

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

WILLARD CITY
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council
Willard City, Utah

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information Willard 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 Willard 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 Willard City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Willard City's basic financial statements. The accompanying budgetary comparison schedules is presented for the purpose of additional analysis and is 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 budgetary comparison schedules is 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 23, 2026, on our consideration of Willard 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 Willard 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 Willard City's internal control over financial reporting and compliance.

Wich & Associates, P.C.

Ogden, UT
February 23, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILLARD CITY MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2025

The Mayor, City Council and management of Willard City offer the readers of the Willard City financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025.

This report form is designed to provide more information on the city's activities and is classified in the following manner:

Government activities - refer to general administration, police, parks, streets, fire, etc.

Business type activities - refer to operations such as water, garbage and sewer.

FINANCIAL HIGHLIGHTS

- The total net position of the City increased by \$576,185. The governmental activities' net position increased by \$103,959. The business-type activities' net position increased by \$472,226.
- The total net position of \$15,822,815 is made up of \$10,872,405 in the net investment in capital assets, \$2,980,827 in unrestricted net position, and \$1,969,583 in restricted net position.
- The City's long-term debt decreased by \$154,870 due to the usual payments on the bonds. The total long-term debt amount is \$9,080,268.
- At the close of the current year, Willard City governmental funds on the balance sheet reported an ending fund balance of \$1,933,534, an increase of \$201,592 in comparison with the prior year.

REPORTING THE CITY AS A WHOLE

In addition to the Management's Discussion and Analysis (MD&A), the basic financial statements contain three basic components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The first several statements are condensed and present a government-wide view of the City's finances. This view categorizes the City's operation as either governmental or business-type activities. Governmental activities include basic services such as police, fire and inspection, public works, parks and recreation, and general government administration. The business-type activities include water and garbage services funded by user fees.

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

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

**WILLARD CITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Willard City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

- *Government funds* are used to account for the same functions reported as governmental activities in the government-wide financial statements. These funds focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.
 - The only major governmental fund (as determined by generally accepted accounting principles) is the General Fund. The balance of the governmental funds is determined to be non-major and is included in the combining statements within this report.
- *Proprietary (Enterprise) funds* - Willard City now has two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities as in the government-wide financial statements. Willard City uses the enterprise fund to account for its Utilities (water and garbage utility) and Sewer. As determined by generally accepted accounting principles, the enterprise fund meets the criteria of major fund classification.

**WILLARD CITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Willard City, assets exceed liabilities by \$15,871,719.

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

A condensed Statement of Net Position follows:

STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Cash	\$2,088,179	\$1,970,290	\$3,114,756	\$3,566,579	\$ 5,202,933	\$ 5,536,869
Receivable	715,067	641,332	130,724	110,142	845,791	751,474
Other assets	7,857	10,201	1,061	1,001	8,918	11,202
Capital assets	<u>4,331,539</u>	<u>4,346,435</u>	<u>15,402,175</u>	<u>15,904,145</u>	<u>19,733,714</u>	<u>20,250,580</u>
Total assets	<u>7,142,642</u>	<u>6,968,258</u>	<u>18,648,716</u>	<u>19,581,867</u>	<u>25,791,356</u>	<u>26,550,125</u>
Deferred outflows	<u>184,401</u>	<u>183,856</u>	<u>114,370</u>	<u>95,010</u>	<u>298,771</u>	<u>278,866</u>
Current liabilities	499,829	612,790	306,347	454,311	806,174	1,067,101
Long-term liabilities	<u>304,441</u>	<u>221,093</u>	<u>8,775,827</u>	<u>9,014,045</u>	<u>9,080,268</u>	<u>9,235,138</u>
Total liabilities	<u>804,270</u>	<u>833,883</u>	<u>9,082,174</u>	<u>9,468,356</u>	<u>9,886,442</u>	<u>10,302,239</u>
Deferred inflows of resources	<u>379,672</u>	<u>279,089</u>	<u>1,198</u>	<u>1,001,033</u>	<u>380,870</u>	<u>1,280,122</u>
Net position:						
Net investment in capital assets	4,331,539	4,346,435	6,540,866	6,584,089	10,872,405	10,930,524
Restricted	293,691	163,135	1,675,892	1,664,015	1,910,888	1,827,150
Unrestricted	<u>1,517,871</u>	<u>1,529,572</u>	<u>1,462,956</u>	<u>959,384</u>	<u>3,039,522</u>	<u>2,488,956</u>
Total net position	<u>\$6,143,101</u>	<u>\$6,039,142</u>	<u>\$9,679,714</u>	<u>\$9,207,488</u>	<u>\$15,822,815</u>	<u>\$15,246,630</u>

- The City's total net position at year end was \$15,822,815, most of which consisted of investments in capital assets. This amount totaled \$10,872,405 (68.71%)

**WILLARD CITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

- Total receivables increased by \$94,317.
- Total debt decreased by \$154,870 due to normal payments as the debts became due.

A condensed Statement of Activities follows:

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
General revenues:						
Taxes	\$1,206,735	\$1,139,443	\$ -	\$ -	\$ 1,206,735	\$ 1,139,443
Interest	76,400	54,912	170,236	187,210	246,636	242,122
Gain on sale of assets	36,044	49,800	-	-	36,044	49,800
Miscellaneous	14,248	93,203	-	-	14,248	93,203
Program revenues:						
Charges for services	450,663	348,863	1,359,537	1,169,863	1,810,200	1,518,726
Grants and contributions	484,071	581,114	650,115	413,191	1,134,186	994,305
Total revenues	<u>2,268,161</u>	<u>2,267,335</u>	<u>2,179,888</u>	<u>1,770,264</u>	<u>4,448,049</u>	<u>4,037,599</u>
Expenses:						
General government	732,934	675,788	-	-	732,934	675,788
Police	793,997	634,648	-	-	793,997	634,648
Fire	120,379	124,275	-	-	120,379	124,275
Hwy and improvements	367,022	854,421	-	-	367,022	854,421
Parks	149,870	141,574	-	-	149,870	141,574
Water	-	-	656,525	509,328	656,525	509,328
Refuse	-	-	174	152,395	174	152,395
Sewer	-	-	918,787	880,550	918,787	880,550
Garbage	-	-	132,176	-	132,176	-
Total expenses	<u>2,164,202</u>	<u>2,430,706</u>	<u>1,707,662</u>	<u>1,542,273</u>	<u>3,871,864</u>	<u>3,972,979</u>
Change in net position	103,959	(163,371)	472,226	227,991	576,185	64,620
Transfers in (out)	-	-	-	-	-	-
Beginning net position	<u>6,039,142</u>	<u>6,202,513</u>	<u>9,207,488</u>	<u>8,979,497</u>	<u>15,246,630</u>	<u>15,182,010</u>
Ending net position	<u>\$6,143,101</u>	<u>\$6,039,142</u>	<u>\$ 9,679,714</u>	<u>\$9,207,488</u>	<u>\$ 15,822,815</u>	<u>\$15,246,630</u>

- The City as a whole had an increase in net position of \$576,185.
- Grants and contributions totaled \$1,134,186 in 2025 compared to \$994,305 in 2024.
- Taxes increased by \$67,292 in 2025.

**WILLARD CITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the City's financing requirements.

As of June 30, 2025, Willard City's Governmental Funds (General and Capital Projects) reported a combined ending fund balance of \$1,933,534, an increase of \$201,592 in comparison with the prior year. Approximately 23.0% of the fund balance of \$1,933,534 constitutes unassigned fund balance, which is available for spending at the government's discretion. The City had \$7,857 in non-spendable fund balance represented by prepaid expenses, \$244,543 in restricted fund balances for Class "C" Roads, and \$44,994 restricted for unspent grant proceeds and \$1,141,717 for Capital Projects.

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

The total revenue of the General Fund for the year ending June 30, 2025 was \$2,179,833. Taxes continue to be the largest source of revenue in the General Fund and represent 55% of the total general fund revenues. This compares with 52% in the prior fiscal year ended June 30, 2024. The major source of tax revenue comes from sales & use taxes and is 46% of the tax revenue. Fines and Forfeitures contributed 9% of the general fund revenue, similar to the prior year.

Expenditures of the General Fund for the year ending June 30, 2025 totaled \$1,834,647 and were \$612,214 below the final budgeted expenditure amount of \$2,446,861.

As stated earlier, the City maintains the Enterprise Fund to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

Major capital asset events during the fiscal year ending June 30, 2025, included the following:

- \$56,896 for town hall asphalt
- \$29,900 for a well pump rebuild
- \$19,179 in miscellaneous equipment purchases
- \$146,650 to purchase some vehicles

**WILLARD CITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

WILLARD CITY'S CAPITAL ASSETS

	Governmental Activities	Business-type Activities
Land	\$ 630,102	\$ 215,336
Construction in progress	-	-
Land improvements	2,043,732	-
Buildings	761,792	-
Machinery and equipment	1,871,916	1,279,700
Utility system	-	21,938,986
Easements	-	267,806
Infrastructure	1,933,695	-
Less accumulated depreciation	<u>(2,909,698)</u>	<u>(8,299,653)</u>
Total capital assets, net	<u>\$ 4,331,539</u>	<u>\$ 15,402,175</u>

Additional information on the City's capital assets can be found in the footnotes to this financial report.

WILLARD CITY'S LONG-TERM DEBT

	Governmental Activities	Business-type Activities
Water Revenue 2013 Refunding Bonds	\$ -	\$ -
Sewer Revenue Bond Series 2015	-	8,633,000
Net Pension Liability	178,315	110,595
Compensated Absences	<u>126,126</u>	<u>32,232</u>
Total	<u>\$ 304,441</u>	<u>\$ 8,775,827</u>

Long-term debt - June 30, 2025, the City had total bonded debt outstanding of \$8,633,000. \$298,000 of the total amount is due within the next year. The total amount is debt which is secured solely by specific revenue sources (revenue bonds). The General Fund for governmental activities had no debt.

Additional information on the outstanding debt obligations of the City can be found in the footnotes of this report. *Request for information* - This financial report is designed to provide a general overview of Willard City's finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Willard City Recorder, PO Box 593, Willard, UT 84340.

BASIC FINANCIAL STATEMENTS

WILLARD CITY
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,798,642	\$ 1,441,441	\$ 3,240,083
Accounts receivable (net)	-	130,724	130,724
Due from other governments	695,997	-	695,997
Due from developers	19,070	-	19,070
Prepaid expenses	7,857	1,061	8,918
Restricted cash	289,537	1,673,315	1,962,852
Capital assets (net of accumulated depreciation):			
Land	630,102	215,336	845,438
Easements	-	267,806	267,806
Infrastructure	814,183	-	814,183
Land improvements	1,672,798	-	1,672,798
Buildings	359,828	-	359,828
Machinery and equipment	854,628	283,573	1,138,201
Utility systems	-	14,635,460	14,635,460
Total capital assets, net	4,331,539	15,402,175	19,733,714
Total assets	7,142,642	18,648,716	25,791,358
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	184,401	114,370	298,771
Total deferred outflows of resources	184,401	114,370	298,771
LIABILITIES			
Accounts payable	212,316	78,038	290,354
Accrued expenses	154,513	-	154,513
Advance funding liability	-	228,309	228,309
Deposits	133,000	-	133,000
Noncurrent liabilities:			
Net pension liability	178,315	110,595	288,910
Due within one year	-	298,000	298,000
Due within more than one year	126,126	8,367,232	8,493,358
Total liabilities	804,270	9,082,174	9,886,444
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	377,740	-	377,740
Deferred inflows of resources relating to grants	-	-	-
Deferred inflows of resources relating to pensions	1,932	1,198	3,130
Total deferred inflows of resources	379,672	1,198	380,870
NET POSITION			
Net investment in capital assets	4,331,539	6,540,866	10,872,405
Restricted for:			
Impact fees	-	630,756	630,756
Debt service	-	1,042,559	1,042,559
Class "C" roads	244,543	-	244,543
Pension related	4,154	2,577	6,731
Unspent grant proceeds	44,994	-	44,994
Unrestricted	1,517,871	1,462,956	2,980,827
Total net position	\$ 6,143,101	\$ 9,679,714	\$ 15,822,815

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

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

Functions/Programs:	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 732,934	\$ 233,055	\$ 120,890	\$ -	\$ (378,989)	\$ -	\$ (378,989)
Police	793,997	200,855	5,074	-	(588,068)	-	(588,068)
Fire	120,379	3,670	32,459	-	(84,250)	-	(84,250)
Highways/public improvement	367,022	-	325,648	-	(41,374)	-	(41,374)
Parks	149,870	13,083	-	-	(136,787)	-	(136,787)
Total governmental activities	2,164,202	450,663	484,071	-	(1,229,468)	-	(1,229,468)
Business-type activities							
Water	656,525	458,124	-	304,946	-	106,545	106,545
Refuse	174	-	-	-	-	(174)	(174)
Sewer	918,787	730,890	-	345,169	-	157,272	157,272
Garbage	132,176	170,523	-	-	-	38,347	38,347
Total business-type activities	1,707,662	1,359,537	-	650,115	-	301,990	301,990
Total government	\$ 3,871,864	\$ 1,810,200	\$ 484,071	\$ 650,115	(1,229,468)	301,990	(927,478)
General Revenues:							
Taxes:							
		Property			320,511	-	320,511
		Sales and use			558,610	-	558,610
		Franchise			172,119	-	172,119
		Telecommunication			7,149	-	7,149
		Mass transit			56,634	-	56,634
		Road tax			91,712	-	91,712
		Transfers in (out)			-	-	-
		Gain on sale of assets			36,044	-	36,044
		Interest and investment earnings			76,400	170,236	246,636
		Miscellaneous			14,248	-	14,248
		Total general revenues			1,333,427	170,236	1,503,663
		Change in net position			103,959	472,226	576,185
		Net position at beginning of year			6,039,142	9,207,488	15,246,630
		Net position at end of year			\$ 6,143,101	\$ 9,679,714	\$ 15,822,815

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

**WILLARD CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 656,412	\$ 1,142,230	\$ 1,798,642
Accounts receivable	-	-	-
Due from other governments	695,997	-	695,997
Due from developers	19,070	-	19,070
Prepaid expenses	7,857	-	7,857
Restricted cash	289,537	-	289,537
Total assets	<u>\$ 1,668,873</u>	<u>\$ 1,142,230</u>	<u>\$ 2,811,103</u>
LIABILITIES			
Accounts payable	\$ 211,803	\$ 513	\$ 212,316
Accrued expenses	154,513	-	154,513
Deposits	133,000	-	133,000
Total liabilities	<u>499,316</u>	<u>513</u>	<u>499,829</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	377,740	-	377,740
Total deferred inflows of resources	<u>377,740</u>	<u>-</u>	<u>377,740</u>
FUND BALANCES			
Nonspendable	7,857	-	7,857
Restricted for:			
Class "C" roads	244,543	-	244,543
Unspent grant proceeds	44,994	-	44,994
Assigned to:			
Capital projects	-	1,141,717	1,141,717
Fire department	49,940	-	49,940
Unassigned	444,483	-	444,483
Total fund balances	<u>791,817</u>	<u>1,141,717</u>	<u>1,933,534</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,668,873</u>	<u>\$ 1,142,230</u>	<u>\$ 2,811,103</u>

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

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

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances-total governmental funds	\$ 1,933,534
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	4,331,539
Net pension asset	-
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.	(1,932)
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	184,401
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements. Those liabilities consist of:	
Net pension liability	(178,315)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(126,126)</u>
Net position of governmental activities	<u><u>\$ 6,143,101</u></u>

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

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

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 1,206,735	\$ -	\$ 1,206,735
Licenses and permits	159,846	-	159,846
Intergovernmental	451,612	-	451,612
Charges for services	89,962	-	89,962
Fines	200,855	-	200,855
Other revenues	70,823	52,284	123,107
Total revenues	<u>2,179,833</u>	<u>52,284</u>	<u>2,232,117</u>
EXPENDITURES			
Current operating:			
General government	686,140	-	686,140
Public safety	771,024	-	771,024
Highways and public improvements	255,145	-	255,145
Parks	107,168	-	107,168
Capital outlay:			
General government	-	19,553	19,553
Public safety	15,170	151,697	166,867
Highways and public improvements	-	62,128	62,128
Parks	-	-	-
Total expenditures	<u>1,834,647</u>	<u>233,378</u>	<u>2,068,025</u>
Excess of revenues over (under) expenditures	<u>345,186</u>	<u>(181,094)</u>	<u>164,092</u>
OTHER FINANCING SOURCES (USES)			
Gain on sale of asset	14,549	22,951	37,500
Transfers-in	-	113,730	113,730
Transfers-out	(113,730)	-	(113,730)
Total other financing sources (uses)	<u>(99,181)</u>	<u>136,681</u>	<u>37,500</u>
Net change in fund balances	246,005	(44,413)	201,592
Fund balances at beginning of year	<u>545,812</u>	<u>1,186,130</u>	<u>1,731,942</u>
Fund balances at end of year	<u>\$ 791,817</u>	<u>\$ 1,141,717</u>	<u>\$ 1,933,534</u>

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

WILLARD CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balance, total governmental funds	\$ 201,592
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Amounts reported for governmental activities
in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	255,921	
Depreciation expense	(269,362)	(13,441)

The governmental funds report the proceeds from the sales of assets as revenues, while the government-wide financial statements report the difference between the sale proceeds and the net book value of the assets sold as a gain or loss.

Net book value of assets sold	(1,456)
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The Statement of Activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund financial statements.	(34,108)
--	----------

Contribution from developers and governments of capital infrastructure does not provide a current financial resource to the government, but a long-term economic resource.	-
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Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces the liability, already accrued in the statement of net position. The compensated absences repaid was:	(48,628)
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Change in net position of governmental activities	\$ 103,959
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The accompanying notes are an integral part of these financial statements.

WILLARD CITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

	<u>Utility</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 209,981	\$ 1,186,969	\$ 44,491	\$ 1,441,441
Accounts receivable (net)	51,816	62,977	15,931	130,724
Prepaid expenses	530	531	-	1,061
Total current assets	<u>262,327</u>	<u>1,250,477</u>	<u>60,422</u>	<u>1,573,226</u>
Noncurrent assets:				
Restricted cash	143,298	1,530,017	-	1,673,315
Net pension asset	-	-	-	-
Capital assets (net of accumulated depreciation):				
Land	70,500	144,836	-	215,336
Easements	-	267,806	-	267,806
Equipment	248,526	35,047	-	283,573
Utility systems	2,446,923	12,188,537	-	14,635,460
Total capital assets, net	<u>2,765,949</u>	<u>12,636,226</u>	<u>-</u>	<u>15,402,175</u>
Total noncurrent assets	<u>2,909,247</u>	<u>14,166,243</u>	<u>-</u>	<u>17,075,490</u>
Total assets	<u>3,171,574</u>	<u>15,416,720</u>	<u>60,422</u>	<u>18,648,716</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources relating to pensions	58,171	56,199	-	114,370
LIABILITIES				
Current liabilities:				
Accounts payable	36,928	20,654	20,456	78,038
Advance funding liability	228,309	-	-	228,309
Current portion of long-term obligations	-	298,000	-	298,000
Total current liabilities	<u>265,237</u>	<u>318,654</u>	<u>20,456</u>	<u>604,347</u>
Noncurrent liabilities:				
Compensated absences	16,116	16,116	-	32,232
Long-term obligations, net of current portion	-	8,335,000	-	8,335,000
Net pension liability	56,251	54,344	-	110,595
Total noncurrent liabilities	<u>72,367</u>	<u>8,405,460</u>	<u>-</u>	<u>8,477,827</u>
Total liabilities	<u>337,604</u>	<u>8,724,114</u>	<u>20,456</u>	<u>9,082,174</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources relating to grants	-	-	-	-
Deferred inflows of resources relating to pensions	609	589	-	1,198
Total deferred inflows of resources	<u>609</u>	<u>589</u>	<u>-</u>	<u>1,198</u>
NET POSITION				
Net investment in capital assets	2,537,640	4,003,226	-	6,540,866
Restricted for impact fees	143,298	487,458	-	630,756
Restricted for debt service	-	1,042,559	-	1,042,559
Unrestricted	210,594	1,214,973	39,966	1,465,533
Total net position	<u>\$ 2,891,532</u>	<u>\$ 6,748,216</u>	<u>\$ 39,966</u>	<u>\$ 9,679,714</u>

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

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

	<u>Utility</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Operating revenues:				
Charges for services:				
Water	\$ 436,421	\$ -	\$ -	\$ 436,421
Garbage	-	-	170,523	170,523
Sewer	-	716,778	-	716,778
	<u>436,421</u>	<u>716,778</u>	<u>170,523</u>	<u>1,323,722</u>
Total operating revenues				
	<u>436,421</u>	<u>716,778</u>	<u>170,523</u>	<u>1,323,722</u>
Operating expenses:				-
Salaries and benefits	301,276	289,291	-	590,567
Utilities	64,545	4,370	-	68,915
Contracted services	174	169,802	124,901	294,877
Professional services	55,206	22,636	4,208	82,050
Supplies and maintenance	87,387	31,170	3,067	121,624
Depreciation and amortization	139,089	392,781	-	531,870
Insurance and surety bonds	9,022	8,737	-	17,759
	<u>656,699</u>	<u>918,787</u>	<u>132,176</u>	<u>1,707,662</u>
Total operating expenses				
	<u>656,699</u>	<u>918,787</u>	<u>132,176</u>	<u>1,707,662</u>
Operating income (loss)	<u>(220,278)</u>	<u>(202,009)</u>	<u>38,347</u>	<u>(383,940)</u>
Nonoperating revenues (expenses):				-
Connection fees	21,703	14,112	-	35,815
Impact fees	304,946	345,169	-	650,115
Interest revenue	46,608	122,009	1,619	170,236
Interest expense	-	-	-	-
Transfer in (out)	-	-	-	-
	<u>373,257</u>	<u>481,290</u>	<u>1,619</u>	<u>856,166</u>
Total nonoperating revenues (expenses)				
	<u>373,257</u>	<u>481,290</u>	<u>1,619</u>	<u>856,166</u>
Net income (loss) before contributions	<u>152,979</u>	<u>279,281</u>	<u>39,966</u>	<u>472,226</u>
Capital contributions	-	-	-	-
Change in net position	<u>152,979</u>	<u>279,281</u>	<u>39,966</u>	<u>472,226</u>
Total net position - beginning	<u>2,738,553</u>	<u>6,468,935</u>	<u>-</u>	<u>9,207,488</u>
Total net position - ending	<u>\$ 2,891,532</u>	<u>\$ 6,748,216</u>	<u>\$ 39,966</u>	<u>\$ 9,679,714</u>

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

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

	<u>Utility</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers	\$ 443,353	\$ 705,196	\$ 154,592	\$ 1,303,141
Cash paid to suppliers	(197,527)	(252,256)	(111,720)	(561,503)
Cash paid to employees	(286,264)	(274,716)	-	(560,980)
Net cash provided (used) by operating activities	(40,438)	178,224	42,872	180,658
Cash flows from noncapital financing activities				
Change in interfund borrowings	-	-	-	-
Transfers in (out)	-	-	-	-
Net cash used in noncapital financing activities	-	-	-	-
Cash flows from capital and related financing activities				
Principal payments - bonds	-	(287,000)	-	(287,000)
Net change in advance funding liability	(171,747)	-	-	(171,747)
Acquisition of capital assets	(29,900)	-	-	(29,900)
Net change in funding relating to grants	(1,000,000)	-	-	(1,000,000)
Interest paid	-	-	-	-
Impact fees collected (refunded)	304,946	345,169	-	650,115
Connection fees collected	21,703	14,112	-	35,815
Net cash used in capital and related financing activities	(874,998)	72,281	-	(802,717)
Cash flows from investing activities				
Interest on investments	46,608	122,009	1,619	170,236
Net cash provided by investing activities	46,608	122,009	1,619	170,236
Net increase (decrease) in cash	(868,828)	372,514	44,491	(451,823)
Cash, cash equivalents, and restricted cash - July 1	1,222,107	2,344,472	-	3,566,579
Cash, cash equivalents, and restricted cash - June 30	<u>\$ 353,279</u>	<u>\$ 2,716,986</u>	<u>\$ 44,491</u>	<u>\$ 3,114,756</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (220,278)	\$ (202,009)	\$ 38,347	\$ (422,287)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	139,089	392,781	-	531,870
Changes in assets and liabilities:				
Accounts receivable	6,932	(11,582)	(15,931)	(20,581)
Prepaid expenses	(31)	(30)	-	(61)
Net pension related	8,816	8,379	-	17,195
Accounts payable	18,838	(15,511)	20,456	23,783
Compensated absences	6,196	6,196	-	12,392
Net cash provided by operating activities	<u>\$ (40,438)</u>	<u>\$ 178,224</u>	<u>\$ 42,872</u>	<u>\$ 142,311</u>
Noncash capital and financing activities:				
Contributions from developers	\$ -	\$ -	\$ -	\$ -

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

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The government is a municipal corporation governed by an elected mayor and council. The City was founded March 31, 1851. The City provides the following services as authorized by its charter: Public safety (police and fire), public utilities (water and refuse), highways and streets, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

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

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, The Financial Reporting Entity, the financial reporting entity consists of the primary government and no component units.

B. Basic Financial Statements

The City's basic financial statements consist of the government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

Statement of Net Position - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements (continued)

Statement of Activities - The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

C. Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

D. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

There are three categories of funds: governmental, proprietary, and fiduciary. The following fund types are used by the City:

Governmental Funds:

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

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's various departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The following is a description of the proprietary funds of the City.

Utility Fund is used to account for the provision of water and refuse services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and refuse system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Sewer Fund is used to account for the provision of sewer services to the residents of the City. For the time being the fund is used to collect impact fees and construct the sewer system. In the future the fund will include activities of administration, operations, and maintenance of the sewer system and charges will be assessed to users of the system.

Garbage Fund is used to accounts for the provision of garbage and recycling services to the residents of the City. Fund activities include the collection and disposal of waste and recyclable materials, along with the expenses incurred to provide those services.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and refuse services which are accrued. Expenses are recognized at the time a liability is incurred.

Fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Fund Balances/Net Position

Deposits 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.

Restricted Cash

Certain resources set aside as reserves in accordance with council resolutions, bond covenants, contractual agreements, and State statutes are classified as restricted cash on the statements of net position and balance sheet because their use is limited.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statement for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$100,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Water system	50
Infrastructure	20
Equipment	7

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term Debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable.

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

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Compensated Absences

City employees accrue vacation leave, or compensated absences, by prescribed formula based on length of service. The value of accumulated benefits earned by employees, which may be used in subsequent years or paid upon termination or retirement, is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

Equity Classifications

Government-wide Statements

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

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

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

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Statements

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

The governmental fund balances may be classified as follows:

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

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

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows and Outflows of Resources

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

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2025, \$191,698 of the City's bank balances of \$441,698 was uninsured and uncollateralized.

Investments

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

The 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.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

A. Deposits 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 Treasurer’s Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurer’s 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:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

A. Deposits and Investments (continued)

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

	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 4,618,168	\$ -	\$ 4,618,168	\$ -
Total debt securities	\$ 4,618,168	\$ -	\$ 4,618,168	\$ -

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active.
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets.
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.
- Utah Public Treasurer's Investment Fund: application of the June 30, 2024 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

A. Deposits and Investments (continued)

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

Investment Type	Fair Value	Investment Maturities (in Years)				Quality Ratings
		Less than 1	1-5	6-10	More than 10	
PTIF Investments	4,618,168	4,618,168	-	-	-	not rated
	4,618,168	4,618,168	-	-	-	

Credit Risk

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

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

Investment Type	Fair Value	AAA	AA	A	Unrated
PTIF Investments	\$ 4,618,168	\$ -	\$ -	\$ -	\$ 4,618,168
	\$ 4,618,168	\$ -	\$ -	\$ -	\$ 4,618,168

Concentration of Credit Risk

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

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

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

A. Deposits and Investments (continued)

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

Cash on hand and on deposit:

Cash on deposit	\$ 584,767
PTIF investment	<u>4,618,168</u>
Total cash and investments	<u><u>\$ 5,202,935</u></u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Cash	\$ 3,240,083
Restricted cash	<u>1,962,852</u>
Total cash and investments	<u><u>\$ 5,202,935</u></u>

B. Receivables

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
User fee receivables	\$ 19,070	\$ 51,816	\$ 62,977	\$ 15,931	\$ 149,794
Intergovernmental:					
Property taxes	389,164	-	-	-	389,164
Sales taxes	214,152	-	-	-	214,152
Class "C" road	32,572	-	-	-	32,572
Franchise tax	11,118	-	-	-	11,118
Mass transit	21,663	-	-	-	21,663
Highway tax	26,133	-	-	-	26,133
Telecommunication tax	<u>1,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195</u>
Total intergovernmental	<u>695,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695,997</u>
Gross receivables	<u>715,067</u>	<u>51,816</u>	<u>62,977</u>	<u>15,931</u>	<u>845,791</u>
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u><u>\$ 715,067</u></u>	<u><u>\$ 51,816</u></u>	<u><u>\$ 62,977</u></u>	<u><u>\$ 15,931</u></u>	<u><u>\$ 845,791</u></u>

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

A. Capital Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 630,102	\$ -	\$ -	\$ 630,102
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>630,102</u>	<u>-</u>	<u>-</u>	<u>630,102</u>
Capital assets, being depreciated				
Infrastructure	1,933,695	-	-	1,933,695
Improvements	1,986,836	56,896	-	2,043,732
Buildings	761,792	-	-	761,792
Machinery and equipment	<u>1,782,900</u>	<u>199,024</u>	<u>(110,008)</u>	<u>1,871,916</u>
Total capital assets, being depreciated	<u>6,465,223</u>	<u>255,920</u>	<u>(110,008)</u>	<u>6,577,939</u>
Accumulated Depreciation for:				
Infrastructure	(1,094,120)	(25,392)	-	(1,119,512)
Improvements	(317,840)	(53,094)	-	(370,934)
Buildings	(386,773)	(15,191)	-	(401,964)
Machinery and equipment	<u>(950,157)</u>	<u>(175,685)</u>	<u>108,554</u>	<u>(1,017,288)</u>
Total accumulated depreciation	<u>(2,748,890)</u>	<u>(269,362)</u>	<u>108,554</u>	<u>(2,909,698)</u>
Total capital assets, being depreciated, net	<u>3,716,333</u>	<u>(13,442)</u>	<u>(1,454)</u>	<u>3,701,437</u>
Governmental activities capital assets, net	<u>\$ 4,346,435</u>	<u>\$ (13,442)</u>	<u>\$ (1,454)</u>	<u>\$ 4,331,539</u>

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

Governmental Activities:

General Government	\$ 65,489
Police	43,062
Fire	72,814
Highways and Public Improvements	47,478
Parks	<u>40,519</u>
Total Depreciation Expense	<u>\$ 269,362</u>

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

C. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land	\$ 215,336	\$ -	\$ -	\$ 215,336
Construction in progress	-	-	-	-
Easements	267,806	-	-	267,806
	<u>483,142</u>	<u>-</u>	<u>-</u>	<u>483,142</u>
Water system	4,888,101	29,900	-	4,918,001
Sewer system	17,020,985	-	-	17,020,985
Machinery and equipment	1,279,700	-	-	1,279,700
	<u>23,188,786</u>	<u>29,900</u>	<u>-</u>	<u>23,218,686</u>
Water system	(2,372,752)	(98,328)	-	(2,471,080)
Sewer system	(4,491,299)	(341,147)	-	(4,832,446)
Machinery and equipment	(903,732)	(92,395)	-	(996,127)
Total accumulated depreciation	<u>(7,767,783)</u>	<u>(531,870)</u>	<u>-</u>	<u>(8,299,653)</u>
	<u>15,421,003</u>	<u>(501,970)</u>	<u>-</u>	<u>14,919,033</u>
	<u>\$ 15,904,145</u>	<u>\$ (501,970)</u>	<u>\$ -</u>	<u>\$ 15,402,175</u>

Depreciation expense was charged to functions/departments of the business-type activities as follows:

Business-type Activities:

Water Fund	\$ 139,089
Sewer Fund	<u>392,781</u>
Total depreciation expense	<u>\$ 531,870</u>

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

D. Long-term Debt

2008 Sewer Revenue Bonds. The government issued sewer revenue bonds in December of 2008 for the purpose of constructing the sewer system and for the repayment of debt service. The bond was scheduled to mature on May 11, 2040. It is a non-interest bearing bond with the first payment due on May 11, 2012. These bonds were refunded in 2015 with the Series 2015 Sewer Revenue Bonds.

The purpose of the refunding was to defer principal payments further into the future as growth has come in below expectations. The Series 2015 Sewer Revenue Bonds were issued in the amount of \$10,740,000 and have annual principal payments due in May of each year beginning in May of 2016.

The annual requirements to amortize the bonds are as follows:

2015 Sewer Revenue Bond	
Year Ended June 30,	Principal
2026	\$ 298,000
2027	310,000
2028	321,000
2029	333,000
2030	345,000
2031-2035	1,924,000
2036-2040	2,314,000
2041-2045	2,788,000
Totals	\$ 8,633,000

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

D. Long-term Debt (continued)

Changes in Long-term Liabilities - During the year, the following changes occurred in long-term liabilities:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 77,499	\$ 48,627	\$ -	\$ 126,126	\$ -
Net Pension Liability	143,595	34,720	-	178,315	-
<i>Total Governmental Activities</i>	<u>\$ 221,094</u>	<u>\$ 83,347</u>	<u>\$ -</u>	<u>\$ 304,441</u>	<u>\$ -</u>

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Business-type Activities:					
2015 Sewer Bonds	\$ 8,920,000	\$ -	\$ (287,000)	\$ 8,633,000	\$ 298,000
Compensated Absences	19,840	12,393	-	32,233	-
Net Pension Liability	74,205	36,390	-	110,595	-
<i>Total Business-type Activities</i>	<u>\$ 9,014,045</u>	<u>\$ 48,783</u>	<u>\$ (287,000)</u>	<u>\$ 8,775,828</u>	<u>\$ 298,000</u>

E. Bond Resolution Compliance

Series 2015 Sewer Revenue Bonds, carried from the 2008 Sewer Revenue Bonds

The Series 2015 Sewer Revenue Bonds issuance provides for the establishment of the following reserve funds:

- 1) The City is required to allocate an amount required for the operation and maintenance expenses for the system for the following month. This allocation should happen on or before the 10th day of each month. As of June 30, 2025 the City's reserve account had the required balance of \$47,625.
- 2) Beginning on May 10, 2011, and on or before the 10th day of each month, the City is required to reserve an amount equal to half the amount of the next principal payment. The Sinking Fund is designed to acquire sufficient funds on deposit to pay the principal when it comes due. As of June 30, 2025 the City's reserve account had the required balance of \$298,000.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

E. Bond Resolution Compliance (continued)

- 3) Beginning on May 10, 2011, and on or before the 10th of each month, the City is required to reserve an amount equal to half the amount of the next principal payment. The Reserve Account shall be used to make the principal payments when there are not sufficient funds in the Sinking Fund to pay the principal due. As of June 30, 2025 the City's reserve account had the required balance of \$358,080.
- 4) Beginning on May 10, 2011, and on or before the 10th of each month, the City is required to deposit \$1,670 plus such additional amounts as may be required to meet any monthly installments to the Emergency Repair and Replacement Account. The deposits shall continue for a period not to exceed ten years or until there is accumulated an amount equal to \$200,000. As of June 30, 2025 the City's reserve account had the required balance of \$244,079.
- 5) The Sewer Fund is required to have net revenues that are at least equal to 125% of the annual debt service.

F. Retirement System

General Information about the Pension Plan

Plan Description:

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

Defined Benefit Plans

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

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

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Retirement System (continued)

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

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 percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighters System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020; 2.00% per year July 1, 2020 to present	Up to 2.5%

* Actuarial reductions are applied

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

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Retirement System (continued)

Contributions:

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

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Noncontributory System			
15 - Local Government Division Tier 1	-	16.97%	-
111 - Local Government Division Tier 2	0.70%	15.19%	-
211 - Tier 2 401K Option	-	5.19%	10.00%
Public Safety System			
Noncontributory			
43 - Other Div A with 4% COLA Tier 1	-	33.54%	-
122 - Tier 2 DB Hybrid Public Safety	4.73%	25.33%	-
222 - Tier 2 401K Option	-	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
Noncontributory System	\$ 35,485	\$ -
Public Safety System	37,559	-
Tier 2 Public Employees System	75,990	3,494
Tier 2 Public Safety and Firefighter	46,517	8,686
Total Contributions	\$ 195,551	\$ 12,180

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.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Retirement System (continued)

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

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$288,910.

(Measurement Date): December 31, 2024

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec 31, 2023	Increase (Decrease)
Noncontributory System	\$ -	\$ 102,074	0.0321886%	0.0317230%	0.0004656%
Public Safety System	-	125,616	0.0811841%	0.0788182%	0.0023659%
Tier 2 Public Employees System	-	43,648	0.0146354%	0.0077444%	0.0068910%
Tier 2 Public Safety and Firefighter	-	17,571	0.0388495%	0.0435909%	-0.0047414%
	<u>\$ -</u>	<u>\$ 288,910</u>			

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 \$246,743.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 103,603	\$ 1,224
Changes in assumptions	32,876	280
Net difference between projected and actual earnings on pension plan investments	56,415	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,142	1,626
Contributions subsequent to the measurement date	97,735	-
Total	<u>\$ 298,771</u>	<u>\$ 3,130</u>

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Retirement System (continued)

\$97,735 was reported as deferred outflows of resources related to pensions resulting 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,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 79,723
2026	97,546
2027	(16,992)
2028	1,674
2029	13,388
Thereafter	\$ 22,566

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

For the year ended June 30, 2025, we recognized pension expense of \$92,841. At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,821	\$ -
Changes in assumptions	8,443	-
Net difference between projected and actual earnings on pension plan investments	30,746	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	883
Contributions subsequent to the measurement date	16,542	-
Total	<u>\$ 116,553</u>	<u>\$ 883</u>

\$16,542 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.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Retirement System (continued)

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 57,848
2026	56,035
2027	(12,476)
2028	(2,278)
2029	-
Thereafter	\$ -

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

For the year ended June 30, 2025, we recognized pension expense of \$81,061. At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,274	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	21,740	-
Changes in proportion and differences between contributions		
and proportionate share of contributions	485	-
Contributions subsequent to the measurement date	19,077	-
Total	<u>\$ 54,576</u>	<u>\$ -</u>

\$19,077 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.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Retirement System (continued)

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 15,072
2026	30,859
2027	(8,831)
2028	(1,601)
2029	-
Thereafter	\$ -

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

For the year ended June 30, 2025, we recognized pension expense of \$47,366. At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,870	\$ 301
Changes in assumptions	14,578	5
Net difference between projected and actual earnings on pension plan investments	2,790	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,758	170
Contributions subsequent to the measurement date	38,667	-
Total	<u>\$ 79,662</u>	<u>\$ 475</u>

\$38,667 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.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Retirement System (continued)

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 4,725
2026	7,477
2027	3,087
2028	3,893
2029	9,539
Thereafter	\$ 11,799

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 \$25,475. At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,638	\$ 923
Changes in assumptions	9,854	276
Net difference between projected and actual earnings on pension plan investments	1,139	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,899	574
Contributions subsequent to the measurement date	23,449	-
Total	<u>\$ 47,979</u>	<u>\$ 1,773</u>

\$23,449 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.

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

D. Retirement System (continued)

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 2,078
2025	3,176
2026	1,228
2027	1,659
2028	3,850
Thereafter	\$ 10,767

Actuarial assumptions:

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

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement 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. 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:

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Retirement System (continued)

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

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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 6.98 percent, as well as what the proportionate share of the net pension liability would be if it were calculated used a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Retirement System (continued)

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 431,689	\$ 102,074	\$ (174,366)
Public Safety System	385,911	125,616	(86,780)
Tier 2 Public Employees System	130,367	43,648	(23,810)
Tier 2 Public Safety and Firefighter	59,916	17,571	(16,284)
Total	\$ 1,007,884	\$ 288,910	\$ (301,241)

Pension Plan Fiduciary Net Position:

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

Defined Contribution Savings Plan

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

Willard City participates in the following Defined Contribution Savings Plan with Utah Retirement Systems:

*401(k) Plan

*457(b) Plan

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

401(k) Plan	2025	2024	2023
			\$
Employer Contributions	\$ -	\$ 526	1,349
Employee Contributions	2,568	2,183	1,200

G. Risk Management – Claims and Judgments

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

WILLARD CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

G. Risk Management – Claims and Judgments (continued)

Covered Risk	Amount of Coverage	Insurer	Expiration Date
General Liability	2,000,000	Utah Local Governments Trust	9/16/2026
Public Officials' Errors and Omissions	2,000,000	Utah Local Governments Trust	9/16/2026
Employee Benefits Liability	2,000,000	Utah Local Governments Trust	9/16/2026
Law Enforcement Liability	2,000,000	Utah Local Governments Trust	9/16/2026
Auto Property Damage	2,000,000	Utah Local Governments Trust	9/16/2026
Uninsured Motorist Coverage	100,000	Utah Local Governments Trust	9/16/2026
Underinsured Motorist	100,000	Utah Local Governments Trust	9/16/2026
Personal Injury Protection	5,000	Utah Local Governments Trust	9/16/2026
Utility Service Sub-Limit	1,000,000	Utah Local Governments Trust	9/16/2026
Sexual Harassment Sub-Limit	1,000,000	Utah Local Governments Trust	9/16/2026
No-Fault Sewer and Potable Water	5,000	Utah Local Governments Trust	9/16/2026
Foreign Claims and Suits Sub-Limit	1,000,000	Utah Local Governments Trust	9/16/2026
Declaratory, Injunctive Relief and Land Use Defense	50,000	Utah Local Governments Trust	9/16/2026
Malfeasance Defense	20,000	Utah Local Governments Trust	9/16/2026
Building Properties	3,412,600	Utah Local Governments Trust	9/16/2026
Building Contents	587,100	Utah Local Governments Trust	9/16/2026
Contractors Equipment	106,510	Utah Local Governments Trust	9/16/2026
Electronic Data Equipment	10,000	Utah Local Governments Trust	9/16/2026
Mobile Equipment	16,000	Utah Local Governments Trust	9/16/2026

H. Advanced Funding Liability

In fiscal year 2019, developers gave Willard City an “advance funding” of impact fees in the amount of \$500,000. During fiscal year 2025, \$171,747 was used. The funding was used for utility infrastructure. When lot owners pay their impact fees, the advance funding is reimbursed to developers for those lots. The year-end liability balance totals \$228,309.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

WILLARD CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Revenues</u>				
Taxes:				
Property taxes	\$ 304,591	\$ 329,591	\$ 320,511	\$ (9,080)
Sales tax	540,000	540,000	558,610	18,610
Franchise tax	160,000	160,000	172,119	12,119
Telecommunications tax	8,000	8,000	7,149	(851)
Mass transit tax	-	-	56,634	56,634
Road tax	215,000	90,000	91,712	1,712
	<u>1,227,591</u>	<u>1,127,591</u>	<u>1,206,735</u>	<u>79,144</u>
Licenses and permits:				
Business licenses	6,500	6,500	1,147	(5,353)
Building permits	120,000	180,000	155,833	(24,167)
Miscellaneous licenses	3,500	3,500	2,866	(634)
	<u>130,000</u>	<u>190,000</u>	<u>159,846</u>	<u>(30,154)</u>
Intergovernmental:				
Class "C" road	200,000	200,000	168,396	(31,604)
Gravel tax	200,000	200,000	105,663	(94,337)
Rural transportation infrastructure	-	-	51,589	51,589
State liquor allotment	5,000	5,000	5,074	74
Grants	100,000	143,000	120,890	(22,110)
	<u>505,000</u>	<u>548,000</u>	<u>451,612</u>	<u>(96,388)</u>
Charges for services:				
Fire protection	10,000	10,000	3,670	(6,330)
Planning and zoning	5,000	70,000	73,209	3,209
Parks and recreation	13,500	17,500	13,083	(4,417)
	<u>28,500</u>	<u>97,500</u>	<u>89,962</u>	<u>(7,538)</u>
Fines and forfeitures	<u>200,000</u>	<u>200,000</u>	<u>200,855</u>	<u>855</u>
Other revenues:				
Interest earnings	60,000	25,000	24,116	(884)
Sundry	50,000	50,000	14,248	(35,752)
Sale of fixed assets	-	-	14,549	14,549
Donations	30,000	30,000	32,459	2,459
	<u>140,000</u>	<u>105,000</u>	<u>85,372</u>	<u>(22,087)</u>
Total revenues	<u>\$ 2,231,091</u>	<u>\$ 2,268,091</u>	<u>\$ 2,194,382</u>	<u>\$ (76,168)</u>

WILLARD CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>Expenditures</u>				
General government:				
Administrative	\$ 634,300	\$ 580,805	\$ 564,104	\$ 16,701
Municipal court	107,900	120,400	98,701	21,699
Buildings	40,300	40,300	23,335	16,965
	<u>782,500</u>	<u>741,505</u>	<u>686,140</u>	<u>55,365</u>
 Public safety:				
Police department	604,700	683,238	657,411	25,827
Fire department	83,886	122,886	128,783	(5,897)
	<u>688,586</u>	<u>806,124</u>	<u>786,194</u>	<u>19,930</u>
 Highways and public improvements	764,400	783,432	255,145	528,287
Parks and recreation	<u>96,875</u>	<u>115,800</u>	<u>107,168</u>	<u>8,632</u>
 Total expenditures	<u>2,332,361</u>	<u>2,446,861</u>	<u>1,834,647</u>	<u>612,214</u>
<u>Other financing sources (uses)</u>				
Operating transfers in (out)	-	-	-	-
Transfers to other funds	(113,730)	(163,730)	(113,730)	50,000
Unappropriated fund balance	<u>215,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing				
Sources (uses)	<u>101,270</u>	<u>(163,730)</u>	<u>(113,730)</u>	<u>50,000</u>
 Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(342,500)</u>	<u>246,005</u>	<u>588,505</u>
 Fund Balance - July 1	<u>545,812</u>	<u>545,812</u>	<u>545,812</u>	<u>-</u>
 Fund Balance - June 30	<u>\$ 545,812</u>	<u>\$ 203,312</u>	<u>\$ 791,817</u>	<u>\$ 588,505</u>

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

		Noncontributory		Public Safety		Tier 2 Public		Tier 2 Public	
		System		System		Employees		System	
Proportion of the net pension liability (asset)	2025	0.0321886%	0.0811841%	0.0146354%	0.0388495%				
	2024	0.0317230%	0.0788182%	0.0077441%	0.0435909%				
	2023	0.0303087%	0.0744173%	0.0065559%	0.0282217%				
	2022	0.0308797%	0.0757610%	0.0032699%	0.0235766%				
	2021	0.0290874%	0.0702927%	0.0030330%	0.00				
	2020	0.0250012%	0.0721464%	0.0029582%	-				
	2019	0.0247425%	7.2169400%	0.4133000%	-				
	2018	0.0249802%	0.0763130%	0.0047522%	-				
	2017	0.0235543%	0.0650507%	0.00	-				
	2016	0.2165250%	0.0617199%	-	-				
Proportion share of the net pension liability (asset)	2025	\$ 102,074	\$ 125,616	\$ 43,648	\$ 17,571				
	2024	\$ 73,583	\$ 112,723	\$ 15,073	\$ 16,420				
	2023	\$ 51,911	\$ 96,227	\$ 7,139	\$ 2,354				
	2022	\$ (176,851)	\$ (61,529)	\$ (1,384)	\$ (1,192)				
	2021	\$ 14,920	\$ 58,360	\$ 436	\$ 204.00				
	2020	\$ 94,226	\$ 115,840	\$ 665	\$ -				
	2019	\$ 182,197	\$ 185,662	\$ 1,770	\$ -				
	2018	\$ 109,446	\$ 119,709	\$ 419	\$ -				
	2017	\$ 151,247	\$ 132,006	\$ 226.00	\$ -				
	2016	\$ 122,520	\$ 110,556	\$ -	\$ -				

See accompanying notes to required supplementary information

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

		Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety & Firefighters
Covered employee payroll	2025	\$ 243,379	\$ 105,121	\$ 433,209	\$ 177,337
	2024	\$ 353,429	\$ 96,876	\$ 200,213	\$ 165,168
	2023	\$ 330,966	\$ 88,550	\$ 142,297	\$ 86,832
	2022	\$ 342,155	\$ 75,606	\$ 60,570	\$ 56,381
	2021	\$ 314,835	\$ 98,137	\$ 48,495	\$ 4,760.00
	2020	\$ 229,174	\$ 116,163	\$ 41,092	\$ -
	2019	\$ 217,193	\$ 113,236	\$ 48,290	\$ -
	2018	\$ 215,196	\$ 119,186	\$ 46,546	\$ -
	2017	\$ 210,713	\$ 99,798	\$ 19,536.00	\$ -
	2016	\$ 192,867	\$ 93,301	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2025	41.94%	119.50%	10.08%	9.91%
	2024	20.82%	116.36%	7.53%	9.94%
	2023	15.68%	108.67%	5.02%	2.71%
	2022	-51.69%	-81.38%	-2.28%	-2.11%
	2021	4.74%	59.47%	0.90%	0.04
	2020	41.12%	99.72%	1.62%	-
	2019	83.89%	163.96%	3.67%	-
	2018	50.86%	100.44%	0.90%	-
	2017	71.78%	132.27%	0.01	-
	2016	63.53%	118.49%	-	-

See accompanying notes to required supplementary information

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

Plan fiduciary net position as a percentage of the total pension liability	2025	96.0%	93.3%	87.4%	90.1%
	2024	96.9%	93.4%	89.6%	89.1%
	2023	97.5%	93.6%	92.3%	96.4%
	2022	108.7%	104.2%	103.8%	102.8%
	2021	99.2%	95.5%	98.3%	0.93
	2020	93.7%	90.9%	96.5%	-
	2019	87.0%	84.7%	90.8%	-
	2018	91.9%	90.2%	97.4%	-
	2017	87.3%	86.5%	0.95	-
	2016	87.8%	87.1%	-	-

WILLARD CITY
SCHEDULE OF CONTRIBUTIONS UTAH RETIREMENT SYSTEMS
JUNE 30, 2025
with a measurement date of December 31, 2024
Last 10 fiscal years

As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the		Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
		required contribution	contractually contribution			
Noncontributory System	2016	\$ 36,251	\$ 36,251	\$ -	\$ 196,271	18.47%
	2017	\$ 38,811	\$ 38,811	\$ -	\$ 210,127	18.47%
	2018	\$ 41,128	\$ 41,128	\$ -	\$ 222,676	18.47%
	2019	\$ 41,316	\$ 41,316	\$ -	\$ 223,692	18.47%
	2020	\$ 44,871	\$ 44,871	\$ -	\$ 261,462	17.16%
	2021	\$ 52,870	\$ 52,870	\$ -	\$ 347,505	15.21%
	2022	\$ 53,828	\$ 53,828	\$ -	\$ 341,424	15.77%
	2023	\$ 50,293	\$ 50,293	\$ -	\$ 331,276	15.18%
	2024	\$ 52,049	\$ 52,049	\$ -	\$ 321,076	16.21%
	2025	\$ 35,485	\$ 35,485	\$ -	\$ 208,383	17.03%
Public Safety System	2016	\$ 32,256	\$ 32,256	\$ -	\$ 94,759	34.04%
	2017	\$ 33,131	\$ 33,131	\$ -	\$ 97,329	34.04%
	2018	\$ 44,321	\$ 44,321	\$ -	\$ 130,202	34.04%
	2019	\$ 38,976	\$ 38,976	\$ -	\$ 114,500	34.04%
	2020	\$ 40,109	\$ 40,109	\$ -	\$ 117,829	34.04%
	2021	\$ 25,946	\$ 25,946	\$ -	\$ 79,067	32.81%
	2022	\$ 26,112	\$ 26,112	\$ -	\$ 76,711	34.04%
	2023	\$ 33,102	\$ 33,102	\$ -	\$ 97,244	34.04%
	2024	\$ 34,092	\$ 34,092	\$ -	\$ 100,152	34.04%
	2025	\$ 37,559	\$ 37,559	\$ -	\$ 111,912	33.56%

WILLARD CITY
SCHEDULE OF CONTRIBUTIONS UTAH RETIREMENT SYSTEMS
UTAH RETIREMENT SYSTEMS (continued)

JUNE 30, 2025

Last 10 fiscal years

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in		Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
			relation to the contractually required contribution	contractually required contribution			
Tier 2 Public Safety System	2016	\$ -	\$ -	\$ -	\$ -	-	0.00%
	2017	\$ 5,663	\$ 5,663	\$ -	\$ -	38,198	14.83%
	2018	\$ 7,335	\$ 7,335	\$ -	\$ -	48,853	15.01%
	2019	\$ 6,667	\$ 6,667	\$ -	\$ -	43,117	15.46%
	2020	\$ 7,309	\$ 7,309	\$ -	\$ -	46,671	15.66%
	2021	\$ 7,892	\$ 7,892	\$ -	\$ -	51,664	15.28%
	2022	\$ 14,093	\$ 14,093	\$ -	\$ -	87,697	16.07%
	2023	\$ 29,649	\$ 29,649	\$ -	\$ -	186,005	15.94%
	2024	\$ 46,812	\$ 46,812	\$ -	\$ -	292,391	16.01%
	2025	\$ 75,990	\$ 75,990	\$ -	\$ -	500,266	15.19%
Tier 2 Public Safety and Firefighter System	2020	\$ 786	\$ 786	\$ -	\$ -	3,400	23.13%
	2021	\$ 6,248	\$ 6,248	\$ -	\$ -	26,310	23.75%
	2022	\$ 17,763	\$ 17,763	\$ -	\$ -	68,768	25.83%
	2023	\$ 34,779	\$ 34,779	\$ -	\$ -	137,863	25.23%
	2024	\$ 43,933	\$ 43,933	\$ -	\$ -	170,848	25.71%
	2025	\$ 46,517	\$ 46,517	\$ -	\$ -	183,643	25.33%

See accompanying notes to required supplementary information

WILLARD CITY
SCHEDULE OF CONTRIBUTIONS UTAH RETIREMENT SYSTEMS (continued)

JUNE 30, 2025

with a measurement date of December 31, 2024

Last 10 fiscal years

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the		Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
			contractually required contribution	contractually contribution			
Tier 2 Public Safety and Firefighter DC Only System	2019	\$ -	\$ -	\$ -	\$ -	-	0.00%
	2020	\$ -	\$ -	\$ -	\$ -	-	0.00%
	2021	\$ 10,875	\$ 10,875	\$ -	\$ 95,251	95,251	11.42%
	2022	\$ 10,334	\$ 10,334	\$ -	\$ 87,353	87,353	11.83%
	2023	\$ 766	\$ 766	\$ -	\$ 6,477	6,477	11.83%
	2024	\$ -	\$ -	\$ -	\$ -	-	0.00%
	2025	\$ -	\$ -	\$ -	\$ -	-	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 certified rate due to rounding and other administrative practices.

WILLARD CITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
FOR FISCAL YEAR ENDED JUNE 30, 2025

Changes in Assumptions:

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

SUPPLEMENTARY INFORMATION

**WILLARD CITY
SEWER FUND
SCHEDULE OF NET REVENUES AND AGGREGATE DEBT SERVICE
AS DESCRIBED IN THE BOND DOCUMENTS FOR THE 2008 SEWER BONDS
YEAR ENDED JUNE 30, 2025**

NET REVENUES:

Total operating revenues	\$ 716,778
Non-operating revenues	
Interest income	122,009
Connection fees	14,112
Impact fees	345,169
	<u>1,198,068</u>
Operating expenses (excluding depreciation)	526,006
Interest expense	-
	<u>526,006</u>
NET REVENUES	<u><u>\$ 672,062</u></u>

ANNUAL DEBT SERVICE (FORTHCOMING YEAR):

2008 Bonds	<u>\$ 298,000</u>
	<u><u>\$ 298,000</u></u>

NET REVENUES DIVIDED BY AGGREGATE DEBT SERVICE	226%
MINIMUM REQUIREMENT	125%
EXCESS (DEFICIENCY)	<u>101%</u>
DOLLAR VALUE OF EXCESS (DEFICIENCY)	<u><u>\$ 299,562</u></u>

Total connections at year end =	781
Equivalent residential units at year end =	819
Application for sewer service on hand =	-
Monthly charge per ERU =	\$59.50

AUDITOR'S REPORTS

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

The Honorable Mayor and Members
of the City Council
Willard City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Willard City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Willard City's basic financial statements, and have issued our report thereon dated February 23, 2026.

Report on Internal Control over Financial Reporting

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

Purpose of This Report

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

Wright & Associates, P.C.

Ogden, Utah

February 23, 2026

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

The Honorable Mayor and Members
of the City Council
Willard City, Utah

Report On Compliance

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

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

Budgetary Compliance
Fund Balance
Restricted Taxes
Fraud Risk Assessment
Governmental Fees
Cash Management
Impact Fees
Utah Retirement Systems
Treasurer Bond

Opinion on Compliance

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide (Guide)*. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Willard City's government programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report On Internal Control over Compliance

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

or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Wink & Associates, P.C.

Ogden, Utah
February 23, 2026