052,165</u>	<u>455,572</u>	<u>335,673</u>	<u>2,483,682</u>	<u>2,375,951</u>	<u>1,325,581</u>	<u>9,028,624</u>
<u>Liabilities</u>							
Accounts payable	17,285	17,002	2,558	-	-	-	36,845
Unearned revenue	<u>305,553</u>	-	-	-	-	-	<u>305,553</u>
Total liabilities	<u>322,838</u>	<u>17,002</u>	<u>2,558</u>	-	-	-	<u>305,553</u>
<u>Deferred Inflows of Resources</u>							
Revenues for future periods	-	-	-	600,000	-	-	600,000
Total deferred inflows of resources	-	-	-	<u>600,000</u>	-	-	<u>600,000</u>
<u>Fund balance</u>							
Restricted	802,127	-	-	-	2,375,951	-	3,178,078
Assigned - Economic development	-	-	-	1,883,682	-	-	1,883,682
Assigned - Parks and recreation	927,200	438,570	-	-	-	-	1,365,770
Assigned - Health and human services	-	-	333,115	-	-	-	333,115
Assigned - Capital projects	-	-	-	-	-	1,325,581	1,325,581
Total fund balance	<u>1,729,327</u>	<u>438,570</u>	<u>333,115</u>	<u>1,883,682</u>	<u>2,375,951</u>	<u>1,325,581</u>	<u>8,086,226</u>
Total liabilities and fund balance	<u>\$ 2,052,165</u>	<u>455,572</u>	<u>335,673</u>	<u>2,483,682</u>	<u>2,375,951</u>	<u>1,325,581</u>	<u>9,028,624</u>

CITY OF TREMONTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2025

			Special Revenue			Equipment/ Vehicle Capital Projects	Total Nonmajor Governmental Funds
	Parks	Recreation	Food Pantry	RDA#2	RDA#3		
Revenues:							
Taxes	\$ -	-	-	596,131	-	-	596,131
Intergovernmental	59,595	-	20,003	-	-	-	79,598
Charges for services	279,652	202,323	-	-	-	-	481,975
Interest income	71,193	18,523	14,683	68,881	108,506	62,981	344,767
Miscellaneous	-	-	85,679	-	5,094	-	90,773
Total revenues	410,440	220,846	120,365	665,012	113,600	62,981	1,593,244
Expenditures:							
Current:							
General government	-	-	-	631,631	36,835	-	668,466
Parks and recreation	-	354,889	-	-	-	-	354,889
Health and human services	-	-	75,183	-	-	-	75,183
Capital Outlay:							
Public Safety	-	-	-	-	-	255,153	255,153
Streets and highways	-	-	-	-	-	52,957	52,957
Parks and recreation	64,898	-	-	-	-	44,706	109,604
Health and human services	-	-	-	-	-	-	-
Total expenditures	64,898	354,889	75,183	631,631	36,835	352,816	1,516,252
Excess (deficiency) of revenues over expenditures	345,542	(134,043)	45,182	33,381	76,765	(289,835)	76,992
Other financing sources (uses):							
Transfer in from General fund	500,000	164,000	-	675,000	-	100,000	1,439,000
Total other financing sources	500,000	164,000	-	675,000	-	100,000	1,439,000
Change in fund balance	845,542	29,957	45,182	708,381	76,765	(189,835)	1,515,992
Fund balance - July 1	883,785	408,613	287,933	1,175,301	2,299,186	1,515,416	6,570,234
Fund balance - June 30	\$ 1,729,327	438,570	333,115	1,883,682	2,375,951	1,325,581	8,086,226

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PARKS SPECIAL REVENUE FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2024 Actual</u>
Revenues:				
Impact fees	\$ 200,000	279,652	79,652	310,763
Grants	365,100	59,595	(305,505)	-
Interest	2,000	71,193	69,193	57,240
	<u>567,100</u>	<u>410,440</u>	<u>(156,660)</u>	<u>368,003</u>
Total revenues				
Expenditures:				
Parks	736,600	64,898	671,702	68,022
	<u>736,600</u>	<u>64,898</u>	<u>671,702</u>	<u>68,022</u>
Total expenditures				
Excess (deficiency) of revenue over (under) expenditures	<u>(169,500)</u>	<u>345,542</u>	<u>515,042</u>	<u>299,981</u>
Other financing sources:				
Transfer in from non-major fund	173,880	-	(173,880)	-
Transfer from the General Fund	500,000	500,000	-	-
	<u>673,880</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Total other financing sources				
Change in fund balances	<u>\$ 504,380</u>	<u>845,542</u>	<u>515,042</u>	<u>299,981</u>

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RECREATION SPECIAL REVENUE FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>		<u>Variance</u>	<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Revenues:				
Charges for services	\$ 167,100	202,323	35,223	176,557
Interest	10,400	18,523	8,123	19,083
Total revenues	177,500	220,846	43,346	195,640
Expenditures:				
Parks and recreation	356,000	354,889	1,111	308,725
Total expenditures	356,000	354,889	1,111	308,725
Deficiency of revenue under expenditures	(178,500)	(134,043)	44,457	(113,085)
Other financing sources:				
Transfer in from general fund	164,000	164,000	-	164,000
Total other financing sources	164,000	164,000	-	164,000
Change in fund balances	\$ <u>(14,500)</u>	<u>29,957</u>	<u>44,457</u>	<u>50,915</u>

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD PANTRY SPECIAL REVENUE FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2024</u> <u>Actual</u>
Revenues:				
Grants	\$ 20,000	20,003	3	19,995
Donations	52,500	85,679	33,179	68,782
Interest	6,000	14,683	8,683	14,495
Total revenues	<u>78,500</u>	<u>120,365</u>	<u>41,865</u>	<u>103,272</u>
Expenditures:				
Health and human services	<u>78,500</u>	<u>75,183</u>	<u>3,317</u>	<u>70,757</u>
Total expenditures	<u>78,500</u>	<u>75,183</u>	<u>3,317</u>	<u>70,757</u>
Excess of revenue over expenditures	<u>-</u>	<u>45,182</u>	<u>45,182</u>	<u>32,515</u>
Change in fund balances	<u>\$ -</u>	<u>45,182</u>	<u>45,182</u>	<u>32,515</u>

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RDA#2 SPECIAL REVENUE FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2024 Actual</u>
Revenues:				
Grants	\$ -	-	-	1,000
Property tax increment	600,000	596,131	(3,869)	298,596
Interest	25,000	68,881	43,881	61,488
	<u>625,000</u>	<u>665,012</u>	<u>40,012</u>	<u>361,084</u>
Total revenues				
Expenditures:				
General government	812,600	631,631	180,969	363,787
	<u>812,600</u>	<u>631,631</u>	<u>180,969</u>	<u>363,787</u>
Total expenditures				
Excess (deficiency) of revenue over (under) expenditures	<u>(187,600)</u>	<u>33,381</u>	<u>220,981</u>	<u>(2,703)</u>
Other financing sources:				
Transfer out to other funds	(173,880)	-	173,880	-
Transfer in from General fund	675,000	675,000	-	20,000
	<u>501,120</u>	<u>675,000</u>	<u>173,880</u>	<u>20,000</u>
Total other financing sources				
Change in fund balances	<u>\$ 313,520</u>	<u>708,381</u>	<u>394,861</u>	<u>17,297</u>

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RDA#3 SPECIAL REVENUE FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	2025			
	Budget	Actual	Variance Favorable (Unfavorable)	2024 Actual
Revenues:				
Interest income	\$ 110,000	108,506	(1,494)	116,572
Miscellaneous	-	5,094	5,094	39,782
Total revenues	110,000	113,600	3,600	156,354
Expenditures:				
General government	910,000	36,835	873,165	2,240
Total expenditures	910,000	36,835	873,165	2,240
Excess (deficiency) of revenue over (under) expenditures	(800,000)	76,765	876,765	154,114
Change in fund balances	\$ (800,000)	76,765	876,765	154,114

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EQUIPMENT/VEHICLE REPLACEMENT CAPITAL PROJECTS FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>		<u>Variance</u>	<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Revenues:				
Interest	\$ 25,000	62,981	37,981	68,520
Total revenues	25,000	62,981	37,981	68,520
Expenditures:				
Public safety	280,000	255,153	24,847	316,527
Streets and highways	50,000	52,957	(2,957)	390,361
Parks and recreation	50,000	44,706	5,294	45,000
Total expenditures	380,000	352,816	27,184	751,888
Excess (deficiency) of revenue over (under) expenditures	(355,000)	(289,835)	65,165	(683,368)
Other financing sources (uses):				
Transfer in from general fund	100,000	100,000	-	376,000
Total other financing sources	100,000	100,000	-	376,000
Change in fund balances	\$ (255,000)	(189,835)	65,165	(307,368)

CITY OF TREMONTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS TRANSPORTATION CAPACITY FUND
For The Year Ended June 30, 2025
(With comparative Totals for the Year Ended June 30, 2024)

	2025		Variance	2024
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Sales tax	\$ 150,000	287,626	137,626	161,696
Grants	60,000	59,505	(495)	29,176
Impact fees	34,000	104,332	70,332	96,272
Interest	70,000	168,734	98,734	178,152
Total revenues	314,000	620,197	306,197	465,296
Expenditures:				
Streets and highways	2,627,000	1,028,905	1,598,095	393,942
Total expenditures	2,627,000	1,028,905	1,598,095	393,942
Excess (deficiency) of revenue over (under) expenditures	\$ (2,313,000)	(408,708)	1,904,292	71,354
Other financing sources (uses):				
Transfer in from general fund	500,000	500,000	-	715,600
Total other financing sources	500,000	500,000	-	715,600
Change in fund balances	\$ (1,813,000)	91,292	1,904,292	786,954

CITY OF TREMONTON
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2025

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total Nonmajor Funds</u>
<u>Assets</u>			
Current assets:			
Pooled cash and cash equivalents	\$ 596,435	123,745	720,180
Accounts receivable, net	<u>25,699</u>	<u>89,894</u>	<u>115,593</u>
Total current assets	<u>622,134</u>	<u>213,639</u>	<u>835,773</u>
Noncurrent assets:			
Net pension assets	640	-	640
Capital assets, net	<u>1,990,894</u>	<u>-</u>	<u>1,990,894</u>
Total noncurrent assets	<u>1,991,534</u>	<u>-</u>	<u>1,991,534</u>
Total assets	<u>2,613,668</u>	<u>213,639</u>	<u>2,827,307</u>
<u>Deferred outflow of resources</u>			
Pension related	<u>31,003</u>	<u>-</u>	<u>31,003</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	330	79,973	80,303
Accrued expenses	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total current liabilities	3,330	79,973	83,303
Noncurrent liabilities:			
Net pension liability	<u>23,579</u>	<u>-</u>	<u>23,579</u>
Total liabilities	<u>26,909</u>	<u>79,973</u>	<u>106,882</u>
<u>Deferred Inflow of Resources</u>			
Pension related	<u>2,714</u>	<u>-</u>	<u>2,714</u>
<u>Net Position</u>			
Net investment in capital assets	1,990,894	-	1,990,894
Restricted	640	-	640
Unrestricted	<u>623,514</u>	<u>133,666</u>	<u>757,180</u>
Total net position	<u>\$ 2,615,048</u>	<u>133,666</u>	<u>2,748,714</u>

CITY OF TREMONTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For The Year Ended June 30, 2025

	Sewer Fund	Solid Waste Fund	Total Nonmajor Funds
Operating revenues:			
Charges for services	\$ 277,373	910,225	1,187,598
Connection fees	11,100	-	11,100
Total operating revenues	288,473	910,225	1,198,698
Operating expenses:			
Salaries and benefits	85,318	-	85,318
Other expenses	64,546	832,503	897,049
Depreciation	72,868	-	72,868
Total operating expenses	222,732	832,503	1,055,235
Operating income (loss)	65,741	77,722	143,463
Non-operating revenues (expenses):			
Impact fees	85,786	-	85,786
Interest income	22,754	5,944	28,698
Net non-operating revenues (expenses)	108,540	5,944	114,484
Income before capital contributions	174,281	83,666	257,947
Capital contribution from General Fund	-	50,000	50,000
Change in net position	174,281	133,666	307,947
Net position - beginning	2,440,767	-	2,440,767
Net position - ending	\$ 2,615,048	133,666	2,748,714

CITY OF TREMONTON
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended June 30, 2025

	Sewer Fund	Solid Waste Fund	Total Nonmajor Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 287,881	820,331	1,108,212
Payments to suppliers	(65,439)	(752,530)	(817,969)
Payments to employees	(87,771)	-	(87,771)
Net cash provided by operating activities	134,671	67,801	202,472
Cash flows from non-capital financing activities:			
Capital contribution from General Fund	-	50,000	50,000
Net cash provided by non-capital financing activities	-	50,000	50,000
Cash flows from capital and related financing activities:			
Impact fees collected	85,786	-	85,786
Purchases of capital assets	(12,800)	-	(12,800)
Net cash provided by capital and related financing activities	72,986	-	72,986
Cash flows from investing activities:			
Interest and dividends received	22,754	5,944	28,698
Net cash provided by investing activities	22,754	5,944	28,698
Net increase in cash and cash equivalents	230,411	123,745	354,156
Cash and cash equivalents at beginning of year	366,024	-	366,024
Cash and cash equivalents at end of year	\$ 596,435	123,745	720,180
Shown in Statement of Net Position as:			
Pooled cash and cash equivalents	\$ 596,435	123,745	720,180
	\$ 596,435	123,745	720,180

(continued)

CITY OF TREMONTON
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2025

	Sewer Fund	Storm Drain Fund	Total Nonmajor Activities
Supplemental disclosures:			
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 65,741	77,722	143,463
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	72,868	-	72,868
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(592)	(89,894)	(90,486)
Decrease (increase) in deposits	-	-	-
Increase (decrease) in accounts payable	(893)	79,973	79,080
Increase (decrease) in accrued expenses	(6,000)	-	(6,000)
Change in pension related items	3,547	-	3,547
Total adjustments	68,930	(9,921)	59,009
Net cash provided by operating activities	\$ 134,671	67,801	202,472

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CITY OF TREMONTON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
WATER FUND
For The Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2024 Actual</u>
Operating revenues:				
Services	\$ 2,336,000	2,825,350	489,350	2,398,130
Connection fees	11,100	81,855	70,755	41,326
Miscellaneous	51,600	77,264	25,664	72,636
Total operating revenues	<u>2,398,700</u>	<u>2,984,469</u>	<u>585,769</u>	<u>2,512,092</u>
Operating expenses:				
Salaries and benefits	698,100	667,235	30,865	601,644
Other expenses	1,064,300	1,190,464	(126,164)	972,802
Depreciation	450,000	645,064	(195,064)	588,986
Total operating expenses	<u>2,212,400</u>	<u>2,502,763</u>	<u>(290,363)</u>	<u>2,163,432</u>
Operating income (loss)	186,300	481,706	295,406	348,660
Non-operating income (expense):				
Impact fees	250,000	450,650	200,650	494,012
Interest expense	(147,000)	(144,978)	2,022	(156,777)
Interest income	200,000	252,681	52,681	224,106
Net income before capital income (expenses)	<u>489,300</u>	<u>1,040,059</u>	<u>550,759</u>	<u>910,001</u>
Capital budget income (expenses):				
Principal payment	(495,000)	(495,000)	-	(483,000)
Capital grants	1,307,300	1,225,272	(82,028)	2,383,548
Equipment and improvements	<u>(1,627,000)</u>	<u>(1,502,303)</u>	<u>124,697</u>	<u>(2,381,715)</u>
Total capital budget income (expenses)	<u>(814,700)</u>	<u>(772,031)</u>	<u>42,669</u>	<u>(481,167)</u>
Change in net position - budget basis	<u>\$ (325,400)</u>	268,028	<u>593,428</u>	428,834
Adjustments from budget basis to GAAP basis:				
Equipment and improvements		1,502,303		2,381,715
Principal payment		495,000		483,000
Pension expense		(17,736)		19,435
Loss on disposal of asset		-		(5,028)
Change in net position - GAAP basis	\$	<u>2,247,595</u>		<u>3,307,956</u>

CITY OF TREMONTON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
TREATMENT PLANT FUND
For The Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>		<u>Variance</u>	<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Operating revenues:				
Services	\$ 1,903,000	2,028,083	125,083	2,006,237
Miscellaneous	-	2,370	2,370	2,610
Total operating revenues	<u>1,903,000</u>	<u>2,030,453</u>	<u>127,453</u>	<u>2,008,847</u>
Operating expenses:				
Salaries and benefits	699,100	692,879	6,221	622,260
Other expenses	566,300	572,377	(6,077)	527,680
Depreciation	<u>570,000</u>	<u>603,624</u>	<u>(33,624)</u>	<u>558,352</u>
Total operating expenses	<u>1,835,400</u>	<u>1,868,880</u>	<u>(33,480)</u>	<u>1,708,292</u>
Operating income	67,600	161,573	93,973	300,555
Non-operating income (expense):				
Impact fees	100,000	246,892	146,892	217,268
Interest income	<u>320,000</u>	<u>375,316</u>	<u>55,316</u>	<u>374,697</u>
Income before capital income (expenses)	<u>487,600</u>	<u>783,781</u>	<u>296,181</u>	<u>892,520</u>
Capital budget income (expenses):				
Equipment and improvements	<u>(565,000)</u>	<u>(570,319)</u>	<u>(5,319)</u>	<u>(750,047)</u>
Total capital budget expenses	<u>(565,000)</u>	<u>(570,319)</u>	<u>(5,319)</u>	<u>(750,047)</u>
Change in net position - budget basis	\$ <u>(77,400)</u>	213,462	<u>290,862</u>	142,473
Adjustments from budget basis to GAAP basis:				
Equipment and improvements		570,319		750,047
Pension expense		(17,736)		17,668
Principal payments on debt		<u>-</u>		<u>-</u>
Change in net position - GAAP basis	\$	<u>766,045</u>		<u>910,188</u>

CITY OF TREMONTON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SEWER FUND
For The Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025		Variance	2024
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating revenues:				
Services	\$ 254,000	277,373	23,373	269,785
Connection fees	18,100	11,100	(7,000)	25,309
Total operating revenues	272,100	288,473	16,373	295,094
Operating expenses:				
Salaries and benefits	154,800	81,771	73,029	86,727
Other expenses	75,800	64,546	11,254	103,456
Depreciation	60,000	72,868	(12,868)	64,811
Total operating expenses	290,600	219,185	71,415	254,994
Operating income (loss)	(18,500)	69,288	87,788	40,100
Non-operating income (expense):				
Impact fees	73,000	85,786	12,786	91,773
Interest income	5,000	22,754	17,754	26,322
Net income before capital income (expenses)	59,500	177,828	118,328	158,195
Capital budget income (expenses):				
Equipment and improvements	(145,100)	(12,800)	132,300	(1,454,569)
Total capital budget income (expenses)	(145,100)	(12,800)	132,300	(1,454,569)
Change in net position - budget basis	\$ (85,600)	165,028	250,628	(1,296,374)
Adjustments from budget basis to GAAP basis:				
Pension expense		(3,547)		3,533
Equipment and improvements		12,800		1,454,569
Change in net position - GAAP basis	\$	174,281		161,728

CITY OF TREMONTON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
STORM DRAIN FUND
For The Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025		Variance	2024
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating revenues:				
Services	\$ 192,000	208,771	16,771	203,204
Total operating revenues	192,000	208,771	16,771	203,204
Operating expenses:				
Salaries and benefits	131,200	30,664	100,536	27,859
Other expenses	55,800	52,492	3,308	60,386
Depreciation	70,000	70,294	(294)	66,316
Total operating expenses	257,000	153,450	103,550	154,561
Operating income (loss)	(65,000)	55,321	120,321	48,643
Non-operating income (expense):				
Impact fees	132,000	244,211	112,211	246,605
Interest income	25,000	70,026	45,026	72,968
Net income before capital income (expenses)	92,000	369,558	277,558	368,216
Capital budget income (expenses):				
Equipment and improvements	(507,100)	(281,670)	225,430	(78,325)
Total capital budget income (expenses)	(507,100)	(281,670)	225,430	(78,325)
Change in net position - budget basis	\$ (415,100)	87,888	502,988	289,891
Adjustments from budget basis to GAAP basis:				
Equipment and improvements		281,670		78,325
Change in net position - GAAP basis	\$	369,558		368,216

CITY OF TREMONTON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SOLID WASTE FUND
For The Year Ended June 30, 2025

	2025		Variance
	Budget	Actual	Favorable (Unfavorable)
Operating revenues:			
Services	\$ 870,300	910,225	39,925
Total operating revenues	870,300	910,225	39,925
Operating expenses:			
Other expenses	901,900	832,503	69,397
Total operating expenses	901,900	832,503	69,397
Operating income (loss)	(31,600)	77,722	109,322
Non-operating income (expense):			
Interest income	-	5,944	5,944
Net income before capital income (expenses)	(31,600)	83,666	115,266
Capital budget income (expenses):			
Capital contribution	50,000	50,000	-
Total capital budget income (expenses)	50,000	50,000	-
Change in net position - budget basis	\$ 18,400	133,666	115,266
Adjustments from budget basis to GAAP basis:			
Change in net position - GAAP basis	\$	133,666	



Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

City Council
Tremonton City

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Tremonton City (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 13, 2026.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah

January 13, 2026



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

City Council
Tremonton City

Report on Compliance

Opinion on Compliance

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

Budgetary Compliance
Fund Balance
Justice Courts
Restricted Taxes and Other Related Restricted Revenue
Fraud Risk Assessment
Government Fees
Enterprise Fund Transfers
Tax Levy Revenue Recognition
Impact Fees

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

Basis for Opinion on Compliance

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*, issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over 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.

Squire & Company, PC

Orem, Utah
January 13, 2026