



February 20, 2026

Mayor and City Council  
Garland City  
PO Box 129  
Garland, UT 84312

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Garland City for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 6, 2025. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Garland City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2025. We noted no transactions entered into by Garland City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the useful life of capital assets is based on historical averages of replacements and management's expertise.

Estimates associated with the pension are considered and taken into account for reasonableness. These estimates are prepared by Utah Retirement Systems, which the City relies on for assurance in calculating the new pension liability. We evaluated the methods, assumptions, and data used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

---

ROYCE J. RICHARDS, J.D., CPA | RYAN R. CHILD, CPA

---

2490 WALL AVENUE, OGDEN, UTAH 84401 | MAIN 801-621-0440 | FAX 801-399-9264

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 20, 2026.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Garland City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Garland City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the schedule of contracts, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### Restriction on Use

This information is intended solely for the information and use of Mayor and City Council and management of Garland City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Child Richards CPAs & Advisors*

# **Garland City**

## **Annual Financial Statements**

**With Auditors' Report Thereon**

**For the Year Ended June 30, 2025**

# Garland City

## Table of Contents

|                                                                                     |    |
|-------------------------------------------------------------------------------------|----|
| Independent Auditor's Report                                                        | 1  |
| Management's Discussion and Analysis                                                | 3  |
| Basic Financial Statements                                                          |    |
| Government-wide Financial Statements                                                |    |
| Statement of Net Position                                                           | 11 |
| Statement of Activities                                                             | 12 |
| Governmental Funds Statements                                                       |    |
| Balance Sheet                                                                       | 13 |
| Reconciliation of the Balance Sheet - Governmental Funds                            |    |
| To the Statement of Net Position                                                    | 14 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances                   | 15 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes              |    |
| in Fund Balances - Governmental Funds to the Statement of Activities                | 16 |
| Proprietary Funds Statements                                                        |    |
| Statement of Net Position                                                           | 17 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position                   | 18 |
| Statement of Cash Flows                                                             | 19 |
| Notes to Financial Statements                                                       | 21 |
| Required Supplementary Information                                                  |    |
| Notes to Required Supplementary Information                                         | 50 |
| Budgetary Comparisons - Major Governmental Funds                                    |    |
| General Fund                                                                        | 51 |
| Redevelopment Agency Special Revenue Fund                                           | 52 |
| Schedule of the Proportionate Share of Net Pension Liability                        | 53 |
| Schedule of Contributions                                                           | 55 |
| Supplemental Information                                                            |    |
| Budgetary Comparison - Capital Projects                                             | 58 |
| Non Major Governmental Fund Statements                                              |    |
| Combining Balance Sheet                                                             | 59 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Balance              | 60 |
| Other Information                                                                   |    |
| 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 <i>Government Auditing Standards</i>        | 62 |
| Independent Auditor's Report on Compliance and on Internal Controls over            |    |
| Compliance in Accordance with the <i>State of Utah Legal Compliance Audit Guide</i> | 64 |
| Schedule of Findings - State Compliance                                             | 66 |



## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of  
Garland City

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Garland 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 Garland City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

---

ROYCE J. RICHARDS, J.D., CPA | RYAN R. CHILD, CPA

---

2490 WALL AVENUE, OGDEN, UTAH 84401 | MAIN 801-621-0440 | FAX 801-399-9264

forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information of the general fund and major special revenue funds, schedule of the proportionate share of net pension liability, and the schedule of contributions 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 Garland City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedules of revenues, expenditures, and changes in fund balance with a budget to actual comparison for nonmajor funds, and the combining statements for the Internal Service Funds are 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026 on our consideration of Garland 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 Garland City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garland City's internal control over financial reporting and compliance.

*Child Richards CPAs & Advisors*

Ogden, Utah  
February 20, 2026

# Garland City

## Management's Discussion and Analysis

For fiscal year ending June 30, 2025

---

### INTRODUCTION

The following is a discussion and analysis of Garland City's financial performance and activities for the fiscal year ending June 30, 2025. Beginning in fiscal year 2004, the City implemented financial reporting standards established by GASB (the Governmental Accounting Standards Board). These standards significantly changed the content and structure of the financial statements.

### HIGHLIGHTS

The City began construction on a wastewater treatment plant in 2021 and the City has received capital grants from the USDA and bonded to finance the construction.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's Basic Financial Statements. The Basic Financial Statements includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information.

The government-wide financial statements are comprised of 1) the Statement of Net Assets, and 2) the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Assets shows the overall net assets of the City. Over time, increases and decreases in net assets are one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities).

Garland City's business type activities include water, and sewer operations.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while other are established internally to maintain control over a particular activity. All of the City's funds are divided into two types, each of which uses a different accounting approach. The two types are 1) Governmental Funds and 2) Proprietary Funds.

***Governmental Funds*** - Most of the City's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements.

# Garland City

## Management's Discussion and Analysis

For fiscal year ending June 30, 2025

---

**Proprietary Funds** - *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Garland City has two enterprise funds - water and sewer.

### Differences between Government-Wide and Fund Statements

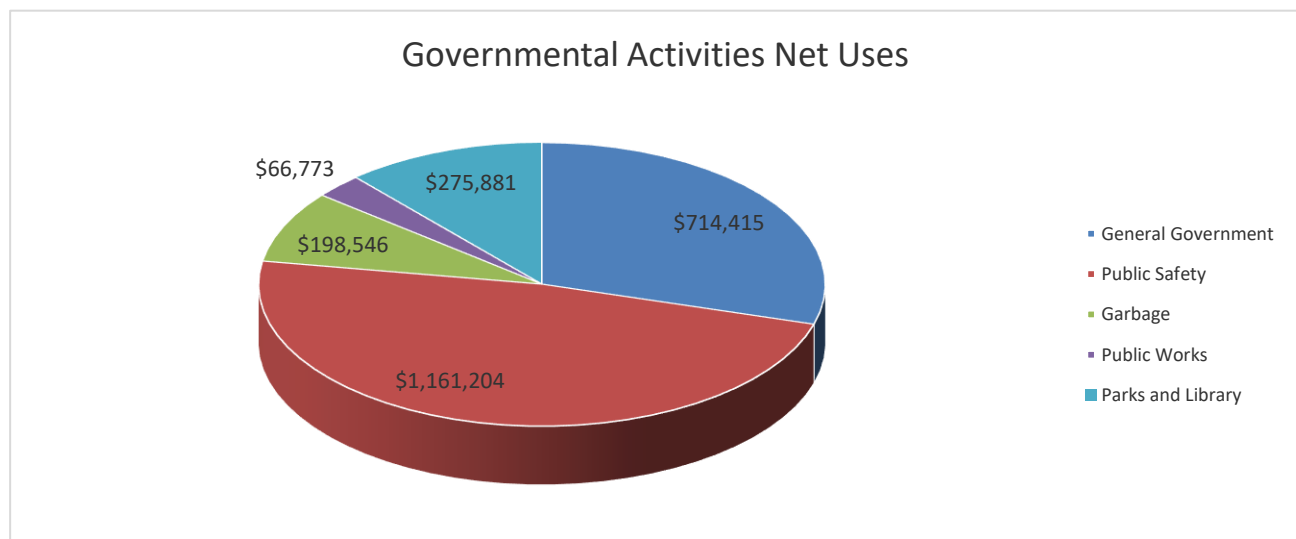
- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental funds statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

**Notes to the Financial Statements** - The notes found within these financial statements provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### **Governmental Activities**

The activities in the governmental funds resulted in an increase in net position of \$816,240 for the year. The following chart shows the uses for governmental activities for each of the functions shown on the Statement of Activities. As you can see in the Statement of Activities, uses were lower than sources by \$639,658.



**Garland City**  
**Management's Discussion and Analysis**  
For fiscal year ending June 30, 2025

***Net Position***

The largest component of the City's net position, 79 percent, reflects investments in capital assets (land, buildings, equipment, roads, parks, trails and other infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 11 percent of total net position and is subject to external restrictions on how they may be used. The remaining 10 percent of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

| Garland City<br>Statement of Net Position<br>Comparative |                         |              |                          |              |               |               |
|----------------------------------------------------------|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
|                                                          | Governmental Activities |              | Business-type Activities |              | Total         |               |
|                                                          | 2025                    | 2024         | 2025                     | 2024         | 2025          | 2024          |
| Current and Other Assets                                 | \$ 4,030,927            | \$ 2,276,063 | \$ 46,907                | \$ (181,464) | \$ 4,077,834  | \$ 2,094,599  |
| Capital Assets (Net)                                     | 7,544,224               | 3,360,810    | 16,136,061               | 16,207,676   | 23,680,285    | 19,568,486    |
| Total Assets                                             | 11,575,151              | 5,636,873    | 16,182,968               | 16,026,212   | 27,758,119    | 21,663,085    |
| Deferred Outflows                                        | 163,931                 | 155,485      | 55,073                   | 15,550       | 219,004       | 171,035       |
| Current Liabilities                                      | 859,423                 | 267,952      | 313,055                  | 231,200      | 1,172,478     | 499,152       |
| Noncurrent Liabilities                                   | 4,459,398               | 225,535      | 9,323,695                | 9,554,398    | 13,783,093    | 9,779,933     |
| Total Liabilities                                        | 5,318,821               | 493,487      | 9,636,750                | 9,785,598    | 14,955,571    | 10,279,085    |
| Deferred Inflows                                         | 923,982                 | 618,830      | 736                      | 5,279        | 924,718       | 624,109       |
| Net Position:                                            |                         |              |                          |              |               |               |
| Net Investment in                                        |                         |              |                          |              |               |               |
| Capital Assets                                           | 2,963,519               | 3,141,389    | 6,625,680                | 6,513,798    | 9,589,199     | 9,655,187     |
| Restricted                                               | 1,522,132               | 934,547      | 537,387                  | 391,781      | 2,059,519     | 1,326,328     |
| Unrestricted                                             | 1,010,628               | 604,102      | (562,513)                | (654,693)    | 448,114       | (50,591)      |
| Total Net Position                                       | \$ 5,496,279            | \$ 4,680,038 | \$ 6,600,554             | \$ 6,250,886 | \$ 12,096,833 | \$ 10,930,924 |

**Garland City**  
**Management's Discussion and Analysis**  
For fiscal year ending June 30, 2025

---

**CAPITAL ASSETS AND LONG-TERM DEBT**

***Capital Assets***

Garland City's governmental and business-type activities net capital assets increased by \$4,830,310 during the fiscal year. Governmental funds added \$4,447,278 and business-type added \$383,032 in new assets. Total depreciation was \$712,096 for the fiscal year.

Garland City's governmental activities paid down the equipment liability and bonds by \$112,309 and the business-type activities paid down the bonds by \$183,498 during the fiscal year.

***Governmental activities***

The table below shows to what extent the City's governmental activities relied on taxes and other general revenue to cover their costs. These programs generated revenues of \$1,523,425 or 68.68 percent of their total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 31.32 percent of expenses.

| Activities         | Total<br>Program<br>Expenses | Less<br>Program<br>Revenues | Grants and<br>Contributions | Net Program<br>Costs | Program<br>Revenues as a<br>Percentage of<br>Total Expense |
|--------------------|------------------------------|-----------------------------|-----------------------------|----------------------|------------------------------------------------------------|
| General Government | \$ 714,415                   | \$ 214,885                  | \$ 55,180                   | \$ 444,350           | 37.80%                                                     |
| Public Safety      | 1,161,204                    | 170,666                     | 63,356                      | 927,182              | 20.15%                                                     |
| Garbage            | 198,546                      | 253,737                     | -                           | (55,191)             | 127.80%                                                    |
| Public Works       | 66,773                       | 276,057                     | 473,166                     | (682,450)            | 1122.04%                                                   |
| Parks & Library    | 275,881                      | 128,076                     | 142,039                     | 5,766                | 97.91%                                                     |
| Totals             | <u>\$2,416,819</u>           | <u>\$1,043,421</u>          | <u>\$ 733,741</u>           | <u>\$ 639,657</u>    | <u>73.53%</u>                                              |

**Garland City**  
**Management's Discussion and Analysis**  
For fiscal year ending June 30, 2025

***Business-Type Activities***

The water fund had an operating income of \$63,767 and sewer funds had an operating income of \$223,795 this year.

| Garland City                                         |                         |            |                          |              |              |              |
|------------------------------------------------------|-------------------------|------------|--------------------------|--------------|--------------|--------------|
| Changes in Net Position                              |                         |            |                          |              |              |              |
| Comparative                                          |                         |            |                          |              |              |              |
|                                                      | Governmental Activities |            | Business-type Activities |              | Total        |              |
|                                                      | 2025                    | 2024       | 2025                     | 2024         | 2025         | 2024         |
| Program Revenues:                                    |                         |            |                          |              |              |              |
| Charges for Services                                 | \$ 1,043,421            | \$ 946,434 | \$ 1,218,508             | \$ 1,048,232 | \$ 2,261,929 | \$ 1,994,666 |
| Operating Grants & Contributions                     | 52,759                  | 313,279    | -                        | -            | 52,759       | 313,279      |
| Capital Grants & Contributions                       | 680,982                 | 603,176    | -                        | 217,868      | 680,982      | 821,044      |
| General Revenues:                                    |                         |            |                          |              |              |              |
| Property Taxes                                       | 604,204                 | 636,915    | -                        | -            | 604,204      | 636,915      |
| Franchise Taxes                                      | 118,654                 | 106,586    | -                        | -            | 118,654      | 106,586      |
| Sales Tax                                            | 542,341                 | 492,962    | -                        | -            | 542,341      | 492,962      |
| Interest earned                                      | 138,406                 | 80,836     | (6,146)                  | (2,838)      | 132,260      | 77,998       |
| Miscellaneous                                        | 52,293                  | 172,765    | 266,991                  | 128,205      | 319,284      | 300,970      |
| Total Revenues                                       | 3,233,060               | 3,352,953  | 1,479,353                | 1,391,467    | 4,712,413    | 4,744,420    |
| General Government                                   | 714,415                 | 719,219    | -                        | -            | 714,415      | 719,219      |
| Public Safety                                        | 1,161,204               | 958,511    | -                        | -            | 1,161,204    | 958,511      |
| Garbage                                              | 198,546                 | -          | -                        | -            | 198,546      | -            |
| Public Works                                         | 66,773                  | 142,917    | -                        | -            | 66,773       | 142,917      |
| Parks & Library                                      | 275,881                 | 187,753    | -                        | -            | 275,881      | 187,753      |
| Interest on long-term debt                           | -                       | -          | 198,739                  | 202,430      | 198,739      | 202,430      |
| Public Utilities                                     | -                       | -          | 930,946                  | 816,226      | 930,946      | 816,226      |
| Total Expenses                                       | 2,416,819               | 2,008,400  | 1,129,685                | 1,018,656    | 3,546,504    | 3,027,056    |
| Increase (Decrease) in Net Position before Transfers | 816,241                 | 1,344,553  | 349,668                  | 372,811      | 1,165,909    | 1,717,364    |
| Transfers                                            | -                       | -          | -                        | -            | -            | -            |
| Increase (Decrease) in Net Position                  | 816,241                 | 1,344,553  | 349,668                  | 372,811      | 1,165,909    | 1,717,364    |
| Net Position Beginning                               | 4,680,038               | 3,335,485  | 6,250,886                | 5,878,075    | 10,930,924   | 9,213,560    |
| Net Position Ending                                  | 5,496,279               | 4,680,038  | 6,600,554                | 6,250,886    | 12,096,833   | 10,930,924   |

# Garland City

## Management's Discussion and Analysis

### For fiscal year ending June 30, 2025

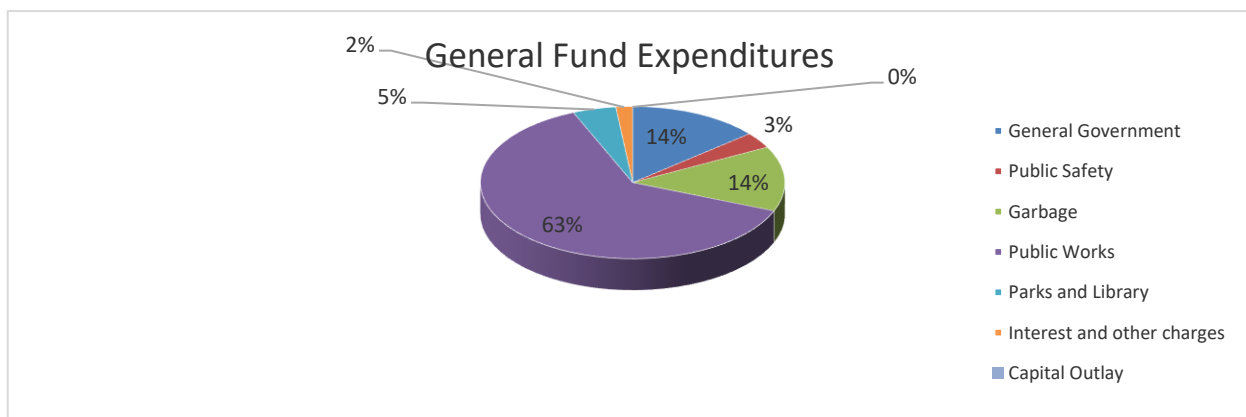
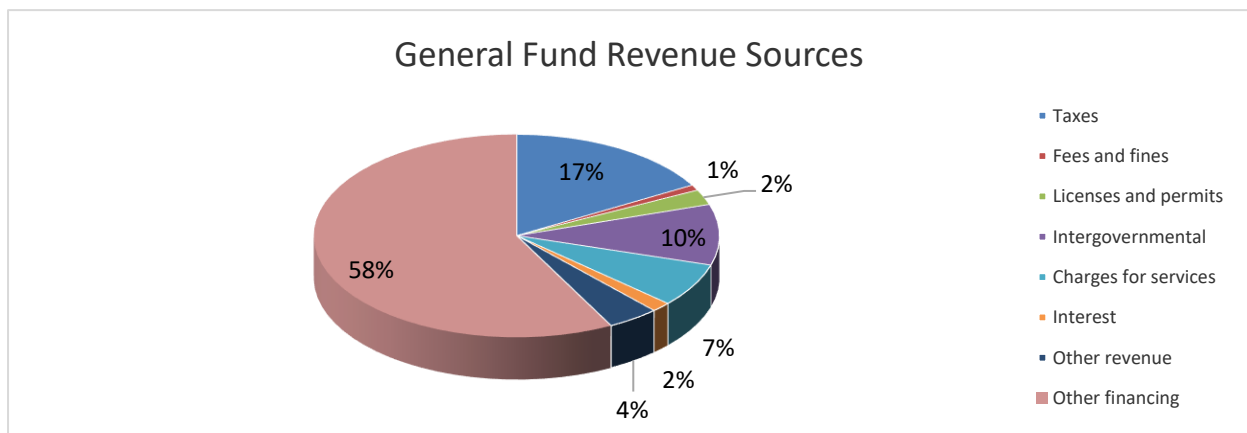
## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### ***Fund Balances***

At June 30, 2025, Garland City's governmental funds reported combined fund balances of \$2,660,393. Of this amount, \$1,522,132 or 57% is restricted for Roads, Parks and Impact fee projects and the remaining \$1,138,261 or 43% is unreserved.

### ***General Fund***

During 2025, the fund balance in the general fund increased by \$1,396,530. Property taxes increased \$32,711, a 5% increase from the previous year. Total General fund revenue increased \$4,260,847, a 128% increase from the previous year. Total general fund expenditures (excluding transfers) increased \$2,532,008 or 71%. These increases are largely due to capital projects and related grants and bond proceeds.



**Garland City**  
**Management's Discussion and Analysis**  
**For fiscal year ending June 30, 2025**

---

Garland City prepares its budget according to state statutes. The most significant budget is the General Fund. The City made a budget amendment to the General Fund this year.

Actual General Fund revenues were \$281,423 above budget. Actual expenditures were \$574,563 below budget.

**OTHER MATTERS**

***Current and Future Projects***

The City will continue the operations wastewater plant project this year which will be funded with a combination of bonds and federal grants.

**REQUESTS FOR INFORMATION**

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

Tiffanie Smith  
72 North Main St  
Garland, UT 84312

## **BASIC FINANCIAL STATEMENTS**

**Garland City**  
**Statement of Net Position**  
**June 30, 2025**

|                                                     | <b>Primary Government</b> |                      |               |
|-----------------------------------------------------|---------------------------|----------------------|---------------|
|                                                     | <b>Governmental</b>       | <b>Business-type</b> |               |
|                                                     | <b>Activities</b>         | <b>Activities</b>    | <b>Total</b>  |
| <b>Assets</b>                                       |                           |                      |               |
| Cash and Cash Equivalents                           | \$ 1,089,358              | \$ 2,594             | \$ 1,091,952  |
| Restricted Cash                                     | 1,489,441                 | 537,387              | 2,026,828     |
| Receivables                                         | 22,888                    | 114,436              | 137,324       |
| Internal Balances                                   | 607,517                   | (607,517)            | -             |
| Due from Other Governmental Agencies                | 821,723                   | -                    | 821,723       |
| Other assets                                        | -                         | 7                    | 7             |
| Capital Assets                                      |                           |                      |               |
| Land, improvements, and construction in progress    | 4,872,600                 | 345,242              | 5,217,842     |
| Infrastructure, net of depreciation                 | 1,011,751                 | 15,403,858           | 16,415,609    |
| Buildings and Improvements, net of depreciation     | 604,638                   | 55,508               | 660,146       |
| Equipment and Furniture, net of depreciation        | 1,055,235                 | 331,453              | 1,386,688     |
| Total Capital Assets                                | 7,544,224                 | 16,136,061           | 23,680,285    |
| Total Assets                                        | 11,575,151                | 16,182,968           | 27,758,119    |
| Total Deferred Outflows of Resources - Pension      | 163,931                   | 55,073               | 219,004       |
| Total Assets and Deferred Outflows of Resources     | 11,739,082                | 16,238,041           | 27,977,123    |
| <b>Liabilities</b>                                  |                           |                      |               |
| Accounts payable and accrued expenses               | 481,585                   | 47,893               | 529,478       |
| Long-term liabilities                               |                           |                      |               |
| Due within one year                                 |                           |                      |               |
| Bonds, capital leases, contracts                    | 145,982                   | 187,269              | 333,251       |
| Due in more than one year                           |                           |                      |               |
| Bonds, capital leases and contracts                 | 4,434,723                 | 9,323,112            | 13,757,835    |
| Net pension liability                               | 231,856                   | 77,893               | 309,749       |
| Compensated absences                                | 24,675                    | 583                  | 25,258        |
| Total liabilities                                   | 5,318,821                 | 9,636,750            | 14,955,571    |
| Deferred Inflows of Resources:                      |                           |                      |               |
| Pension related                                     | 2,192                     | 736                  | 2,928         |
| Unearned property taxes and grants                  | 921,790                   | -                    | 921,790       |
| Total Deferred Inflows of Resources                 | 923,982                   | 736                  | 924,718       |
| Total Liabilities and Deferred Inflows of Resources | 6,242,803                 | 9,637,486            | 15,880,289    |
| <b>Net Position</b>                                 |                           |                      |               |
| Net invested in capital assets                      | 2,963,519                 | 6,625,680            | 9,589,199     |
| Restricted for:                                     |                           |                      |               |
| Impact fees                                         | 50,057                    | 483,481              | 533,538       |
| Road Construction                                   | 776,637                   | -                    | 776,637       |
| Debt Service                                        | -                         | 53,906               | 53,906        |
| Class C road funds                                  | 695,438                   | -                    | 695,438       |
| Unrestricted                                        | 1,010,628                 | (562,513)            | 448,114       |
| Total net position                                  | \$ 5,496,279              | \$ 6,600,554         | \$ 12,096,833 |

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

**Garland City**  
**Statement of Activities**  
For the Year Ended June 30, 2025

| Function/Programs                                    | Expenses     | Program Revenue |               |               | Net (Expense) Revenues & Changes in Net Position |               |               |
|------------------------------------------------------|--------------|-----------------|---------------|---------------|--------------------------------------------------|---------------|---------------|
|                                                      |              | Charges for     | Operating     | Capital       | Governmental                                     | Business-type | Total         |
|                                                      |              | Services        | Grants and    | Grants and    | Activities                                       | Activities    |               |
|                                                      |              |                 | Contributions | Contributions |                                                  |               |               |
| <b>Primary government</b>                            |              |                 |               |               |                                                  |               |               |
| Governmental Activities                              |              |                 |               |               |                                                  |               |               |
| General Government                                   | \$ 714,415   | \$ 214,885      | \$ 33,307     | \$ 21,873     | \$ (444,350)                                     | \$ -          | \$ (444,350)  |
| Public Safety                                        | 1,161,204    | 170,666         | 1,856         | 61,500        | (927,182)                                        | -             | (927,182)     |
| Garbage                                              | 198,546      | 253,737         |               |               | 55,191                                           | -             | 55,191        |
| Public Works                                         | 66,773       | 276,057         | -             | 473,166       | 682,450                                          | -             | 682,450       |
| Parks and Library                                    | 275,881      | 128,076         | 17,596        | 124,443       | (5,766)                                          | -             | (5,766)       |
| Total governmental activities                        | 2,416,819    | 1,043,421       | 52,759        | 680,982       | (639,657)                                        | -             | (639,657)     |
| Business-type activities                             |              |                 |               |               |                                                  |               |               |
| Utility                                              | 352,576      | 416,343         | -             | -             | -                                                | 63,767        | 63,767        |
| Sewer                                                | 777,109      | 802,165         | -             | -             | -                                                | 25,056        | 25,056        |
| Total business-type activities                       | 1,129,685    | 1,218,508       | -             | -             | -                                                | 88,823        | 88,823        |
| Total primary government                             | \$ 3,546,504 | 2,261,929       | 52,759        | 680,982       | (639,657)                                        | 88,823        | (550,834)     |
| <b>General revenues:</b>                             |              |                 |               |               |                                                  |               |               |
| Taxes:                                               |              |                 |               |               |                                                  |               |               |
| Property taxes, levied for general purposes          |              |                 |               |               | 604,204                                          | -             | 604,204       |
| Franchise taxes                                      |              |                 |               |               | 118,654                                          | -             | 118,654       |
| Sales taxes                                          |              |                 |               |               | 542,341                                          | -             | 542,341       |
| Unrestricted investment earnings                     |              |                 |               |               | 138,406                                          | (6,146)       | 132,260       |
| Impact fees                                          |              |                 |               |               | 43,400                                           | 266,991       | 310,391       |
| Gain or loss on disposal of capital assets           |              |                 |               |               | 8,893                                            | -             | 8,893         |
| Transfers                                            |              |                 |               |               | -                                                | -             | -             |
| Total general revenues, special items, and transfers |              |                 |               |               | 1,455,898                                        | 260,845       | 1,716,743     |
| Change in net assets                                 |              |                 |               |               | 816,241                                          | 349,668       | 1,165,909     |
| Net position - beginning                             |              |                 |               |               | 4,680,038                                        | 6,250,886     | 10,930,924    |
| Net position - ending                                |              |                 |               |               | \$ 5,496,279                                     | \$ 6,600,554  | \$ 12,096,833 |

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

**Garland City**  
**Balance Sheet**  
**Governmental Funds**  
**For the Year Ended June 30, 2025**

|                                      | General<br>Fund     | Capital<br>Project | Redevelopment<br>Agency #2 | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------|---------------------|--------------------|----------------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>                        |                     |                    |                            |                                   |                                |
| Cash and cash equivalents            | \$ 970,012          | \$ 50,766          | \$ 25,693                  | \$ 42,887                         | \$ 1,089,358                   |
| Restricted cash                      | 1,489,441           | -                  | -                          | -                                 | 1,489,441                      |
| Taxes receivable, net                | 682,454             | -                  | -                          | -                                 | 682,454                        |
| Due from other funds                 | 307,517             | -                  | 300,000                    | -                                 | 607,517                        |
| Receivable from other governments    | 139,269             | -                  | -                          | -                                 | 139,269                        |
| Other receivables                    | 22,888              | -                  | -                          | -                                 | 22,888                         |
| Total assets                         | <u>3,611,581</u>    | <u>50,766</u>      | <u>325,693</u>             | <u>42,887</u>                     | <u>4,030,927</u>               |
| <b>Liabilities and Fund Balances</b> |                     |                    |                            |                                   |                                |
| Liabilities:                         |                     |                    |                            |                                   |                                |
| Accounts payable                     | 360,559             | -                  | -                          | -                                 | 360,559                        |
| Payable to other governments         | -                   | -                  | -                          | -                                 | -                              |
| Other accrued expenses               | 32,000              | -                  | -                          | -                                 | 32,000                         |
| Due to other funds                   | -                   | -                  | -                          | -                                 | -                              |
| Other payables                       | 56,186              | -                  | -                          | -                                 | 56,186                         |
| Total liabilities                    | <u>448,745</u>      | <u>-</u>           | <u>-</u>                   | <u>-</u>                          | <u>448,745</u>                 |
| Deferred inflow of resources:        |                     |                    |                            |                                   |                                |
| Unavailable grant revenue            | -                   | 245,890            | -                          | -                                 | 245,890                        |
| Unavailable property taxes           | 675,900             | -                  | -                          | -                                 | 675,900                        |
| Total deferred inflows of resources  | <u>675,900</u>      | <u>245,890</u>     | <u>-</u>                   | <u>-</u>                          | <u>921,790</u>                 |
| Fund balances:                       |                     |                    |                            |                                   |                                |
| Restricted for:                      |                     |                    |                            |                                   |                                |
| Class C roads                        | 695,438             | -                  | -                          | -                                 | 695,438                        |
| Park development impact fees         | 50,057              | -                  | -                          | -                                 | 50,057                         |
| Storm drain impact fees              | -                   | -                  | -                          | -                                 | -                              |
| Road construction                    | 776,637             | -                  | -                          | -                                 | 776,637                        |
| Trail project                        | -                   | -                  | -                          | -                                 | -                              |
| Assigned to:                         |                     |                    |                            |                                   |                                |
| Capital projects                     | -                   | -                  | -                          | -                                 | -                              |
| Special revenue funds                | -                   | -                  | 325,693                    | 42,887                            | 368,580                        |
| Unassigned                           | 964,804             | (195,123)          | -                          | -                                 | 769,681                        |
| Total fund balances                  | <u>2,486,936</u>    | <u>(195,123)</u>   | <u>325,693</u>             | <u>42,887</u>                     | <u>2,660,393</u>               |
| Total liabilities and fund balances  | <u>\$ 3,611,581</u> | <u>\$ 50,767</u>   | <u>\$ 325,693</u>          | <u>\$ 42,887</u>                  | <u>\$ 4,030,928</u>            |

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

**Garland City**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2025**

---

Total fund balance, governmental funds \$ 2,660,393

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 7,544,224

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.

|                       |             |             |
|-----------------------|-------------|-------------|
| Bonds payable         | (4,297,683) |             |
| Compensated absences  | (24,675)    |             |
| Net pension liability | (231,856)   |             |
| Note payable          | (283,022)   |             |
| Accrued Interest      | (32,838)    | (4,870,074) |

Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements. (2,192)

Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements. 163,928

|                                                                      |                     |
|----------------------------------------------------------------------|---------------------|
| Net Assets of Governmental Activities in the Statement of Net Assets | <u>\$ 5,496,279</u> |
|----------------------------------------------------------------------|---------------------|

---

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

**Garland City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2025**

|                                                      | General<br>Fund     | Capital<br>Project  | Redevelopment<br>Agency #2 | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------------------------|---------------------|---------------------|----------------------------|-----------------------------------|--------------------------------|
| <b>Revenues</b>                                      |                     |                     |                            |                                   |                                |
| Property Taxes                                       | \$ 604,204          | \$ -                | \$ -                       | \$ -                              | \$ 604,204                     |
| Sales and miscellaneous taxes                        | 660,995             | -                   | -                          | -                                 | 660,995                        |
| Impact fees                                          | 43,400              | -                   | -                          | -                                 | 43,400                         |
| Fees and fines                                       | 23,483              | -                   | -                          | -                                 | 23,483                         |
| Licenses and permits                                 | 185,039             | -                   | -                          | -                                 | 185,039                        |
| Intergovernmental                                    | 733,741             | -                   | -                          | -                                 | 733,741                        |
| Charges for services                                 | 526,832             | -                   | -                          | -                                 | 526,832                        |
| Investment earnings                                  | 117,327             | 3,354               | 15,563                     | 2,162                             | 138,406                        |
| Miscellaneous                                        | 312,329             | -                   | -                          | 11,048                            | 323,377                        |
| Total revenues                                       | <u>3,207,350</u>    | <u>3,354</u>        | <u>15,563</u>              | <u>13,210</u>                     | <u>3,239,477</u>               |
| <b>Expenditures</b>                                  |                     |                     |                            |                                   |                                |
| Current:                                             |                     |                     |                            |                                   |                                |
| General Government                                   | 820,442             | -                   | -                          | 1,371                             | 821,813                        |
| Public Safety                                        | 813,390             | -                   | -                          | 774                               | 814,164                        |
| Garbage                                              | 198,546             | -                   | -                          | -                                 | 198,546                        |
| Public Works                                         | 3,686,653           | -                   | -                          | -                                 | 3,686,653                      |
| Parks and Library                                    | 270,632             | -                   | -                          | 5,952                             | 276,584                        |
| Debt Service:                                        |                     |                     |                            |                                   |                                |
| Principal                                            | 76,317              | 15,844              | -                          | -                                 | 92,161                         |
| Interest                                             | 104,221             | 483                 | -                          | -                                 | 104,704                        |
| Bond fees and cost of issuance                       | 149,619             | -                   | -                          | -                                 | 149,619                        |
| Capital Outlay                                       | -                   | 501,852             | -                          | -                                 | 501,852                        |
| Total expenditures                                   | <u>6,119,820</u>    | <u>518,179</u>      | <u>-</u>                   | <u>8,097</u>                      | <u>6,646,096</u>               |
| Excess (deficiency) of revenues<br>over expenditures | <u>(2,912,470)</u>  | <u>(514,825)</u>    | <u>15,563</u>              | <u>5,113</u>                      | <u>(3,406,619)</u>             |
| <b>Other financing sources (uses)</b>                |                     |                     |                            |                                   |                                |
| Proceeds from bonds and other financing              | 4,374,000           | 279,378             | -                          | -                                 | 4,653,378                      |
| Transfers in                                         | -                   | 65,000              | -                          | -                                 | 65,000                         |
| Transfers out                                        | (65,000)            | -                   | -                          | -                                 | (65,000)                       |
| Total other financing sources and uses               | <u>4,309,000</u>    | <u>344,378</u>      | <u>-</u>                   | <u>-</u>                          | <u>4,653,378</u>               |
| Net change in fund balances                          | <u>1,396,530</u>    | <u>(170,447)</u>    | <u>15,563</u>              | <u>5,113</u>                      | <u>1,246,759</u>               |
| Fund balances - beginning                            | <u>1,090,406</u>    | <u>(24,676)</u>     | <u>310,130</u>             | <u>37,774</u>                     | <u>1,413,634</u>               |
| Fund balances - ending                               | <u>\$ 2,486,936</u> | <u>\$ (195,123)</u> | <u>\$ 325,693</u>          | <u>42,887</u>                     | <u>2,660,393</u>               |

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

# Garland City

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2025

---

|                                                         |              |
|---------------------------------------------------------|--------------|
| Net changes in fund balances - total governmental funds | \$ 1,246,759 |
|---------------------------------------------------------|--------------|

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays exceeded depreciation in the current period.

|                                   |              |           |
|-----------------------------------|--------------|-----------|
| Capital outlay                    | \$ 4,447,278 |           |
| Depreciation                      | (257,448)    |           |
| Net book value of assets disposed | (6,417)      |           |
|                                   |              | 4,183,413 |

Changes in general long-term liabilities are not reflected in the fund statements but are reported as part of the entity-wide statement of activities:

|                                  |              |             |
|----------------------------------|--------------|-------------|
| Note issued                      | \$ (279,378) |             |
| Bond issued                      | (4,374,000)  |             |
| Decrease in compensated absences | 1,587        |             |
| Principal paid on notes          | 35,992       |             |
| Principal paid on bonds          | 76,317       |             |
| Increase in accrued interest     | (29,963)     |             |
|                                  |              | (4,569,445) |

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

|                                                                                                   |          |
|---------------------------------------------------------------------------------------------------|----------|
| GASB Statement 68 entries resulted in a net decrease of pension expenses at the entity-wide level | (44,486) |
|---------------------------------------------------------------------------------------------------|----------|

|                                                 |                   |
|-------------------------------------------------|-------------------|
| Change in net assets of governmental activities | <u>\$ 816,241</u> |
|-------------------------------------------------|-------------------|

---

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

**Garland City**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

|                                                 | Enterprise Funds    |                     |                     |
|-------------------------------------------------|---------------------|---------------------|---------------------|
|                                                 | Water Fund          | Sewer Fund          | Total               |
| <b>Assets</b>                                   |                     |                     |                     |
| Current assets:                                 |                     |                     |                     |
| Cash and cash equivalents                       | \$ 2,594            | \$ -                | \$ 2,594            |
| Restricted cash and cash equivalents            | 195,460             | 341,927             | 537,387             |
| Accounts receivable - net                       | 26,216              | 88,220              | 114,436             |
| Due from other funds                            | 420,000             | -                   | 420,000             |
| Other receivables                               | 7                   | -                   | 7                   |
| Total current assets                            | <u>644,277</u>      | <u>430,147</u>      | <u>1,074,424</u>    |
| Non-current assets:                             |                     |                     |                     |
| Capital Assets:                                 |                     |                     |                     |
| Land and improvements                           | 7,000               | 109,797             | 116,797             |
| Utility System                                  | 3,443,842           | 16,413,043          | 19,856,885          |
| Construction in Progress                        | 147,383             | 81,061              | 228,444             |
| Buildings                                       | 101,027             | -                   | 101,027             |
| Equipment and Furniture                         | 441,992             | 540,238             | 982,230             |
| Less Accumulated depreciation                   | <u>(2,511,119)</u>  | <u>(2,638,203)</u>  | <u>(5,149,322)</u>  |
| Total non-current assets                        | <u>1,630,125</u>    | <u>14,505,936</u>   | <u>16,136,061</u>   |
| Total assets                                    | <u>2,274,402</u>    | <u>14,936,083</u>   | <u>17,210,485</u>   |
| Deferred outflows of resources:                 |                     |                     |                     |
| Pension related items                           | 26,896              | 28,177              | 55,073              |
| Total assets and deferred outflows of resources | <u>2,301,298</u>    | <u>14,964,260</u>   | <u>17,265,558</u>   |
| <b>Liabilities</b>                              |                     |                     |                     |
| Current liabilities:                            |                     |                     |                     |
| Accounts payable                                | 379                 | 8,876               | 9,255               |
| Salaries payable                                | 1,057               | 1,107               | 2,164               |
| Accrued interest payable                        | -                   | 9,924               | 9,924               |
| Due to other funds                              | -                   | 1,027,517           | 1,027,517           |
| Other accrued expenses                          | 26,550              | -                   | 26,550              |
| Bonds, notes and loans payable                  | -                   | 187,269             | 187,269             |
| Total current liabilities                       | <u>27,986</u>       | <u>1,234,693</u>    | <u>1,262,679</u>    |
| Non-current liabilities:                        |                     |                     |                     |
| Compensated absences                            | 224                 | 359                 | 583                 |
| Net pension liability/receivable                | 38,040              | 39,853              | 77,893              |
| Bonds, notes and loans payable                  | -                   | 9,323,112           | 9,323,112           |
| Total non-current liabilities                   | <u>38,264</u>       | <u>9,363,324</u>    | <u>9,401,588</u>    |
| Total liabilities                               | <u>66,250</u>       | <u>10,598,017</u>   | <u>10,664,267</u>   |
| <b>Deferred Inflows of Resources</b>            |                     |                     |                     |
| Deferred inflows related to pensions            | 359                 | 377                 | 736                 |
| Total deferred inflows of resources             | <u>359</u>          | <u>377</u>          | <u>736</u>          |
| <b>Net Position</b>                             |                     |                     |                     |
| Net investment in capital assets                | 1,630,125           | 4,995,555           | 6,625,680           |
| Restricted for impact fees                      | 195,460             | 288,021             | 483,481             |
| Restricted for debt service                     | -                   | 53,906              | 53,906              |
| Unrestricted                                    | 409,103             | (971,617)           | (562,513)           |
| Total net position                              | <u>\$ 2,234,688</u> | <u>\$ 4,365,865</u> | <u>\$ 6,600,554</u> |

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

**Garland City**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

|                                                  | Enterprise Funds           |                            |                            |
|--------------------------------------------------|----------------------------|----------------------------|----------------------------|
|                                                  | Water Fund                 | Sewer Fund                 | Total                      |
| <b>Revenues</b>                                  |                            |                            |                            |
| Charges for services                             | \$ 407,459                 | \$ 802,165                 | \$ 1,209,624               |
| Miscellaneous revenue                            | 8,884                      | -                          | 8,884                      |
| Total operating revenues                         | <u>416,343</u>             | <u>802,165</u>             | <u>1,218,508</u>           |
| <b>Operating Expenses</b>                        |                            |                            |                            |
| Personnel services                               | 132,854                    | 74,759                     | 207,613                    |
| Contractual services                             | 6,289                      | 6,981                      | 13,270                     |
| Repairs and maintenance                          | 64,902                     | 30,913                     | 95,815                     |
| Other supplies and expenses                      | 60,039                     | 103,840                    | 163,879                    |
| Depreciation                                     | 88,492                     | 361,877                    | 450,369                    |
| Total operating expenses                         | <u>352,576</u>             | <u>578,370</u>             | <u>930,946</u>             |
| Operating income (loss)                          | <u>63,767</u>              | <u>223,795</u>             | <u>287,562</u>             |
| <b>Non-Operating Revenues (Expenses)</b>         |                            |                            |                            |
| Interest and investment revenue                  | 31,424                     | (37,570)                   | (6,146)                    |
| Impact fee                                       | 126,841                    | 140,150                    | 266,991                    |
| Interest expense                                 | -                          | (198,739)                  | (198,739)                  |
| Total non-operating revenue (expenses)           | <u>158,265</u>             | <u>(96,159)</u>            | <u>62,106</u>              |
| Income (loss) before contributions and transfers | <u>222,032</u>             | <u>127,636</u>             | <u>349,668</u>             |
| Transfers in                                     | -                          | -                          | -                          |
| Transfers (out)                                  | <u>-</u>                   | <u>-</u>                   | <u>-</u>                   |
| Change in net position                           | <u>222,032</u>             | <u>127,636</u>             | <u>349,668</u>             |
| Total net position - beginning                   | <u>2,012,656</u>           | <u>4,238,229</u>           | <u>6,250,886</u>           |
| Total net position - ending                      | <u><u>\$ 2,234,688</u></u> | <u><u>\$ 4,365,865</u></u> | <u><u>\$ 6,600,554</u></u> |

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

**Garland City**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

|                                                                                                | Water<br>Fund     | Sewer<br>Fund     | Total             |
|------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Cash flows from operating activities:</b>                                                   |                   |                   |                   |
| Cash received from customers                                                                   | \$ 421,470        | \$ 780,182        | \$ 1,201,652      |
| Cash received from other activities                                                            | 8,884             | -                 | 8,884             |
| Cash payments for payroll and benefits                                                         | (75,910)          | (103,728)         | (179,638)         |
| Cash payments for goods and services                                                           | (159,946)         | (146,138)         | (306,084)         |
| Net cash provided (used) by operating activities                                               | <u>194,498</u>    | <u>530,316</u>    | <u>724,814</u>    |
| <b>Cash flows from investing activities:</b>                                                   |                   |                   |                   |
| Interest earned on cash deposits                                                               | <u>31,424</u>     | <u>(37,570)</u>   | <u>(6,146)</u>    |
| Net cash provided (used) by investing activities                                               | <u>31,424</u>     | <u>(37,570)</u>   | <u>(6,146)</u>    |
| <b>Cash flows from noncapital financing activities:</b>                                        |                   |                   |                   |
| Operating transfers in (out)                                                                   | <u>-</u>          | <u>-</u>          | <u>-</u>          |
| Net cash provided (used) by noncapital financing activities                                    | <u>-</u>          | <u>-</u>          | <u>-</u>          |
| <b>Cash flows from capital and related financing activities:</b>                               |                   |                   |                   |
| Interest on debt                                                                               | -                 | (198,739)         | (198,739)         |
| Principal paid on bonds                                                                        | -                 | (183,498)         | (183,498)         |
| Proceeds from impact fees                                                                      | 126,841           | 140,150           | 266,991           |
| Change in due to/from other funds                                                              | (68,207)          | 38,084            | (30,123)          |
| Cash payments for property and equipment purchases                                             | (293,624)         | (89,407)          | (383,031)         |
| Net cash provided (used) by capital and related financing activities                           | <u>(234,990)</u>  | <u>(293,410)</u>  | <u>(528,400)</u>  |
| Net increase (decrease) in cash and cash equivalents                                           | (9,068)           | 199,336           | 190,269           |
| Cash and cash equivalents - beginning of year                                                  | <u>207,121</u>    | <u>142,591</u>    | <u>349,712</u>    |
| Cash and cash equivalents - end of year                                                        | <u>\$ 198,054</u> | <u>\$ 341,927</u> | <u>\$ 539,981</u> |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b> |                   |                   |                   |
| Operating income (loss)                                                                        | \$ 63,767         | \$ 223,795        | \$ 287,562        |
| Adjustments to reconcile operating income to net cash provided by operating activities:        |                   |                   |                   |
| Depreciation expense                                                                           | 88,492            | 361,877           | 450,369           |
| (Increase) decrease in accounts receivable                                                     | 14,011            | (21,983)          | (7,972)           |
| (Increase) decrease in deferred outflows                                                       | (11,666)          | (27,857)          | (39,523)          |
| Increase (decrease) in accounts payable and accrued liabilities                                | (7,934)           | 9,687             | 1,753             |
| Increase (decrease) in net pension liability                                                   | 37,556            | 3,854             | 41,410            |
| Increase (decrease) in deferred inflows                                                        | 11,920            | (16,463)          | (4,543)           |
| Increase (decrease) in wages                                                                   | (1,641)           | (2,594)           | (4,235)           |
| Net cash provided (used) by operating activities                                               | <u>\$ 194,498</u> | <u>\$ 530,316</u> | <u>\$ 724,814</u> |

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

## **NOTES TO FINANCIAL STATEMENTS**

**Garland City**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

---

**Note 1 - Summary of Significant Accounting Policies**

Garland City operates under a traditional council/mayor form of government and provides the following services as authorized by its charter: public safety, public utilities, highways and streets, sanitation, social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The financial statements for Garland City have been prepared in conformity with generally accepted accounting principles (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 following is a summary of the more significant policies.

**A. Reporting entity**

As required by generally accepted accounting principles, these financial statements present Garland City (the primary government) and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

**Blended Component Unit:**

Garland Redevelopment Agency - The Garland Redevelopment Agency (RDA) is governed by a board of directors comprised of the Mayor and City Council of Garland City. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its principal purpose in removing blight is to redevelop areas within the City thereby generating additional property tax and sales tax.

**B. Government-Wide and Fund Financial Statements**

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

**Government-Wide Financial Statements**

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. *Governmental activities generally are financed through* taxes, intergovernmental revenues, and other non-exchange revenues. *Business-type activities are financed in whole or in part by fees charged to external parties for goods or services*. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

---

**Note 1 - Summary of Significant Accounting Policies - continued**

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

**Fund Financial Statements**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and statutory mandate. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

*Governmental Fund Types:*

The City reports the following major governmental funds:

General fund - The general fund is the general operating fund of the city. It is used to account for all financial resources except those that are required to be accounted for in other funds. It also includes the financial activities related to most federal and state funds.

Special revenue funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The City's Redevelopment Agency #2 is reported as a special revenue fund.

Capital projects fund - These funds are used to account for financial resources to be used for the acquisition or construction of general major capital facilities.

Nonmajor governmental funds - The City's nonmajor governmental funds are the Redevelopment Agency fund #1, the Fire Department and the Charity Theater Fund. These nonmajor special revenue funds account for specific revenue sources that are restricted for specified purposes.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

---

**Note 1 - Summary of Significant Accounting Policies - continued**

*Proprietary Fund Types:*

Enterprise fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City operates its water and sewer as enterprise funds. Each is considered a major proprietary fund.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

All governmental funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means that amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if they are collected within 60 days after year-end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and (2) principal and interest on general long-term debt which is recognized when due.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

---

**Note 1 - Summary of Significant Accounting Policies - continued**

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The City applies all applicable FASB pronouncements.

**D. Budgets**

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities" by the City of Garland Municipal Council on or before June 22nd for the following fiscal year which begins on July 1.

Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolutions are generally required only if the fund desires to exceed its total budget appropriation. The City follows Uniform Fiscal Procedures for Cities as adopted by the State Legislature for policies concerning its budgetary accounting. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at fiscal year-end.

During the year, the City's budget was amended.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

|                             |             |
|-----------------------------|-------------|
| Buildings                   | 40 years    |
| Wells                       | 50 years    |
| Water distribution system   | 50 years    |
| Sewer collection system     | 50 years    |
| Equipment and machinery     | 5-15 years  |
| Infrastructure improvements | 20 years    |
| Other improvements          | 10-30 years |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

---

**F. Governmental Fund Balances**

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned.

*Nonspendable Fund Balance* - classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Garland has no Nonspendable fund balance.

*Restricted Fund Balance* - classified as restricted by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Garland reports its Class C fund balance and Redevelopment Agency fund balance as restricted.

*Committed Fund Balance* - classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Garland has no committed fund balances.

*Assigned Fund Balance* - classification includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted no committed. Garland reports its Capital Project fund balances as assigned.

*Unassigned Fund Balance* - classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

---

**Note 1 - Summary of Significant Accounting Policies - continued**

**G. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**H. 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.

**I. Deferred outflows/inflows of resources**

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

**J. Use of Estimates**

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

**K. Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available to be issued.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

---

**Note 2 - Cash & cash equivalents and investments**

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

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

Deposits and investments

*Deposits*

Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. As of June 30, 2025, \$0 of the local government's bank balances of \$194,659 were uninsured and uncollateralized.

*Investments*

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

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

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

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

---

**Note 2 - Cash & cash equivalents and investments - continued**

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

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

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

*Fair Value of Investments* - The 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:* Valuations based on quoted prices in active markets for identical assets or liabilities that the City has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.;

*Level 2:* Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include: corporate and municipal bonds, and “brokered” or securitized certificates of deposit; and,

*Level 3:* Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 2 - Cash & cash equivalents and investments - continued**

|                                          | Fair Value Measurements Using |                  |          |
|------------------------------------------|-------------------------------|------------------|----------|
|                                          | Level 1                       | Level 2          | Level 3  |
| Investments by fair value level          |                               |                  |          |
| Debt Securities                          |                               |                  |          |
| Money Market Mutual Funds                | \$ 776,653                    | -                | -        |
| Utah Public Treasurers' Investment Fund  | -                             | 2,201,670        | -        |
| Total investments measured at fair value | <u>\$ 776,653</u>             | <u>2,201,670</u> | <u>-</u> |

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following

For securities that generally have market prices from multiple sources, it can be difficult to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security.

The City receives market prices for these securities from a variety of industry standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, the City uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

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

*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 Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 2 - Cash & cash equivalents and investments - continued**

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

| Investment Type                         | Investment Maturities (in years) |                  |          |
|-----------------------------------------|----------------------------------|------------------|----------|
|                                         | Fair Value                       | Less than 1      | 1-5      |
| Money Market                            | \$ 776,653                       | 776,653          | -        |
| Utah Public Treasurers' Investment Fund | 2,201,670                        | 2,201,670        | -        |
| Total                                   | <u>\$ 2,978,323</u>              | <u>2,978,323</u> | <u>-</u> |

*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 its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

| Investment Type                         | Quality Ratings |          |                  |
|-----------------------------------------|-----------------|----------|------------------|
|                                         | AA              | A        | Unrated          |
| Money Market                            | \$ -            | -        | 776,653          |
| Utah Public Treasurers' Investment Fund | -               | -        | 2,201,670        |
| Total                                   | <u>\$ -</u>     | <u>-</u> | <u>2,978,323</u> |

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

*Custodial Credit Risk - Investments* - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments that are in the possession of an outside party. The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. 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 participants' average daily balances.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 3 - Disaggregated Receivables**

|                                                   | Governmental<br>Activities | Enterprise<br>Funds | Total          |
|---------------------------------------------------|----------------------------|---------------------|----------------|
| Receivables:                                      |                            |                     |                |
| Individual accounts                               | \$ 23,331                  | 114,436             | 137,767        |
| Sales tax                                         | 106,578                    | -                   | 106,578        |
| Property taxes - current                          | 6,554                      | -                   | 6,554          |
| Property taxes - unavailable                      | 675,900                    | -                   | 675,900        |
| Class C Roads                                     | 32,691                     | -                   | 32,691         |
| Grant receivable                                  | -                          | -                   | -              |
| Less: Allowance for uncollectible                 | (443)                      | -                   | (443)          |
| Net total receivable & due from other governments | <u>\$ 844,611</u>          | <u>\$ 114,436</u>   | <u>959,047</u> |

This section intentionally left blank.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 4 - Capital Assets**

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

|                                            | Beginning<br>Balance | Additions        | Deletions       | Ending<br>Balance   |
|--------------------------------------------|----------------------|------------------|-----------------|---------------------|
| <u>Government activities:</u>              |                      |                  |                 |                     |
| Capital assets not being depreciated:      |                      |                  |                 |                     |
| Land and land improvements                 | \$ 415,617           | -                | -               | \$ 415,617          |
| Construction in process                    | 650,988              | 3,805,995        | -               | 4,456,983           |
| Total Capital assets not being depreciated | <u>1,066,605</u>     | <u>3,805,995</u> | <u>-</u>        | <u>4,872,600</u>    |
| Capital assets being depreciated:          |                      |                  |                 |                     |
| Building and improvements                  | 392,699              | -                | -               | 392,699             |
| Improvements                               | 556,712              | 34,695           | -               | 591,407             |
| Machinery and Equipment                    | 2,004,620            | 606,588          | (19,706)        | 2,591,502           |
| Infrastructure                             | 1,197,929            | -                | -               | 1,197,929           |
| Total                                      | <u>4,151,960</u>     | <u>641,283</u>   | <u>(19,706)</u> | <u>4,773,537</u>    |
| Less accumulated depreciation for:         |                      |                  |                 |                     |
| Buildings                                  | (112,825)            | (9,817)          | -               | (122,642)           |
| Improvements                               | (240,399)            | (16,427)         | -               | (256,826)           |
| Machinery and Equipment                    | (1,342,311)          | (207,245)        | 13,289          | (1,536,267)         |
| Infrastructure                             | (162,219)            | (23,959)         | -               | (186,178)           |
| Total                                      | <u>(1,857,754)</u>   | <u>(257,448)</u> | <u>13,289</u>   | <u>(2,101,913)</u>  |
| Capital assets being depreciated, net      | <u>2,294,206</u>     | <u>383,835</u>   | <u>(6,417)</u>  | <u>2,671,624</u>    |
| Governmental activity capital assets, net  | <u>\$ 3,360,811</u>  | <u>4,189,830</u> | <u>(6,417)</u>  | <u>\$ 7,544,224</u> |

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

|                    |                   |
|--------------------|-------------------|
| General Government | \$ 72,295         |
| Public Safety      | 125,039           |
| Public Works       | 44,497            |
| Parks and Library  | 15,617            |
| Total              | <u>\$ 257,448</u> |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 4 - Capital Assets - continued**

|                                              | Beginning<br>Balance | Additions | Deletions | Ending<br>Balance |
|----------------------------------------------|----------------------|-----------|-----------|-------------------|
| <u>Business-type activities:</u>             |                      |           |           |                   |
| Capital assets not being depreciated:        |                      |           |           |                   |
| Land and land improvements                   | \$ 116,797           | -         | -         | \$ 116,797        |
| Construction in process                      | -                    | 228,444   | -         | 228,444           |
| Total Capital assets not being depreciated   | 116,797              | 228,444   | -         | 345,241           |
| Capital assets being depreciated:            |                      |           |           |                   |
| Buildings                                    | 101,027              | -         | -         | 101,027           |
| Infrastructure                               | 19,856,885           | -         | -         | 19,856,885        |
| Machinery and Equipment                      | 827,642              | 154,588   | -         | 982,230           |
| Total                                        | 20,785,554           | 154,588   | -         | 20,940,142        |
| Less accumulated depreciation for:           |                      |           |           |                   |
| Buildings                                    | (43,498)             | (2,021)   | -         | (45,519)          |
| Infrastructure                               | (4,097,654)          | (354,770) | -         | (4,452,424)       |
| Machinery and Equipment                      | (553,522)            | (97,857)  | -         | (651,379)         |
| Total                                        | (4,694,674)          | (454,648) | -         | (5,149,322)       |
| Capital assets being depreciated, net        | 16,090,880           | (300,060) | -         | 15,790,820        |
| Business-type activities capital assets, net | \$ 16,207,677        | (71,617)  | -         | \$ 16,136,060     |

This section intentionally left blank.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 5 - Long-Term Debt**

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. Bonds have been issued for both governmental and business-type activities. Repayment of the bonds are from pledged revenue sources.

The City finances vehicles and equipment through notes secured by the underlying asset.

|                                    | Original<br>Borrowing | Interest<br>Rates | Final<br>Maturity | Outstanding<br>at Year-end |
|------------------------------------|-----------------------|-------------------|-------------------|----------------------------|
| <u>Governmental activities</u>     |                       |                   |                   |                            |
| 2024A Sales Tax Revenue Bond       | \$ 1,489,000          | 3.650%            | 2039              | \$ 1,412,683               |
| 2024B Sales Tax Revenue Bond       | 2,885,000             | 4.450-4.375%      | 2055              | 2,885,000                  |
| 2022 Equipment Note                | 104,273               | 3.390%            | 2026              | 19,488                     |
| 2024 Vehicle Note                  | 89,637                | 6.66%             | 2028              | 73,793                     |
| 2024 Equipment Note                | 189,741               | 5.75%             | 2029              | 189,741                    |
| Total governmental activities      |                       |                   |                   | <u>\$ 4,580,705</u>        |
|                                    | Original<br>Borrowing | Interest<br>Rates | Final<br>Maturity | Outstanding<br>at Year-end |
| <u>Business-type activities</u>    |                       |                   |                   |                            |
| 2018 Sewer Revenue Refunding Bonds | \$ 4,672,000          | 3.650%            | 2039              | \$ 4,311,653               |
| 2022 Sewer Revenue Bond            | 5,303,839             | 4.450-4.375%      | 2055              | 5,198,728                  |
| Total business-type activities     |                       |                   |                   | <u>\$ 9,510,381</u>        |

**Changes in Long-Term Debt:**

During the year ended June 30, 2025 the following activity occurred in liabilities reported as long-term:

|                                  | Beginning<br>Balance | Additions        | Deletions        | Ending<br>Balance | Due Within<br>One Year |
|----------------------------------|----------------------|------------------|------------------|-------------------|------------------------|
| <u>Governmental activities:</u>  |                      |                  |                  |                   |                        |
| Compensated absences             | \$ 26,262            | -                | (1,587)          | 24,675            | -                      |
| Bonds payable                    | -                    | 4,374,000        | (76,317)         | 4,297,683         | 79,103                 |
| Equipment notes                  | 39,636               | 279,378          | (35,992)         | 283,022           | 66,879                 |
| Net pension liability            | 179,785              | 52,071           | -                | 231,856           | -                      |
| Total                            | <u>\$ 245,683</u>    | <u>4,705,449</u> | <u>(113,896)</u> | <u>4,837,236</u>  | <u>145,982</u>         |
| <u>Business-type activities:</u> |                      |                  |                  |                   |                        |
| Compensated absences             | \$ 7,535             | -                | (6,952)          | 583               | -                      |
| Bonds payable                    | 9,693,879            | -                | (183,498)        | 9,510,381         | 187,269                |
| Net pension liability            | 36,483               | 41,410           | -                | 77,893            | -                      |
| Total                            | <u>\$ 9,737,897</u>  | <u>41,410</u>    | <u>(190,450)</u> | <u>9,588,857</u>  | <u>187,269</u>         |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 5 - Long-Term Debt - continued**

The debt service requirements for the City's bonds, loans, and notes are as follows:

Governmental-Type Activities:

| Year      | Bonds               |                  | Notes          |               | Total Debt Service |
|-----------|---------------------|------------------|----------------|---------------|--------------------|
|           | Principal           | Interest         | Principal      | Interest      |                    |
| 2026      | \$ 79,103           | 178,679          | 66,879         | 16,627        | 839,230            |
| 2027      | 81,990              | 175,792          | 47,623         | 12,861        | 811,842            |
| 2028      | 84,982              | 172,799          | 61,527         | 10,037        | 818,434            |
| 2029      | 88,084              | 169,697          | 65,234         | 6,330         | 813,820            |
| 2030      | 91,299              | 166,482          | 41,759         | 2,399         | 781,674            |
| 2031-2035 | 508,984             | 779,924          | -              | -             | 3,611,718          |
| 2040-2044 | 1,173,241           | 620,814          | -              | -             | 4,482,036          |
| 2045-2049 | 870,000             | 406,982          | -              | -             | 3,287,310          |
| 2050-2054 | 1,075,000           | 199,062          | -              | -             | 3,079,256          |
| 2055-2059 | 245,000             | 10,718           | -              | -             | 826,438            |
|           | <u>\$ 4,297,683</u> | <u>2,880,949</u> | <u>283,022</u> | <u>48,254</u> | <u>19,351,758</u>  |

Business-Type Activities:

| Year            | Bonds               |                  | Notes     |          | Total Debt Service |
|-----------------|---------------------|------------------|-----------|----------|--------------------|
|                 | Principal           | Interest         | Principal | Interest |                    |
| 2026            | \$ 187,269          | 195,147          | -         | -        | 1,004,992          |
| 2027            | 191,124             | 191,292          | -         | -        | 1,000,626          |
| 2028            | 195,067             | 187,349          | -         | -        | 996,140            |
| 2029            | 199,097             | 183,319          | -         | -        | 991,526            |
| 2030            | 203,220             | 179,196          | -         | -        | 986,786            |
| 2031-2035       | 1,081,278           | 830,802          | -         | -        | 4,858,062          |
| 2040-2044       | 1,199,347           | 712,733          | -         | -        | 4,718,086          |
| 2045-2049       | 1,331,589           | 580,491          | -         | -        | 4,557,506          |
| 2050-2054       | 1,479,855           | 432,225          | -         | -        | 4,355,292          |
| 2055-2059       | 1,646,230           | 265,850          | -         | -        | 4,139,162          |
| 2060 thereafter | 1,796,305           | 91,316           | -         | -        | 3,851,968          |
|                 | <u>\$ 9,510,381</u> | <u>3,849,720</u> | <u>-</u>  | <u>-</u> | <u>31,460,146</u>  |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

---

**Note 6 - Compensated Absences, Accumulated Unpaid Vacation, Sick Leave Pay, Compensatory Time**

It is the government's policy to permit employees to accumulate earned, but unused vacation and sick leave pay benefits. Vacation and compensatory leave are recorded as an expenditure when used in governmental funds and as an expense when earned in proprietary funds and in the governmental-wide statements. A liability for unused vacation and compensatory leave is recorded in the governmental-wide statement of net position.

**Note 7 - Retirement Plans**

*General Information about the Pension Plan*

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

**Defined Benefit Plans**

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

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

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

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

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 7 - Retirement Plans - continued**

Summary of Benefits by System

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

| System                                      | Final Average Salary | Years of Service Required and/or Age Eligible for Benefit | Benefit Percentage per Year or Service | COLA**                        |  |
|---------------------------------------------|----------------------|-----------------------------------------------------------|----------------------------------------|-------------------------------|--|
| Contributory System                         | Highest 5 Years      | 30 years any age                                          | 1.25% per year to June 1975;           | Up to 4%                      |  |
|                                             |                      | 20 years age 60*                                          | 2.00% per year July 1975 to            |                               |  |
|                                             |                      | 10 years age 62*                                          | present                                |                               |  |
|                                             |                      | 4 years age 65                                            |                                        |                               |  |
| Public Safety System                        | Highest 3 Years      | 20 years any age                                          |                                        | Up to 2.5%                    |  |
|                                             |                      | 10 years age 60                                           | 2.5% per year up to 20 years;          | or 4% depending upon employer |  |
|                                             |                      | 4 years age 65                                            | 2.0% per year over 20 years            |                               |  |
| Tier 2 Public Employees System              | Highest 5 Years      | 35 years any age                                          |                                        | Up to 2.5%                    |  |
|                                             |                      | 20 years age 60*                                          | 1.50% per year all years               |                               |  |
|                                             |                      | 10 years age 62*                                          |                                        |                               |  |
|                                             |                      | 4 years age 65                                            |                                        |                               |  |
| Tier 2 Public Safety and Firefighter System | Highest 5 Years      | 25 years any age                                          | 1.50% per year to June 30, 2020        | Up to 2.5%                    |  |
|                                             |                      | 20 years age 60*                                          | 2.00% per year July 1, 2020 to present |                               |  |
|                                             |                      | 10 years age 62*                                          |                                        |                               |  |
|                                             |                      | 4 years age 65                                            |                                        |                               |  |

\*actuarial reductions are applied

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

Contribution Rate Summary

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

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 7 - Retirement Plans - continued**

|                                    | Employee | Employer | Employer 401(k) |
|------------------------------------|----------|----------|-----------------|
| Contributory System                |          |          |                 |
| 11 Local Government Div - Tier 1   | 6.00     | 12.96    | N/A             |
| 111 Local Government Div - Tier 2  | 0.70     | 16.95    | N/A             |
| Public Safety System               |          |          |                 |
| Contributory                       |          |          |                 |
| 122 Tier 2 DB Hybrid Public Safety | 4.73     | 25.33    | N/A             |
| Noncontributory                    |          |          |                 |
| 43 Other Div A with 2.5% COLA      | N/A      | 33.54    | N/A             |
| Tier 2 DC Only                     |          |          |                 |
| 211 Local Government               | N/A      | 6.95     | 10.00           |
| 222 Public Safety                  | N/A      | 11.33    | 14.00           |

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

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

| System                               | Employer Contributions | Employee Contributions |
|--------------------------------------|------------------------|------------------------|
| Contributory System                  | \$ 7,066               | 3,371                  |
| Public Safety System                 | 22,613                 | -                      |
| Tier 2 Public Employees System       | 25,616                 | 2,401                  |
| Tier 2 Public Safety and Firefighter | 54,531                 | 10,892                 |
| Total Contributions                  | <u>\$ 109,826</u>      | <u>\$ 16,664</u>       |

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

**Combined Pensions Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources**

At June 30, 2025, we reported a net pension asset of \$309,749 and a net pension liability of \$0.

|                                 | (Measurement Date): December 31, 2024 |                   |                     | Proportionate Share December 31 2023 | Change (Decrease) / Increase |
|---------------------------------|---------------------------------------|-------------------|---------------------|--------------------------------------|------------------------------|
|                                 | Net Pension Liability                 | Net Pension Asset | Proportionate Share |                                      |                              |
| Contributory System             | \$ 170,652                            | \$ -              | 1.3616664%          | 1.3385041%                           | 0.0231624%                   |
| Public Safety System            | \$ 101,767                            | \$ -              | 0.0657705%          | 0.0568182%                           | 0.0089523%                   |
| Tier 2 Public Employees Syste   | \$ 17,405                             | \$ -              | 0.0058359%          | 0.0053911%                           | 0.0004449%                   |
| Tier 2 Public Safety and Firefi | \$ 19,926                             | \$ -              | 0.0440549%          | 0.0372448%                           | 0.0068101%                   |
|                                 | <u>\$ 309,750</u>                     | <u>\$ -</u>       |                     |                                      |                              |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 7 - 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 is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025, we recognized pension expense of \$152,938.

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

|                                                                                                      | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                   | \$ 30,341                            | \$ 1,167                            |
| Changes in assumptions                                                                               | \$ 16,988                            | \$ 315                              |
| Net difference between projected and actual earnings on pension plan investments                     | \$ 111,641                           | \$ -                                |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 6,212                             | \$ 1,446                            |
| Contributions subsequent to the measurement date                                                     | \$ 53,822                            | \$ -                                |
|                                                                                                      | <u>\$ 219,004</u>                    | <u>\$ 2,928</u>                     |

\$53,822 reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to measurement date of December 31, 2024.

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

| Year ended December 31, | Outflows<br>(Inflows) of<br>Resources |
|-------------------------|---------------------------------------|
| 2025                    | \$ 17,654                             |
| 2026                    | \$ 162,168                            |
| 2027                    | \$ (37,529)                           |
| 2028                    | \$ (3,450)                            |
| 2029                    | \$ 8,002                              |
| Thereafter              | \$ 15,409                             |

**Garland City**  
**Notes to Financial Statements-continued**  
For the Year Ended June 30, 2025

**Note 7 - Retirement Plans - continued**

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

For the year ended June 30, 2025, we recognized pension expense of \$40,984.

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

|                                                                                                      | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                   | \$ -                                 | \$ -                                |
| Changes in assumptions                                                                               | \$ -                                 | \$ -                                |
| Net difference between projected and actual earnings on pension plan investments                     | \$ 91,624                            | \$ -                                |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ -                                 | \$ -                                |
| Contributions subsequent to the measurement date                                                     | \$ 2,526                             | \$ -                                |
|                                                                                                      | <u>\$ 94,150</u>                     | <u>\$ -</u>                         |

\$2,526 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

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

| Year ended December 31, | Outflows<br>(Inflows) of<br>Resources |
|-------------------------|---------------------------------------|
| 2025                    | \$ (763)                              |
| 2026                    | \$ 130,705                            |
| 2027                    | \$ (32,871)                           |
| 2028                    | \$ (5,447)                            |
| 2029                    | \$ -                                  |
| Thereafter              | \$ -                                  |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 7 - Retirement Plans - continued**

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

For the year ended June 30, 2025, we recognized pension expense of \$64,296.

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

|                                                                                                      | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                   | \$ 10,754                            | \$ -                                |
| Changes in assumptions                                                                               | \$ -                                 | \$ -                                |
| Net difference between projected and actual earnings on pension plan investments                     | \$ 17,613                            | \$ -                                |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 2,476                             | \$ -                                |
| Contributions subsequent to the measurement date                                                     | \$ 11,377                            | \$ -                                |
|                                                                                                      | <u>\$ 42,220</u>                     | <u>\$ -</u>                         |

\$11,377 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

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

| Year ended December 31, | Outflows<br>(Inflows) of<br>Resources |
|-------------------------|---------------------------------------|
| 2025                    | \$ 14,293                             |
| 2026                    | \$ 25,000                             |
| 2027                    | \$ (7,154)                            |
| 2028                    | \$ (1,297)                            |
| 2029                    | \$ -                                  |
| Thereafter              | \$ -                                  |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 7 - Retirement Plans - continued**

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

For the year ended June 30, 2025, we recognized pension expense of \$18,948.

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

|                                                                                                      | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                   | \$ 7,524                             | \$ 120                              |
| Changes in assumptions                                                                               | \$ 5,813                             | \$ 2                                |
| Net difference between projected and actual earnings on pension plan investments                     | \$ 1,112                             | \$ -                                |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 2,674                             | \$ 841                              |
| Contributions subsequent to the measurement date                                                     | \$ 12,956                            | \$ -                                |
|                                                                                                      | <u>\$ 30,079</u>                     | <u>\$ 963</u>                       |

\$12,956 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

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

| Year ended December 31, | Outflows<br>(Inflows) of<br>Resources |
|-------------------------|---------------------------------------|
| 2025                    | \$ 1,945                              |
| 2026                    | \$ 3,039                              |
| 2027                    | \$ 1,282                              |
| 2028                    | \$ 1,590                              |
| 2029                    | \$ 3,815                              |
| Thereafter              | \$ 4,492                              |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 7 - Retirement Plans - continued**

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$28,711.

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

|                                                                                                      | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                   | \$ 12,063                            | \$ 1,047                            |
| Changes in assumptions                                                                               | \$ 11,175                            | \$ 313                              |
| Net difference between projected and actual earnings on pension plan investments                     | \$ 1,292                             | \$ -                                |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 1,062                             | \$ 605                              |
| Contributions subsequent to the measurement date                                                     | \$ 26,964                            | \$ -                                |
|                                                                                                      | <u>\$ 52,556</u>                     | <u>\$ 1,965</u>                     |

\$26,964 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

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

| Year ended December 31, | Outflows<br>(Inflows) of<br>Resources |
|-------------------------|---------------------------------------|
| 2025                    | \$ 2,179                              |
| 2026                    | \$ 3,424                              |
| 2027                    | \$ 1,215                              |
| 2028                    | \$ 1,704                              |
| 2029                    | \$ 4,188                              |
| Thereafter              | \$ 10,917                             |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 7 - 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          | 3.5 - 9.5 percent, average, including inflation                           |
| Investment Rate of Return | 6.85 percent, net of pension plan investment expense, including inflation |

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of 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, 2023, valuation were based on results of an actuarial experience study for the period ending December 31, 2022.

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

| Asset Class                        | Expected Return Arithmetic Basis |                  |                                                  |
|------------------------------------|----------------------------------|------------------|--------------------------------------------------|
|                                    | Target Asset Allocation          | Arithmetic Basis | Long Term Expected Portfolio Real Rate of Return |
| Equity securities                  | 35.00%                           | 7.01%            | 2.45%                                            |
| Debt securities                    | 20.00%                           | 2.54%            | 0.51%                                            |
| Real assets                        | 18.00%                           | 5.45%            | 0.98%                                            |
| Private equity                     | 12.00%                           | 10.05%           | 1.21%                                            |
| Absolute return                    | 15.00%                           | 4.36%            | 0.65%                                            |
| Cash and cash equivalents          | 0.00%                            | 0.49%            | 0.00%                                            |
| Totals                             | 100.00%                          |                  | 5.80%                                            |
| Inflation                          |                                  |                  | 2.50%                                            |
| Expected arithmetic nominal return |                                  |                  | 8.30%                                            |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 7 - 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 (asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower (5.85 percent) or 1.00 percentage point higher (7.85 percent) than the current rate:

| System                               | 1% Decrease<br>(5.85%) | Discount Rate<br>(6.85%) | 1% Increase<br>(7.85%) |
|--------------------------------------|------------------------|--------------------------|------------------------|
| Contributory System                  | 724,867                | 170,652                  | (303,136)              |
| Public Safety System                 | 312,642                | 101,767                  | (70,304)               |
| Tier 2 Public Employees System       | 51,985                 | 17,405                   | (9,494)                |
| Tier 2 Public Safety and Firefighter | 67,944                 | 19,926                   | (18,466)               |
| Total                                | <u>\$ 1,157,438</u>    | <u>\$ 309,750</u>        | <u>\$ (401,400)</u>    |

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

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 7 - Retirement Plans - continued**

Defined Contribution Savings Plan

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

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

**\*401(k) Plan**

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

|                        | 2025 |        | 2024 |       | 2023 |       |
|------------------------|------|--------|------|-------|------|-------|
| 401(k) Plan            |      |        |      |       |      |       |
| Employer Contributions | \$   | -      | \$   | 3,132 | \$   | 3,281 |
| Employee Contributions | \$   | 12,201 | \$   | 9,712 | \$   | 8,477 |

**Note 8 - Budgetary Accounting and Tax Calendar**

The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. Budgets are required by the State of Utah for the general, special revenue, debt service and capital improvement funds. The legal level of control required by the State of Utah is at the department level. The City's budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance.

The budget is prepared sometime between the 1st of March and the 1st of May. A tentative budget is presented by the City Administrator to the City Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than the first meeting in May. The tentative budget is public record and is available for the inspection at the City Business Administration Department and the City Recorder's Office for at least ten days prior to adoption of the final budget. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing. The public hearing on the tentatively adopted budget is held prior to final adoption. Final adjustments are made to the tentative budget by the Council after the public hearing. The final budget is adopted by ordinance before June 22nd and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.

In connection with budget adoption, an annual tax ordinance establishing the tax rate is adopted before June 22nd and the City is to certify the tax rate to the County Auditor before June 22nd.

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

**Note 8 - Budgetary Accounting and Tax Calendar - continued**

Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The above procedures are authorized by Utah Code Sections 10-6-109 through 10-6-135.

**Property Tax Calendar**

| <u>Duties to be Completed</u>                                                                        | <u>Authorizing<br/>Statute</u> | <u>Statute Date</u>                        |
|------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------------------|
| Lien date                                                                                            | 59-2-103<br>59-2-1302          | 1/1                                        |
| Taxing districts with June year end notify county commission of<br>time and place of public hearing  | 59-2-919                       | 3/1                                        |
| County treasurer to settle taxes charged and collected for previous                                  | 59-2-1365                      | 3/31                                       |
| Budget officer shall prepare and file with council a tentative<br>budget                             | 10-6-111                       | 1st scheduled<br>council meeting<br>in May |
| County assessor delivers roll to county auditor                                                      | 59-2-924                       | 6/1                                        |
| Tax commission reports value of Centrally Assessed Property to counties                              | 59-2-802                       | 6/1                                        |
| County assessor delivers to county auditor statement showing<br>valuation of all taxable property    | 59-2-924                       | 6/1                                        |
| County auditor sends valuation, certified tax rate and levy work<br>each taxing district             | 59-2-924                       | 6/1                                        |
| Taxing district must adopt a proposed tax rate, certify the rate and<br>and submit to county auditor | 59-2-912                       | before<br>6/22                             |
| County to set proposed tax rates                                                                     | 59-2-909                       | 6/22                                       |
| Taxing districts adopt tentative budgets and notify county of intent<br>exceed certified tax rate    | 59-2-924(3)                    | 6/22                                       |
| County auditor to submit levy worksheets and supporting<br>to tax commission                         | 59-2-913                       | 6/22                                       |
| Copy of final budget to state auditor within 30 days of adoption                                     | 10-6-118                       | 9/17                                       |
| County treasurer to mail tax notice                                                                  | 59-2-1317                      | 11/1                                       |
| County auditor delivers assessment roll with affidavit to tax                                        | 59-2-326                       | 11/1                                       |
| Payment and delinquency date                                                                         | 59-2-1331                      | 11/30                                      |
| Delinquency list published                                                                           | 59-2-1332.5                    | 12/31                                      |

**Garland City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2025**

---

**Note 9 - Garland Redevelopment Agency**

The redevelopment agency (RDA) has reached the end of the agreements for collected tax increments for the Downtown area, and for the Industrial area. There were no tax increments paid to any other taxing agency and not activity for the year.

**Note 10 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be

**Note 11 - Risk Management**

Garland City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

**Note 12 -Subsequent events**

Subsequent events have been evaluated through the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**Garland City**  
**Notes to Required Supplemental Information**  
**June 30, 2025**

---

**Budgeting and Budgetary Control**

As more fully explained in Note 1 of the Notes to Financial Statements, annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1 in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpected balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**Pension Plan**

As explained in Note 8 to the Financial Statements, the City implemented GASB statement 68 during the prior year which requires the City to provide a 10-year history for certain pension related amounts. The schedule of Proportionate Share of the Net Pension Liability shows the City's share of various assets and liabilities related to the net pension liability. The Schedule of Contributions shows the City's contractually required contributions, actual amounts contributed and contributions as a percentage of covered payroll.

**Changes in Assumptions**

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

**Garland City**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the Year Ended June 30, 2025**

|                                                         | Budgeted Amounts |              | Actual       | Variance with  |
|---------------------------------------------------------|------------------|--------------|--------------|----------------|
|                                                         | Original         | Final        | Amounts      | Final Budget   |
| <b><u>Revenues</u></b>                                  |                  |              |              |                |
| Property Taxes                                          | \$ 640,626       | \$ 640,626   | \$ 604,204   | \$ (36,422)    |
| Sales and miscellaneous taxes                           | 639,500          | 619,500      | 660,995      | 41,495         |
| Impact fees                                             | 20,000           | 20,000       | 43,400       | 23,400         |
| Fees and fines                                          | 25,000           | 25,000       | 23,483       | (1,517)        |
| Licenses and permits                                    | 166,500          | 220,500      | 185,039      | (35,461)       |
| Intergovernmental                                       | 227,500          | 539,346      | 733,741      | 194,395        |
| Charges for services                                    | 529,000          | 529,000      | 526,832      | (2,168)        |
| Investment earnings                                     | 75,000           | 75,000       | 117,327      | 42,327         |
| Miscellaneous                                           | 11,065           | 256,955      | 312,329      | 55,374         |
| Total revenues                                          | 2,334,191        | 2,925,927    | 3,207,350    | 281,423        |
| <b><u>Expenditures</u></b>                              |                  |              |              |                |
| Current:                                                |                  |              |              |                |
| Administration                                          | 585,000          | 714,550      | 757,147      | (42,597)       |
| Public Safety                                           | 880,561          | 885,921      | 813,390      | 72,531         |
| Highways and roads                                      | 4,258,200        | 4,193,148    | 3,686,653    | 506,495        |
| Judicial                                                | 77,300           | 68,025       | 63,295       | 4,730          |
| Garbage                                                 | 179,500          | 197,991      | 198,546      | (555)          |
| Library                                                 | 114,480          | 141,752      | 128,103      | 13,649         |
| Parks and recreation                                    | 174,150          | 161,258      | 142,529      | 18,729         |
| Debt Service:                                           |                  |              |              |                |
| Principal                                               | -                | 76,317       | 76,317       | -              |
| Interest                                                | -                | 104,221      | 104,221      | -              |
| Bond fees and cost of issuance                          | -                | 151,200      | 149,619      | 1,581          |
| Total Expenditures                                      | 6,269,191        | 6,694,383    | 6,119,820    | 574,563        |
| Expenditures (deficiency) of revenues over expenditures | (3,935,000)      | (3,768,456)  | (2,912,470)  | 855,986        |
| <b><u>Other Financing Sources (Uses)</u></b>            |                  |              |              |                |
| Proceeds from bonds                                     | 4,000,000        | 4,000,000    | 4,374,000    | 374,000        |
| Transfers in                                            | -                | -            | -            | -              |
| Transfers out                                           | (65,000)         | (65,000)     | (65,000)     | -              |
| Total other financing sources and uses                  | 3,935,000        | 3,935,000    | 4,309,000    | 374,000        |
| Net change in fund balances                             | -                | 166,544      | 1,396,530    | (1,229,986)    |
| Fund balances - beginning                               | 1,090,406        | 1,090,406    | 1,090,406    | -              |
| Fund balances - ending                                  | \$ 1,090,406     | \$ 1,256,950 | \$ 2,486,936 | \$ (1,229,986) |

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

**Garland City**  
**Budget and Actual (with Variances)**  
**RDA #2**  
**For the Year Ended June 30, 2025**

|                                                            | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget |
|------------------------------------------------------------|------------------|------------|-------------------|-------------------------------|
|                                                            | Original         | Final      |                   |                               |
| <b><u>Revenues</u></b>                                     |                  |            |                   |                               |
| Investment earnings                                        | \$ 800           | \$ 800     | \$ 15,563         | \$ 14,763                     |
| Total revenues                                             | 800              | 800        | 15,563            | 14,763                        |
| <b><u>Expenditures</u></b>                                 |                  |            |                   |                               |
| Current:                                                   |                  |            |                   |                               |
| Administration                                             | 25,000           | 25,000     | -                 | 25,000                        |
| Total Expenditures                                         | 25,000           | 25,000     | -                 | 25,000                        |
| Expenditures (deficiency) of revenues<br>over expenditures | (24,200)         | (24,200)   | 15,563            | 39,763                        |
| <b><u>Other Financing Sources (Uses)</u></b>               |                  |            |                   |                               |
| Transfers in                                               | 24,200           | 24,200     | -                 | 24,200                        |
| Transfers out                                              | -                | -          | -                 | -                             |
| Total other financing sources and uses                     | 24,200           | 24,200     | -                 | 24,200                        |
| Net change in fund balances                                | -                | -          | 15,563            | (15,563)                      |
| Fund balances - beginning                                  | 310,130          | 310,130    | 310,130           | -                             |
| Fund balances - ending                                     | \$ 310,130       | \$ 310,130 | \$ 325,693        | \$ (15,563)                   |

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

**Garland City**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Utah Retirement Systems**  
**As of December 31**  
**Last Ten Fiscal Years\***

|                                                                                                          | 2015       | 2016       | 2017       | 2018       | 2019       | 2020         | 2021         | 2022       | 2023       | 2024       |
|----------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|--------------|--------------|------------|------------|------------|
| <b><u>Contributory Retirement System</u></b>                                                             |            |            |            |            |            |              |              |            |            |            |
| Proportion of the net pension liability (asset)                                                          | 0.4102906% | 0.0706253% | 0.8661456% | 0.8801261% | 0.9602795% | 1.2464442%   | 1.1793975%   | 0.9587089% | 1.3385041% | 1.3616664% |
| Proportionate share of the net pension liability (asset)                                                 | \$ 288,375 | \$ 238,786 | \$ 705     | \$ 537,158 | \$ 62,933  | \$ (223,390) | \$ (853,816) | \$ 98,601  | \$ 110,485 | \$ 170,652 |
| Covered payroll                                                                                          | \$ 167,865 | \$ 157,398 | \$ 137,667 | \$ 100,544 | \$ 101,713 | \$ 127,479   | \$ 116,330   | \$ 80,916  | \$ 102,319 | \$ 80,841  |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 171.80%    | 151.71%    | 51.20%     | 355.22%    | 61.87%     | -175.24%     | -733.96%     | 121.86%    | 107.98%    | 211.10%    |
| Plan fiduciary net position as a percentage of the total pension liability                               | 85.70%     | 92.90%     | 98.20%     | 91.20%     | 98.60%     | 103.90%      | 115.90%      | 97.70%     | 98.20%     | 97.25%     |
| <b><u>Public Safety System</u></b>                                                                       |            |            |            |            |            |              |              |            |            |            |
| Proportion of the net pension liability (asset)                                                          | 0.0890773% | 0.0706253% | 0.0549152% | 0.0568383% | 0.0567303% | 0.0673287%   | 0.0738606%   | 0.0649841% | 0.0568182% | 0.0657705% |
| Proportionate share of the net pension liability (asset)                                                 | \$ 159,560 | \$ 143,318 | \$ 86,143  | \$ 146,221 | \$ 91,087  | \$ 55,899    | \$ (59,985)  | \$ 84,029  | \$ 81,259  | \$ 101,767 |
| Covered payroll                                                                                          | \$ 155,481 | \$ 145,163 | \$ 121,806 | \$ 126,881 | \$ 76,836  | \$ 94,855    | \$ 99,760    | \$ 83,729  | \$ 62,222  | \$ 65,695  |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 102.60%    | 98.73%     | 70.72%     | 115.24%    | 118.55%    | 58.93%       | 60.13%       | 100.36%    | 130.60%    | 154.91%    |
| 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%     |

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of its proportionate share of the net pension liability (asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the ten most recent years.

**Garland City**  
**Schedule of the Proportionate Share of the Net Pension Liability (continued)**  
**Utah Retirement Systems**  
**As of December 31**  
**Last Ten Fiscal Years\***

|                                                                                                          | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       |
|----------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b><u>Tier 2 Public Employees System</u></b>                                                             |            |            |            |            |            |            |            |            |            |            |
| Proportion of the net pension liability (asset)                                                          | 0.0018567% | 0.0036280% | 0.0067226% | 0.0071643% | 0.0088217% | 0.0071993% | 0.0034679% | 0.0031504% | 0.0053911% | 0.0058359% |
| Proportionate share of the net pension liability (asset)                                                 | \$ (4)     | \$ (405)   | \$ 593     | \$ 3,068   | \$ 1,984   | \$ 1,035   | \$ (1,468) | \$ 3,430   | \$ 10,493  | \$ 17,405  |
| Covered payroll                                                                                          | \$ 12,016  | \$ 29,753  | \$ 65,801  | \$ 83,190  | \$ 122,594 | \$ 115,251 | \$ 64,448  | \$ 68,662  | \$ 139,378 | \$ 173,029 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -0.03%     | 1.36%      | 0.90%      | 3.69%      | 1.62%      | 0.90%      | 2.28%      | 5.00%      | 7.53%      | 10.06%     |
| 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%     |
| <b><u>Tier 2 Public Safety and Firefighter Retirement</u></b>                                            |            |            |            |            |            |            |            |            |            |            |
| Proportion of the net pension liability (asset)                                                          | N/A        | 0.0272542% | 0.0384328% | 0.0317335% | 0.0271278% | 0.0242971% | 0.0286809% | 0.0317685% | 0.0372448% | 0.0440549% |
| Proportionate share of the net pension liability (asset)                                                 | N/A        | \$ (237)   | \$ (445)   | \$ 795     | \$ 2,552   | \$ 2,179   | \$ (1,450) | \$ 2,650   | \$ 14,030  | \$ 19,926  |
| Covered payroll                                                                                          | N/A        | \$ 22,518  | \$ 40,571  | \$ 42,380  | \$ 44,714  | \$ 48,308  | \$ 686     | \$ 97,746  | \$ 141,123 | \$ 201,086 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | N/A        | -1.05%     | -1.10%     | 1.88%      | 5.71%      | 4.51%      | -2.11%     | 2.71%      | 9.94%      | 9.91%      |
| Plan fiduciary net position as a percentage of the total pension liability                               | N/A        | 103.60%    | 103.00%    | 95.60%     | 89.60%     | 93.10%     | 102.80%    | 96.40%     | 89.10%     | 90.10%     |

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of its proportionate share of the net pension liability (asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the ten most recent years.

**Garland City**  
**Schedule of Contributions**  
**Utah Retirement Systems**  
**As of June 30, 2024**  
**Last 10 Fiscal Years\***

|                                                                      | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        | 2022        | 2023        | 2024        | 2025        |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b><u>Contributory System</u></b>                                    |             |             |             |             |             |             |             |             |             |             |
| Actuarial Determined Contributions                                   | \$ 24,716   | \$ 20,860   | \$ 16,138   | \$ 15,065   | \$ 17,778   | \$ 16,122   | \$ 14,535   | \$ 10,009   | \$ 13,437   | \$ 7,066    |
| Contributions in relation to the contractually required contribution | \$ 24,716   | \$ 20,860   | \$ 16,138   | \$ 15,065   | \$ 17,778   | \$ 16,122   | \$ 14,535   | \$ 10,009   | \$ 13,437   | \$ 7,066    |
| 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                                             | \$ 170,926  | \$ 143,626  | \$ 113,118  | \$ 104,481  | \$ 123,547  | \$ 112,091  | \$ 103,669  | \$ 78,503   | \$ 103,455  | \$ 60,519   |
| Contributions as a percentage of covered employee payroll            | 14.46%      | 14.52%      | 14.27%      | 14.42%      | 14.39%      | 14.38%      | 14.02%      | 12.75%      | 12.99%      | 11.68%      |
| <b><u>Public Safety System</u></b>                                   |             |             |             |             |             |             |             |             |             |             |
| Actuarial Determined Contributions                                   | \$ 36,524   | \$ 28,139   | \$ 24,064   | \$ 24,733   | \$ 30,924   | \$ 33,413   | \$ 34,493   | \$ 20,653   | \$ 22,703   | \$ 22,613   |
| Contributions in relation to the contractually required contribution | \$ 36,524   | \$ 28,139   | \$ 24,064   | \$ 24,733   | \$ 30,924   | \$ 33,413   | \$ 34,493   | \$ 20,653   | \$ 22,703   | \$ 22,613   |
| 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                                             | \$ 149,732  | \$ 130,273  | \$ 121,445  | \$ 102,134  | \$ 90,845   | \$ 98,157   | \$ 101,332  | \$ 60,674   | \$ 66,694   | \$ 68,074   |
| Contributions as a percentage of covered employee payroll            | 24.39%      | 21.60%      | 19.81%      | 24.22%      | 34.04%      | 34.04%      | 34.04%      | 34.04%      | 34.04%      | 33.22%      |
| <b><u>Tier 2 Public Employees System**</u></b>                       |             |             |             |             |             |             |             |             |             |             |
| Actuarial Determined Contributions                                   | \$ 3,900    | \$ 7,728    | \$ 10,950   | \$ 18,812   | \$ 22,686   | \$ 14,541   | \$ 11,113   | \$ 17,039   | \$ 30,530   | \$ 25,616   |
| Contributions in relation to the contractually required contribution | \$ 3,900    | \$ 7,728    | \$ 10,950   | \$ 18,812   | \$ 22,686   | \$ 14,541   | \$ 11,113   | \$ 17,039   | \$ 30,530   | \$ 25,616   |
| 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                                             | \$ 26,444   | \$ 46,210   | \$ 64,932   | \$ 108,803  | \$ 130,231  | \$ 82,866   | \$ 62,365   | \$ 95,878   | \$ 171,807  | \$ 157,548  |
| Contributions as a percentage of covered employee payroll            | 14.75%      | 16.72%      | 16.86%      | 17.29%      | 17.42%      | 17.55%      | 17.82%      | 17.77%      | 17.77%      | 16.26%      |

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

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

**Garland City**  
**Schedule of Contributions**  
**Utah Retirement Systems**  
**As of June 30, 2024**  
**Last 10 Fiscal Years\***

|                                                                      | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        | 2022        | 2023        | 2024        | 2025        |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b><u>Tier 2 Public Safety and Firefighter System**</u></b>          |             |             |             |             |             |             |             |             |             |             |
| Actuarial Determined Contributions                                   | \$ 638      | \$ 8,767    | \$ 8,940    | \$ 10,527   | \$ 10,737   | \$ 12,986   | \$ 23,817   | \$ 25,938   | \$ 47,011   | \$ 54,531   |
| Contributions in relation to the contractually required contribution | \$ 638      | \$ 8,767    | \$ 8,940    | \$ 10,527   | \$ 10,737   | \$ 12,986   | \$ 23,817   | \$ 25,938   | \$ 47,011   | \$ 54,531   |
| 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                                             | \$ 2,835    | \$ 38,965   | \$ 39,615   | \$ 45,627   | \$ 46,422   | \$ 50,110   | \$ 92,206   | \$ 100,419  | \$ 182,001  | \$ 215,281  |
| Contributions as a percentage of covered employee payroll            | 0.00%       | 22.50%      | 22.57%      | 23.07%      | 23.13%      | 25.91%      | 25.83%      | 25.83%      | 25.83%      | 25.33%      |
| <b><u>Tier 2 Public Employees DC only System**</u></b>               |             |             |             |             |             |             |             |             |             |             |
| Actuarial Determined Contributions                                   | \$ -        | \$ -        | \$ 894      | \$ 1,476    | \$ 388      | \$ 2,770    | \$ 3,117    | \$ 1,566    | \$ 739      | \$ -        |
| Contributions in relation to the contractually required contribution | \$ -        | \$ -        | \$ 894      | \$ 1,476    | \$ 388      | \$ 2,770    | \$ 3,117    | \$ 1,566    | \$ 739      | \$ -        |
| 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                                             | \$ -        | \$ -        | \$ 12,692   | \$ 17,462   | \$ 4,588    | \$ 32,776   | \$ 36,886   | \$ 19,604   | \$ 9,291    | \$ -        |
| Contributions as a percentage of covered employee payroll            | 0.00%       | 0.00%       | 7.04%       | 8.45%       | 8.46%       | 8.45%       | 8.45%       | 7.99%       | 7.95%       | 0.00%       |

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

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

## **SUPPLEMENTAL INFORMATION**

**Garland City**  
**Budget and Actual (with Variances)**  
**Capital Project**  
**For the Year Ended June 30, 2025**

|                                                         | Budgeted Amounts |             | Actual       | Variance with |
|---------------------------------------------------------|------------------|-------------|--------------|---------------|
|                                                         | Original         | Final       | Amounts      | Final Budget  |
| <b><u>Revenues</u></b>                                  |                  |             |              |               |
| Intergovernmental                                       | \$ -             | \$ -        | \$ -         | \$ -          |
| Investment earnings                                     | 2,500            | 2,500       | 3,354        | 854           |
| Miscellaneous                                           | 395,764          | 395,764     | -            | (395,764)     |
| Total revenues                                          | 398,264          | 398,264     | 3,354        | (394,910)     |
| <b><u>Expenditures</u></b>                              |                  |             |              |               |
| Debt Service:                                           |                  |             |              |               |
| Principal                                               | -                | 16,000      | 15,844       | 156           |
| Interest and other charges                              | -                | 500         | 483          | 17            |
| Capital Outlay                                          | 463,264          | 726,764     | 501,852      | 224,912       |
| Total Expenditures                                      | 463,264          | 743,264     | 518,179      | 225,085       |
| Expenditures (deficiency) of revenues over expenditures | (65,000)         | (345,000)   | (514,825)    | (169,825)     |
| <b><u>Other Financing Sources (Uses)</u></b>            |                  |             |              |               |
| Proceeds from financing                                 | -                | 280,000     | 279,378      | 622           |
| Transfers in                                            | 65,000           | 65,000      | 65,000       | -             |
| Transfers out                                           | -                | -           | -            | -             |
| Total other financing sources and uses                  | 65,000           | 345,000     | 344,378      | 622           |
| Net change in fund balances                             | -                | -           | (170,447)    | 170,447       |
| Fund balances - beginning                               | (24,676)         | (24,676)    | (24,676)     | -             |
| Fund balances - ending                                  | \$ (24,676)      | \$ (24,676) | \$ (195,123) | \$ 170,447    |

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

**Garland City**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2025**

|                                             | Fire Dept        | Redevelopment<br>Agency<br>Downtown | Charity<br>Theater | Total-Nonmajor<br>Governmental<br>Funds |
|---------------------------------------------|------------------|-------------------------------------|--------------------|-----------------------------------------|
| <b><u>Assets</u></b>                        |                  |                                     |                    |                                         |
| Due from other funds                        | \$ 23,351        | \$ 7,526                            | \$ 12,010          | \$ 42,887                               |
| Total assets                                | <u>23,351</u>    | <u>7,526</u>                        | <u>12,010</u>      | <u>42,887</u>                           |
| <b><u>Liabilities and Fund Balances</u></b> |                  |                                     |                    |                                         |
| Liabilities:                                |                  |                                     |                    |                                         |
| Accounts payable                            | -                | -                                   | -                  | -                                       |
| Total liabilities                           | <u>-</u>         | <u>-</u>                            | <u>-</u>           | <u>-</u>                                |
| Fund balances:                              |                  |                                     |                    |                                         |
| Reserved for:                               |                  |                                     |                    |                                         |
| Unreserved                                  | 23,351           | 7,526                               | 12,010             | 42,887                                  |
| Total fund balances                         | <u>23,351</u>    | <u>7,526</u>                        | <u>12,010</u>      | <u>42,887</u>                           |
| Total liabilities and fund balances         | <u>\$ 23,351</u> | <u>\$ 7,526</u>                     | <u>\$ 12,010</u>   | <u>\$ 42,887</u>                        |

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

**Garland City**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

**Governmental Funds**

**For the Year Ended June 30, 2025**

|                                                   | Fire Dept        | Redevelopment<br>Agency<br>Downtown | Charity<br>Theater | Total-Nonmajor<br>Governmental<br>Funds |
|---------------------------------------------------|------------------|-------------------------------------|--------------------|-----------------------------------------|
| <b><u>Revenues</u></b>                            |                  |                                     |                    |                                         |
| Investment earnings                               | \$ 1,306         | \$ 435                              | \$ 421             | \$ 2,162                                |
| Miscellaneous                                     | -                | -                                   | 11,048             | 11,048                                  |
| Total revenues                                    | <u>1,306</u>     | <u>435</u>                          | <u>11,469</u>      | <u>13,210</u>                           |
| <b><u>Expenditures</u></b>                        |                  |                                     |                    |                                         |
| Current:                                          |                  |                                     |                    |                                         |
| General government                                | 1,371            | -                                   | -                  | 1,371                                   |
| Public safety                                     | 774              | -                                   | -                  | 774                                     |
| Culture and recreation                            | -                | -                                   | 5,952              | 5,952                                   |
| Total expenditures                                | <u>2,145</u>     | <u>-</u>                            | <u>5,952</u>       | <u>8,097</u>                            |
| Excess (deficiency) of revenues over expenditures | <u>(839)</u>     | <u>435</u>                          | <u>5,517</u>       | <u>5,113</u>                            |
| <b><u>Other financing sources (uses)</u></b>      |                  |                                     |                    |                                         |
| Transfers in                                      | -                | -                                   | -                  | -                                       |
| Transfers (out)                                   | -                | -                                   | -                  | -                                       |
| Total other financing sources and uses            | <u>-</u>         | <u>-</u>                            | <u>-</u>           | <u>-</u>                                |
| Net change in fund balances                       | <u>(839)</u>     | <u>435</u>                          | <u>5,517</u>       | <u>5,113</u>                            |
| Fund balance - beginning of year                  | <u>24,190</u>    | <u>7,091</u>                        | <u>6,493</u>       | <u>37,774</u>                           |
| Fund balance - end of year                        | <u>\$ 23,351</u> | <u>\$ 7,526</u>                     | <u>\$ 12,010</u>   | <u>\$ 42,887</u>                        |

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

## **OTHER INFORMATION**



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

To the Mayor and City Council of  
Garland 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 Garland City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Garland City's basic financial statements, and have issued our report thereon dated February 20, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Garland 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 Garland City's internal control. Accordingly, we do not express an opinion on the effectiveness of Garland City's internal control.

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Garland 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*.

---

**ROYCE J. RICHARDS, J.D., CPA | RYAN R. CHILD, CPA**

---

2490 WALL AVENUE, OGDEN, UTAH 84401 | MAIN 801-621-0440 | FAX 801-399-9264

**Purpose of This Report**

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

*Child Richards CPAs & Advisors*

Ogden, Utah  
February 20, 2026



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

To the Mayor and City Council of  
Garland City

**Report On Compliance**

We have audited Garland City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Garland City for the year ended June 30, 2025.

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

|                              |                                       |
|------------------------------|---------------------------------------|
| Budgetary Compliance         | Fund Balance                          |
| Justice Court                | Restricted Taxes and Related Revenues |
| Fraud Risk Assessment        | Governmental Fees                     |
| Tax Levy Revenue Recognition | Impact Fees                           |
| Open and Public Meetings Act |                                       |

***Management's Responsibility***

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

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Garland City's compliance with those requirements.

---

**ROYCE J. RICHARDS, J.D., CPA | RYAN R. CHILD, CPA**

---

2490 WALL AVENUE, OGDEN, UTAH 84401 | MAIN 801-621-0440 | FAX 801-399-9264

## ***Opinion on Compliance***

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

## ***Other Matters***

The results of our auditing procedures disclosed seven instances of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide and which are described in the accompanying schedule of findings and recommendations as items 2025-01, 2025-02, 2025-03, 2025-04, 2025-05, 2025-06 and 2025-07. Our opinion on compliance is not modified with respect to these matters.

Garland City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings. Garland City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report On Internal Control Over Compliance**

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

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

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

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

*Child, Richards CPAs & Advisors*

Ogden, Utah  
February 20, 2026

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

**2025-01: State Compliance- Fraud Risk Assessment**

Criteria: The Utah State Auditors Office requires government entities prepare the Fraud Risk Assessment and present it in a mayor and council meeting before the end of the fiscal year.

Condition: As of June 30, 2025, the Fraud Risk Assessment had not been completed and presented in a mayor and council meeting. When it was prepared, it was represented that the City had a form audit committee, but the City does not actually have this committee. The Fraud Risk Assessment was not posted on the Utah State Auditors website.

Cause: The City overlooked the requirement for the presentation. The prior year was presented in November of 2025, but not the current year. The City was not aware that an audit committee is different than the city council.

Effect: There is no effect on the financial statements. The City is noncompliant with the state requirement.

Recommendation: We recommend the assessment take place on a scheduled meeting each year and be submitted to the State Auditors Office.

Response: Beginning in 2026 and annual thereafter, the Fraud Risk Assessment will be formally presented at the first City Council meeting in June. The Audit Committee reference will be removed from the Assessment until an official committee is formally established.

**2025-02: Budgetary Compliance – Expenditures**

Criteria: The Utah State Code requires total expenditures by fund or department not exceed the amounts appropriated in the final budget. State code also requires the City council be provided a copy of the financial statements on a monthly basis.

Condition: The administrative department and garbage department expenditures, exceeded the final department budget within the General Fund. The capital projects fund and sanitation fund expenditures also exceeded the final budget amount. The City council is also not provided a copy of the financial statements on a monthly basis.

Cause: Expenditures exceeded the amounts budgeted for fiscal year 2025 and council was unable to monitor spending on a monthly basis.

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

Recommendation: We recommend the City monitor expenditures through the year compared to the budget. If it's anticipated that expenditures may exceed appropriations, the budget should be amended. We also recommend the city council be provided a copy of the financial statements on a monthly basis.

Response: Moving forward the City Treasurer will work closely with the City Council to ensure a more detailed review of budget expenditures and to process budget amendments as necessary to ensure proper allocation of expenses. Monthly financial statements will be provided to the City Council either electronically or in hard copy with their council packets.

### **2025-03: Deficit Fund Balance**

Criteria: The Utah State Code states that City's may not have a deficit fund balance at year end.

Condition: The Capital Projects fund had a deficit fund balance at the end of the year.

Cause: Expenditures exceeded the revenues in the funds for several years, therefore resulting in a deficit fund balance.

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

Recommendation: We recommend the City review and ensure that expenditures are not exceeding the amounts of revenue received in the fund. We recommend the City make the necessary budget amendments to remedy the fund balance deficit by budgeting a transfer from the General Fund to the Capital Projects fund.

Response: This matter has been corrected in the FY 2025-2026 budget year. Transfers from the General Fund and the Capital Projects Fund are now scheduled and processed on a quarterly basis.

### **2025-04 Governmental Fees**

Criteria: The Utah State Code states that cities must maintain a fee schedule that is approved by the city council. Only fees approved by the city council can be charged.

Condition: The City is charging a connection fee for water, initialization fee for building permits, and a business license fire inspection fee, and they are not found on the fee schedule.

Cause: Fees are being charged for services and they have not been approved by the council.

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

Recommendation: We recommend the City review the fees they are charging and create a fee schedule that is approved by the city council.

Response: A comprehensive fee schedule was created and formally adopted in September 2025. The schedule will be reviewed and updated as necessary to reflect operational needs.

## **2025-05 Interfund Services Reimbursements**

Criteria: Governmental Accounting Standards require services provided by an enterprise fund to the general fund or other funds be quantified or estimated and the rates used be the same as those charged to other customers of the fund.

Condition: The City is not recording usage for water and sewer fees for many of the City facilities and parks.

Cause: The City's enterprise funds have not billed the general fund for the usages.

Effect: The City was not recording the usage or an estimate of the usage of water and sewer services by the general fund at the same rate as other customers.

Recommendation: We recommend the City to start billing the general fund for the services they use from the water and sewer funds or estimate those amounts and record the necessary adjustments to the general ledger.

Response: Beginning in the FY 2025-2026 budget year, the City implemented scheduled billings for both the library and Fire Department. Garland City will ensure that all services provided by Enterprise Funds are appropriately billed and credited within the FY 2025-2026 budget year and moving forward.

## **2025-06 Interfund Loans**

Criteria: The Utah State Code 10-6-132 requires that if interfund borrowings from an enterprise funds must be in writing and have certain conditions, as well a public hearing be held.

Condition: The Sewer fund has incurred expenditures in excess of revenues in prior years, which has caused the Sewer fund to borrow money from other funds in order to meet ongoing obligations. The total net borrowing in the Sewer fund is \$685,990. This money has been borrowed from funds that have had the cash including the Water fund, RDA Fund, and General Fund. However, the Water fund money and the RDA fund money is restricted to their own uses. In other words, the Sewer fund has essentially borrowed restricted money from other sources. There is not enough unrestricted money in the City to loan these funds.

Cause: Cash deficit positions in the Sewer Fund have caused the Sewer Fund to borrow money from other restricted funds.

Effect: The City is not in compliance with state code for interfund loans.

Recommendation: We recommend the City make budget modifications in the Sewer fund to remedy the interfund borrowing.

Response: The City has taken corrective measures to ensure the Sewer Fund operates sustainably and is able to support itself. A repayment plan has been initiated to gradually repay outstanding interfund obligations.

## **2025-07: State Compliance – Impact Fees**

**Criteria:** The Utah State Code 11-36a-601 requires governments that receive impact fees to clearly disclose the impact fee to the customer and account for it accordingly within their accounting system. In addition, the City must prepare an impact fee schedule that shows the source of the amounts collected, each expenditure from impact fees, and an accounting for impact fees.

**Condition:** In prior years, an impact fee was being charged on the building permits. However, when the impact fee was recoded in the accounting software it was classified into two categories: connection fee and impact fee.

**Cause:** Impact fees and connections fees were not broken out on the building permits.

**Effect:** Impact fees and connection fees were not properly classified.

**Recommendation:** We recommend the City correct the building permits so the impact fee and connection fees are broken out.

**Response:** In September 2025, the City formally adopted a Fines and Fees Schedule clearly outlining the applicable impact fees and connection fees to be collected by Garland City. Garland City appreciates the guidance provided through the audit process and remains committed to strengthening internal controls, financial oversight, and long-term financial sustainability.