

Oakley City Corporation
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2025

Oakley City Corporation
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June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
Of the City Council
Oakley, 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 the Oakley City Corporation as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Oakley City Corporation'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 of the Oakley City Corporation, 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 Oakley City Corporation 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 the Oakley City Corporation'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 the Oakley City Corporation'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 the Oakley City Corporation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related items 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026, on our consideration of the Oakley City Corporation'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 the Oakley City Corporation'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 Oakley City Corporation's internal control over financial reporting and compliance.

Wright & Associates, P.C.

Ogden, Utah
January 15, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Oakley City Corporation
Management's Discussion and Analysis
June 30, 2025

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

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$89,393
- *Total unrestricted net position for the City as a whole decreased by \$850,939
- *Total net position for governmental activities decreased by \$447,971
- *Total net position for business-type activities increased by \$537,364

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

Oakley City Corporation
Management's Discussion and Analysis
June 30, 2025

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

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

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

The City maintains three major governmental fund; the general fund, a special revenue fund for the Municipal Building Authority (MBA), and a capital projects fund.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund and the MBA fund.

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

Proprietary funds. The City's proprietary funds are all of the enterprise type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three enterprise funds to account for the operations of the water utility, sewer utility, and rodeo.

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

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

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

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

Oakley City Corporation
Management's Discussion and Analysis
June 30, 2025

FINANCIAL ANALYSIS

Oakley City Corporation's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 1,402,067	1,706,131	2,664,505	3,233,853	4,066,572	4,939,984
Net capital assets	4,608,335	4,806,327	7,516,198	6,375,525	12,124,533	11,181,852
Deferred outflows of resources	73,588	43,753	97,547	57,998	171,135	101,751
Total assets and deferred outflows	6,083,990	6,556,211	10,278,250	9,667,376	16,362,240	16,223,587
Long-term debt outstanding	10,357	50,945	4,801,000	4,854,000	4,811,357	4,904,945
Other liabilities	190,299	185,444	1,509,147	1,382,555	1,699,446	1,567,999
Deferred inflows of resources	441,889	430,408	344	426	442,233	430,834
Total liabilities and deferred inflows	642,545	666,796	6,310,491	6,236,981	6,953,036	6,903,777
Net position:						
Net investment in capital assets	4,597,978	4,755,383	2,715,198	1,521,525	7,313,176	6,276,908
Restricted	135,000	234,932	265,497	261,501	400,497	496,433
Unrestricted	708,467	899,101	987,065	1,647,369	1,695,531	2,546,470
Total net position	\$ 5,441,444	5,889,415	3,967,758	3,430,394	9,409,203	9,319,810

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$9,409,203, an increase of \$89,393 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$1,695,531 which represents a decrease of \$850,939 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

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

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

Oakley City Corporation
Management's Discussion and Analysis
June 30, 2025

Oakley City Corporation's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 283,654	285,198	2,333,359	1,777,730	2,617,014	2,062,928
Operating grants & contributions	153,407	93,494	-	188,000	153,407	281,494
Capital grants & contributions	257,750	138,000	20,000	25,000	277,750	163,000
General revenues:						
Property taxes	492,805	487,858	-	-	492,805	487,858
Sales tax	356,857	348,510	-	-	356,857	348,510
Other taxes	42,037	41,513	-	-	42,037	41,513
Other revenues	82,731	97,761	80,779	192,156	163,510	289,917
Total revenues	1,669,241	1,492,333	2,434,138	2,182,887	4,103,379	3,675,219
Expenses:						
General government	942,531	722,282	-	-	942,531	722,282
Streets and highways	604,779	230,753	-	-	604,779	230,753
Parks and recreation	468,480	458,164	-	-	468,480	458,164
Interest on long-term debt	1,067	3,796	227,676	200,028	228,743	203,824
Water utility	-	-	409,740	431,859	409,740	431,859
Sewer utility	-	-	383,791	336,588	383,791	336,588
Rodeo	-	-	975,923	771,299	975,923	771,299
Total expenses	2,016,857	1,414,995	1,997,130	1,739,774	4,013,986	3,154,769
Excess (deficiency) before transfers	(347,615)	77,337	437,009	443,112	89,393	520,450
Transfers in (out)	(100,355)	(78,000)	100,355	78,000	-	-
Change in net position	\$ (447,971)	(663)	537,364	521,112	89,393	520,450

For the City as a whole, total revenues increased by \$428,160 compared to the previous year, while total expenses increased by \$859,217. The total net change of \$89,393 is, in private sector terms, the net income for the year which was \$431,057 less than the previous year's net change (net income).

Governmental activities revenues of \$1,669,241 is an increase of \$176,908 from the previous year. The primary reason for this increase is an increase in grants. Governmental activities expenses of \$2,016,857 is an increase of \$601,862 from the previous year. Each departments' expenses increased compared to the previous year.

Business-type activities revenue of \$2,434,138 is an increase of \$251,251 from the previous year. Service revenues increased by \$555,629 and operating grants decreased by \$188,000. Business-type activities expenses of \$1,997,130 is an increase of \$257,356 from the previous year.

Oakley City Corporation
Management's Discussion and Analysis
June 30, 2025

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$343,698 reflects a decrease of \$177,305 from the previous year. Total revenues increased by \$114,245. Total tax revenues increased by \$13,819. Charges for services, including licenses and permits, decreased by \$105,214. Intergovernmental revenues increased by \$120,663. Other revenues decreased by \$18,693.

Total expenditures, exclusive of transfers out, increased by \$252,566. General government expenditures increased by \$22,328, streets and highways expenditures increased by \$373,415, and parks and recreation expenditures decreased by \$36,010. Capital outlay expenditures decreased by \$103,696.

Fund balance assigned for special events amounts to \$4,174. Unassigned fund balance is \$339,524.

Water Fund

Net operating income for the year was \$67,524. The change in net position (net income) was \$65,196. Unrestricted net position amounts to \$757,662.

Sewer Fund

Net operating income for the year was \$2,820. The change in net position (net income) was \$1,126. Unrestricted net position amounts to a deficit of \$309,424.

Rodeo Fund

Net operating income for the year was \$493,563. The change in net position (net income) was \$471,042. Unrestricted net position amounts to \$538,826.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$1,300,058. This amount was amended in the final budget to \$1,333,910. Actual revenues, excluding transfers, amounted to \$1,424,942, which exceeded the budgeted amount by \$91,032.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$1,348,150. This amount was amended in the final budget to \$1,689,379. Actual expenditures amounted to \$1,600,193, which was \$89,186 less than budgeted.

Oakley City Corporation
Management's Discussion and Analysis
June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Oakley City Corporation's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land	\$ 942,390	942,390	389,346	389,346	1,331,736	1,331,736
Buildings	5,089,806	5,089,806	64,889	64,889	5,154,696	5,154,696
Improvements	1,734,438	1,677,693	304,014	237,078	2,038,451	1,914,771
Machinery and equipment	520,843	512,348	439,691	439,691	960,534	952,039
Infrastructure	82,426	82,426	-	-	82,426	82,426
Water system	-	-	4,119,397	4,119,397	4,119,397	4,119,397
Sewer system	-	-	3,668,621	3,668,621	3,668,621	3,668,621
Construction in progress	371,875	340,231	4,515,724	3,187,030	4,887,599	3,527,261
Total Capital Assets	<u>8,741,778</u>	<u>8,644,894</u>	<u>13,501,682</u>	<u>12,106,053</u>	<u>22,243,460</u>	<u>20,750,947</u>
Less accumulated depreciation	<u>(4,133,443)</u>	<u>(3,838,567)</u>	<u>(5,985,484)</u>	<u>(5,730,528)</u>	<u>(10,118,927)</u>	<u>(9,569,094)</u>
Totals	<u>\$ 4,608,335</u>	<u>4,806,327</u>	<u>7,516,198</u>	<u>6,375,525</u>	<u>12,124,533</u>	<u>11,181,853</u>

The total amount of capital assets, net of depreciation, of \$12,124,533 is an increase of \$942,680 from the previous year.

Governmental activities capital assets, net of depreciation, of \$4,608,335 is a decrease of \$197,993 from the previous year.

Business-type activities capital assets, net of depreciation, of \$7,516,198 is an increase of \$1,140,673 from the previous year.

The amount of decreases in capital asset balances, net of depreciation, represent the amount that depreciation charged on capital assets exceeded investment in new capital assets during the year.

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

Oakley City Corporation
Management's Discussion and Analysis
 June 30, 2025

Oakley City Corporation's Outstanding Debt

	Current Year	Previous Year
Governmental activities		
2022 Snow Plow Truck	\$ 10,357	50,945
Total governmental	\$ 10,357	50,945
Business-type activities:		
2023 Water Revenue Bond Anticipation Note	\$ 4,300,000	4,300,000
2018 Sewer Refunding	200,400	221,600
2019 Water Refunding	300,600	332,400
Total business-type	\$ 4,801,000	4,854,000
Total outstanding debt	\$ 4,811,357	4,904,945

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Oakley City Corporation's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the City Recorder, 960 West Center Street, Oakley, UT 84055.

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BASIC FINANCIAL STATEMENTS

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Oakley City Corporation
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 734,275	1,582,818	2,317,093
Accounts receivable, net	532,792	152,530	685,322
Prepaid expenses	-	422,021	422,021
Total current assets	<u>1,267,067</u>	<u>2,157,368</u>	<u>3,424,435</u>
Non-current assets:			
Restricted cash and cash equivalents	135,000	507,137	642,137
Capital assets:			
Not being depreciated	1,314,265	4,905,070	6,219,335
Net of accumulated depreciation	3,294,070	2,611,128	5,905,198
Total non-current assets	<u>4,743,335</u>	<u>8,023,335</u>	<u>12,766,670</u>
Total assets	<u>6,010,402</u>	<u>10,180,703</u>	<u>16,191,105</u>
Deferred outflows of resources - pensions	73,588	97,547	171,135
Total assets and deferred outflows of resources	<u>\$ 6,083,990</u>	<u>10,278,250</u>	<u>16,362,240</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 44,708	17,896	62,604
Unearned revenue	19,375	1,334,882	1,354,257
Revenue bonds, current portion	10,357	55,000	65,357
Total current liabilities	<u>74,440</u>	<u>1,407,777</u>	<u>1,482,217</u>
Non-current liabilities:			
Compensated absences	16,856	11,404	28,261
Net pension liability	109,360	144,965	254,325
Bond anticipation note	-	4,300,000	4,300,000
Revenue bonds, long-term	-	446,000	446,000
Total non-current liabilities	<u>126,216</u>	<u>4,902,369</u>	<u>5,028,586</u>
Total liabilities	<u>200,656</u>	<u>6,310,147</u>	<u>6,510,803</u>
Deferred inflows of resources - property taxes	441,630	-	441,630
Deferred inflows of resources - pensions	259	344	603
Total liabilities and deferred inflows of resources	<u>642,545</u>	<u>6,310,491</u>	<u>6,953,036</u>
NET POSITION:			
Net investment in capital assets	4,597,978	2,715,198	7,313,176
Restricted for:			
Debt service	-	158,601	158,601
Recreation grant	135,000	-	135,000
Restraurant tax	-	106,896	106,896
Unrestricted	708,467	987,065	1,695,531
Total net position	<u>5,441,444</u>	<u>3,967,759</u>	<u>9,409,204</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,083,990</u>	<u>10,278,251</u>	<u>16,362,241</u>

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

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

<u>FUNCTIONS/PROGRAMS:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
Primary government:					
Governmental activities:					
General government	\$ 942,531	191,703	-	60,750	(690,077)
Streets and highways	604,779	-	153,407	-	(451,373)
Parks and recreation	468,480	91,951	-	197,000	(179,529)
Interest on long-term debt	1,067	-	-	-	(1,067)
Total governmental activities	<u>2,016,857</u>	<u>283,654</u>	<u>153,407</u>	<u>257,750</u>	<u>(1,322,046)</u>
Business-type activities:					
Water	629,593	477,263	-	15,000	(137,330)
Sewer	391,613	386,611	-	5,000	(3)
Rodeo	975,923	1,469,486	-	-	493,563
Total business-type activities	<u>1,997,130</u>	<u>2,333,359</u>	<u>-</u>	<u>20,000</u>	<u>356,230</u>
Total primary government	<u>\$ 4,013,986</u>	<u>2,617,014</u>	<u>153,407</u>	<u>277,750</u>	<u>(965,816)</u>

(continued on next page)

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

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

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (1,322,046)	356,230	(965,816)
General revenues:			
Property taxes	492,805	-	492,805
Sales tax	356,857	-	356,857
Other taxes	42,037	-	42,037
Unrestricted investment earnings	69,504	80,779	150,283
Miscellaneous	13,227	-	13,227
Total general revenues	974,430	80,779	1,055,209
Transfers in (out)	(100,355)	100,355	-
Total general revenues and transfers	874,075	181,134	1,055,209
Change in net position	(447,971)	537,364	89,393
Net position - beginning	5,889,415	3,430,395	9,319,810
Net position - ending	\$ 5,441,444	3,967,759	9,409,204

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

Oakley City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 310,764	423,511	734,275
Receivables:			
Property taxes	444,675	-	444,675
Due from other governments	88,117	-	88,117
Restricted cash and cash equivalents	-	135,000	135,000
TOTAL ASSETS	\$ 843,556	558,511	1,402,067
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities:			
Accounts payable	\$ 38,853	5,855	44,708
Unearned revenue	19,375	-	19,375
Total liabilities	58,228	5,855	64,083
Deferred inflows of resources - property taxes	441,630	-	441,630
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	499,858	5,855	505,713
FUND BALANCES:			
Restricted for:			
Recreation grant	-	135,000	135,000
Assigned for:			
Capital projects	-	417,656	417,656
Special events	4,174	-	4,174
Unassigned	339,524	-	339,524
TOTAL FUND BALANCES	343,698	552,656	896,354
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 843,556	558,511	1,402,067

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

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

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:			
Taxes:			
Property	\$ 492,805	-	492,805
Sales	356,857	-	356,857
Other taxes	42,037	-	42,037
License and permits	41,166	-	41,166
Intergovernmental revenues	214,157	197,000	411,157
Charges for services	242,488	-	242,488
Interest	32,204	37,300	69,504
Miscellaneous revenue	3,227	-	3,227
Total revenues	1,424,942	234,300	1,659,241
EXPENDITURES:			
Current:			
General government	630,050	160,030	790,081
Highways and public improvements	576,179	-	576,179
Parks, recreation and public property	333,168	-	333,168
Capital Outlay	19,141	77,743	96,884
Debt service:			
Principal	40,588	-	40,588
Interest	1,067	-	1,067
Total expenditures	1,600,193	237,773	1,837,966
Excess (Deficiency) of Revenues over (Under) Expenditures	(175,251)	(3,473)	(178,724)
Other Financing Sources and (Uses):			
Sale of capital assets	10,000	-	10,000
Transfers in	137,591	24,645	162,236
Transfers out	(149,645)	(112,946)	(262,591)
Total other financing sources and (uses)	(2,054)	(88,301)	(90,355)
Net Change in Fund Balances	(177,305)	(91,775)	(269,080)
Fund balances - beginning of year	521,003	644,430	1,165,433
Fund balance - end of year	\$ 343,698	552,656	896,354

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

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

Total Fund Balance for Governmental Funds	<u>\$ 896,354</u>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	8,741,778
Less accumulated depreciation	<u>(4,133,443)</u>
Net capital assets	<u>4,608,335</u>
Net pension assets, for funds other than enterprise funds, are recorded in the government-wide statements but not in the funds statements.	
	<u>-</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>73,588</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(10,357)</u>
Interest accrued but not yet paid on long-term debt	<u>-</u>
Compensated absences	<u>(16,856)</u>
Net pension liability	<u>(109,360)</u>
Deferred inflows of resources - pensions	<u>(259)</u>
Total Net Position of Governmental Activities	<u><u>\$ 5,441,444</u></u>

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

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (269,080)</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	96,884
Depreciation expense	<u>(294,876)</u>
Net	<u>(197,993)</u>
<p>The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.</p>	
	<u>(15,773)</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Long-term debt principal repayments	<u>40,588</u>
<p>Accrued interest for long-term debt and compensated absences are not reported as expenditures for the current period, while they are recorded in the statement of activities</p>	
Change in accrued interest on long-term debt at end of period	<u>-</u>
Change in compensated absences liability	<u>(5,713)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (447,971)</u></u>

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

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

	Water Fund	Sewer Fund	Rodeo Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 5,000	-	1,577,818	1,582,818
Accounts receivable, net	98,336	54,194	-	152,530
Due from other funds	340,477	-	-	340,477
Prepaid expenses	-	-	422,021	422,021
Total current assets	443,813	54,194	1,999,838	2,497,845
Non-current assets:				
Restricted cash and cash equivalents	433,627	73,510	-	507,137
Capital assets:				
Not being depreciated	4,818,770	59,040	27,260	4,905,070
Net of accumulated depreciation	1,156,403	1,220,311	234,414	2,611,128
Total non-current assets	6,408,800	1,352,861	261,674	8,023,335
Total assets	6,852,613	1,407,055	2,261,512	10,521,180
Deferred outflows of resources - pensions	47,918	35,938	13,691	97,547
Total assets and deferred outflows of resources	\$ 6,900,531	1,442,993	2,275,203	10,618,727
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 5,796	3,180	8,921	17,896
Due to other funds	-	340,477	-	340,477
Unearned income	-	-	1,334,882	1,334,882
Revenue bonds, current portion	33,000	22,000	-	55,000
Total current liabilities	38,796	365,657	1,343,802	1,748,254
Non-current liabilities:				
Compensated absences	5,429	2,364	3,611	11,404
Net pension liability	71,211	53,408	20,346	144,965
Short-term note	4,300,000	-	-	4,300,000
Revenue bonds, long-term	267,600	178,400	-	446,000
Total non-current liabilities	4,644,240	234,172	23,957	4,902,369
Total liabilities	4,683,036	599,829	1,367,759	6,650,624
Deferred inflows of resources - pensions	169	127	48	344
Total liabilities and deferred inflows of resources	4,683,205	599,956	1,367,807	6,650,968
NET POSITION:				
Net investment in capital assets	1,374,573	1,078,951	261,674	2,715,198
Restricted for bond retirement	85,091	73,510	-	158,601
Restricted restaurant tax	-	-	106,896	106,896
Unrestricted	757,662	(309,424)	538,826	987,065
Total net position	2,217,326	843,037	907,396	3,967,759
Total liabilities, deferred inflows of resources and net position	\$ 6,900,531	1,442,993	2,275,203	10,618,727

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

Oakley City Corporation
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Rodeo Fund	Total Enterprise Funds
Operating income:				
Charges for sales and service	\$ 476,478	386,230	1,469,486	2,332,193
Other operating income	785	381	-	1,166
Total operating income	477,263	386,611	1,469,486	2,333,359
Operating expenses:				
Personnel services	121,458	99,185	110,681	331,324
Cost of sales	61,162	-	765,139	826,300
Utilities	13,327	30,647	-	43,973
Repair and maintenance	48,179	72,404	-	120,583
Other supplies and expenses	45,751	77,600	68,965	192,316
Depreciation expense	119,863	103,954	31,139	254,956
Total operating expense	409,740	383,791	975,923	1,769,453
Net operating income (loss)	67,524	2,820	493,563	563,906
Non-operating income (expense):				
Interest income	77,526	1,129	2,124	80,779
Operating grants	-	-	-	-
Impact fees	15,000	5,000	-	20,000
Interest on long-term debt	(219,854)	(7,822)	-	(227,676)
Total non-operating income (expense)	(127,328)	(1,694)	2,124	(126,897)
Income (loss) before transfers	(59,804)	1,126	495,687	437,009
Transfers in (out)	125,000	-	(24,645)	100,355
Change in net position	65,196	1,126	471,042	537,364
Net position - beginning	2,152,130	841,911	436,354	3,430,395
Net position - ending	\$ 2,217,326	843,037	907,396	3,967,759

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

Oakley City Corporation
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Rodeo Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers - service	\$ 446,205	375,201	1,736,942	2,558,348
Cash paid to suppliers	(346,801)	(186,994)	(714,041)	(1,247,836)
Cash paid to employees	(109,580)	(90,568)	(105,968)	(306,116)
Net cash provided (used) in operating activities	(10,176)	97,639	916,934	1,004,397
Cash flows from noncapital financing activities:				
Interfund balances	58,319	(58,319)	-	-
Property taxes received	-	-	-	-
Transfers in (out)	125,000	-	(24,645)	100,355
Net cash provided (used) in noncapital financing activities	183,319	(58,319)	(24,645)	100,355
Cash flows from capital and related financing activities:				
Cash from impact fees	15,000	5,000	-	20,000
Cash from grants	-	-	-	-
Cash payments for capital assets	(1,328,694)	-	(66,935)	(1,395,629)
Cash payments for long-term debt principal	(31,800)	(21,200)	-	(53,000)
Cash payments for long-term debt interest	(219,854)	(7,822)	-	(227,676)
Net cash provided (used) in capital and related financing activities	(1,565,347)	(24,022)	(66,935)	(1,656,305)
Cash flows from investing activities:				
Cash received from interest earned	77,526	1,129	2,124	80,779
Net cash provided (used) in investing activities	77,526	1,129	2,124	80,779
Net increase (decrease) in cash	(1,314,677)	16,425	827,478	(470,774)
Cash balance, beginning	1,753,305	57,085	750,340	2,560,729
Cash balance, ending	\$ 438,627	73,510	1,577,818	2,089,955
Cash reported on the statement of net position:				
Cash and cash equivalents	\$ 5,000	-	1,577,818	1,582,818
Non-current restricted cash	433,627	73,510	-	507,137
Total cash and cash equivalents	\$ 438,627	73,510	1,577,818	2,089,955

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

Oakley City Corporation
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)
For the Year Ended June 30, 2025

Reconciliation of Operating Income to Net Cash Provided (Used) in Operating Activities:	Water Fund	Sewer Fund	Rodeo Fund	Total Enterprise Funds
Net operating income (expense)	\$ 67,524	2,820	493,563	563,906
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	119,863	103,954	31,139	254,956
Changes in assets and liabilities:				
(Increase) decrease in receivables	(31,058)	(11,410)	-	(42,468)
(Increase) decrease in prepaid items	-	-	141,041	141,041
(Increase) decrease in net pension assets	-	-	-	-
(Increase) decrease in deferred outflows	(19,428)	(14,570)	(5,551)	(39,549)
Increase (decrease) in payables	(178,382)	(6,344)	(20,978)	(205,704)
Increase (decrease) in payroll liabilities	113	175	749	1,038
Increase (decrease) in net pension liability	29,738	22,303	8,496	60,537
Increase (decrease) in unearned income	-	-	267,457	267,457
Increase (decrease) in compensated absences	1,495	739	1,031	3,264
Increase (decrease) in deferred inflows	(40)	(30)	(12)	(82)
Net cash provided (used) in operating activities	\$ (10,176)	97,639	916,934	1,004,397

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

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Oakley City Corporation (the City), a municipal corporation located in Summit County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the City and its component units, or entities for which the City is considered to be financially accountable.

The City has no component units and is not a component unit of another entity.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

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

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

Policy regarding use of restricted resources

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

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

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

The *capital projects fund* is used to account for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

Proprietary funds

The City reports the following major proprietary funds:

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

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

The *rodeo fund* is used to account for the operations of the City's annual rodeo activity.

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

1-E-1. Deposit and Investments

All of the City's deposits are in demand deposit accounts or in accounts with the Utah Public Treasurers Investments Fund. Deposits are reported at cost, which approximates fair value. Additional information is contained in Note 3.

1-E-2. Cash and Cash Equivalents

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

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.

1-E-3. Receivables and Payables

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

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

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-3. *Receivables and Payables (continued)*

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

1-E-4. *Restricted Assets*

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

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

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

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

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

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

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

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

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-7. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$2,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

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

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements	15
Water system	30
Sewer system	30
Infrastructure	25
Vehicles and equipment	5-10

1-E-8. Long-term Obligations

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

1-E-9 Compensated absences

The City has a policy allowing for compensated absence benefits for comp time, sick leave, and vacation leave. All time accrued for comp time and vacation leave may be paid to an employee upon termination, however, no more than 40 hours maximum of vacation may be carried from year to year. Sick leave is paid at half the accrued balance up to a 90-day maximum, or 720 hours. Compensated absences balance at year-end for governmental and business-type activities were \$16,856 and \$11,404, respectively.

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

1-E-10. Net position flow assumption

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

1-E-11. Fund balance flow assumptions

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

1-E-12. Fund balance policies

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

1-E-13. Pensions

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

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

1-F. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

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

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

Once adopted, budget amendments which increase total expenditures must be approved by the City Council following a public hearing. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

2-B. Deficit fund net position

None of the City's funds have deficit balances.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

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

	Fair Value
Demand deposits	\$ 982,090
Investments - PTIF	1,977,139
Total cash	<u>\$ 2,959,230</u>

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-A. Deposits and investments (continued)

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

Cash and cash equivalents (current)	\$ 2,317,093
Restricted cash and cash equivalents (non-current)	642,137
Total cash and cash equivalents	<u>\$ 2,959,230</u>

Deposits

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's 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, \$250,000 of the City's bank balance was insured and collateralized.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds. The City follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Statutes authorize the City to invest in the Utah State Public Treasurers' Investment Fund. The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2025, the City had \$1,977,139 invested in the PTIF, which uses a Level 2 fair value measurement.

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

3-A. Deposits and investments (continued)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits of the City are kept in bank demand deposits or PTIF accounts and are available immediately.

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 in the PTIF had an Unrated quality rating.

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. At June 30, 2025, all of the City's investments were invested in the PTIF.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This risk is addressed through the policy of investing excess monies only in PTIF.

3-B. Receivables

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

	General Fund	Water Fund	Sewer Fund	Rodeo Fund	Total
Property taxes-current	\$ 3,045	-	-	-	3,045
Property taxes-deferred	441,630	-	-	-	441,630
Intergovernmental	88,117	-	-	-	88,117
Customers accounts	-	98,336	54,194	-	152,530
Total receivables	\$532,792	98,336	54,194	-	685,322

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital assets

Capital asset activity for governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and rights	\$ 942,390	-	-	942,390
Work in process	340,231	31,644	-	371,875
Total capital assets, not being depreciated	1,282,621	31,644	-	1,314,265
Capital assets, being depreciated:				
Buildings	5,089,806	-	-	5,089,806
Improvements other than buildings	1,677,693	56,745	-	1,734,438
Machinery and equipment	512,348	8,495	-	520,843
Infrastructure	82,426	-	-	82,426
Total capital assets, being depreciated	7,362,273	65,240	-	7,427,513
Less accumulated depreciation for:				
Buildings	2,960,504	170,834	-	3,131,338
Improvements other than buildings	557,631	81,703	-	639,334
Machinery and equipment	254,492	39,042	-	293,534
Infrastructure	65,940	3,297	-	69,237
Total accumulated depreciation	3,838,567	294,876	-	4,133,443
Total capital assets being depreciated, net	3,523,706	(229,637)	-	3,294,070
Governmental activities capital assets, net	\$ 4,806,327	(197,993)	-	4,608,335

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

Governmental activities:	
General government	\$ 130,963
Streets and highways	28,601
Parks and recreation	135,312
Total	\$ 294,876

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital assets (continued)

Capital asset activity for the business-type activities was as follows:

Business-type activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 389,346	-	-	389,346
Construction in process	3,187,030	1,328,694	-	4,515,724
Total capital assets, not being depreciated	3,576,376	1,328,694	-	4,905,070
Capital assets, being depreciated:				
Water system	4,119,397	-	-	4,119,397
Sewer system	3,668,621	-	-	3,668,621
Buildings	64,889	-	-	64,889
Improvements other than buildings	237,078	66,935	-	304,014
Machinery and equipment	439,691	-	-	439,691
Total capital assets, being depreciated	8,529,677	66,935	-	8,596,612
Less accumulated depreciation for:				
Water system	2,843,131	119,863	-	2,962,993
Sewer system	2,344,356	103,954	-	2,448,310
Buildings	29,793	5,529	-	35,323
Improvements other than buildings	108,800	16,663	-	125,463
Machinery and equipment	404,448	8,947	-	413,395
Total accumulated depreciation	5,730,528	254,956	-	5,985,484
Total capital assets being depreciated, net	2,799,149	(188,021)	-	2,611,128
Business-type activities capital assets, net	\$ 6,375,525	1,140,673	-	7,516,198

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

Business-type activities:	
Water	\$ 119,863
Sewer	103,954
Rodeo	31,139
Total	\$ 254,956

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

3-D. Long-term debt

Long-term debt activity for the governmental activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2022 Snow Plow Truck							
Matures 10/01/2025	\$ 156,747	3.287	\$ 50,945	-	40,588	10,357	10,357
Total governmental activity							
long-term liabilities			\$ 50,945	-	40,588	10,357	10,357

The MBA fund has an agreement with the City whereby the City leases the facilities constructed by the MBA revenue debt for an annual income equal to the debt service requirements.

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2026	\$ 10,357	57	10,414
Total	\$ 10,357	57	10,414

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt

Long-term debt activity for the business-type activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2023 Water Revenue Bond Anticipation Note							
Matures 5/1/2026	\$ 4,300,000	4.84	\$ 4,300,000	-	-	4,300,000	4,300,000
2018 Sewer Refunding							
Matures 1/1/2033	344,000	3.35	221,600	-	21,200	200,400	22,000
2019 Water Refunding							
Matures 1/1/2033	516,000	3.53	332,400	-	31,800	300,600	33,000
Total business-type activity							
long-term liabilities			\$4,854,000	-	53,000	4,801,000	4,355,000

The general obligation bond listed above was issued for water system improvement purposes and is being repaid by the water fund. Revenue bonds are issued where the City pledges income derived from the acquired or constructed assets to pay the debt service. All revenues of the sewer operations are pledged to the sewer fund revenue bonds.

Debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2026	\$ 4,355,000	95,152	4,450,152
2027	57,000	15,744	72,744
2028	59,000	13,732	72,732
2029	61,000	11,649	72,649
2030	64,000	9,496	73,496
2031 - 2033	205,000	14,650	219,650
Total	\$4,801,000	160,422	4,961,422

The City has outstanding bonds and other direct borrowings related to governmental activities and business type activities totaling \$10,357 and \$4,801,000 respectively. The outstanding bonds and other direct borrowings are all secured with their respective revenues and/or property and equipment as collateral.

Other long-term liabilities:

	Beginning Balance	Increase (Decrease)	Ending Balance
Net pension liability:			
Governmental	\$ 63,691	45,669	109,360
Business-type	84,428	60,537	144,965
Total	\$ 148,119	106,206	254,325

3-E. Interfund Transfers

From time to time, transfers are made between funds. During the year, transfers were used to move revenues from the Rodeo Fund to the General Fund in the amount of \$24,645. Transfers were also made from the General Fund to the Capital Projects Fund and Water Fund in the amounts of \$24,645 and \$125,000, respectively. An additional transfer was made from the Capital Projects Fund to the General Fund for \$112,946.

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - OTHER INFORMATION

4-A. Risk management

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

4-B. Pension Plans

General Information about the Pension Plan

Plan description:

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

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

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

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

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

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

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-B. Pension Plans (continued)

Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	COLA **
Contributory System	Highest 5 Years	30 years any age	1.25% per year to June 1975	Up to 4%
		20 years an 60	2.00% per year July 1975 to present	
		10 years age 62		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 Years	35 years any age	1.50% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

* with actuarial reductions

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

Contributions:

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

Contribution rates are as follows:

Utah Retirement Systems	Employee Paid	Employer Contribution Rate	Employer Rate for 401(k) Plan
Contributory System			
11 Local Government Div - Tier 1	6.00	12.96	-
111 Local Government Div - Tier 2	0.70	16.95	-
Tier 2 DC Only			
211 Local Government	-	6.95	10.00

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

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

System	Employer Contributions	Employee Contributions
Tier 2 Public Employees System	\$ 34,952	1,361
Tier 2 DC Only System	15,566	-
Total Contributions	\$ 50,518	1,361

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.

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-B. Pension Plans (continued)

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

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$254,325.

	(Measurement Date): December 31, 2024				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2023	Change (Decrease)
Contributory System	\$ -	234,091	1.8678602%	1.6324385%	0.2354217%
Tier 2 Public Employees System	-	20,233	0.0067843%	0.0068696%	(0.0000853)%
Total	\$ -	254,325			

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

For the year ended June 30, 2025, we recognize pension expense of \$87,594.

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

	Deferred Outflows Deferred Inflows of Resources of Resources	
	of Resources	of Resources
Difference between expected and actual experience	\$ 8,747	\$ 139
Changes in assumptions	6,758	2
Net difference between projected and actual earnings on pension plan investments	126,978	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,534	461
Contributions subsequent to the measurement date	25,117	-
Total	\$ 171,134	\$ 603

\$25,117 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-B. Pension Plans (continued)

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 1,316
2026	182,932
2027	(43,488)
2028	(5,488)
2029	4,551
Thereafter	5,592

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

For the year ended June 30, 2025, we recognize pension expense of \$65,465.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	125,685	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	\$ 125,685	\$ 1

\$125,685 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ (1,047)
2026	179,295
2027	(45,091)
2028	(7,472)
2029	-
Thereafter	-

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

4-B. Pension Plans (continued)

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

For the year ended June 30, 2025, we recognize pension expense of \$22,128.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,747	\$ 139
Changes in assumptions	6,758	2
Net difference between projected and actual earnings on pension plan investments	1,293	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,534	461
Contributions subsequent to the measurement date	25,117	-
Total	\$ 45,449	\$ 603

\$25,117 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 2,362
2026	3,638
2027	1,603
2028	1,984
2029	4,551
Thereafter	5,592

Actuarial assumptions:

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

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

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

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

4-B. Pension Plans (continued)

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

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

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

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

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

Discount rate:

The discount rate used to measure the total pension liability was 6.85%. 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.

Oakley City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-B. Pension Plans (continued)

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

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

<u>System</u>	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Contributory	\$ 994,333	234,091	(415,826)
Tier 2 Public Employees System	60,432	20,233	(11,037)
Total	\$ 1,054,766	\$ 254,325	\$ (426,863)

Pension plan fiduciary net position:

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

Defined Contribution Savings Plan:

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

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

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

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 22,666	\$ 21,812	\$ 22,348
Employee Contributions	12,269	11,400	4,396
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	-	-	267

4-C. Subsequent events

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

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Oakley City Corporation
Notes to Required Supplementary Information
June 30, 2025

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the City's General Fund and its major Special Revenue Fund, the Municipal Building Authority (MBA) Fund.

Budgeting and Budgetary Control

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

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

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2025, expenditures for all departments were below budgeted appropriations.

Changes in Assumptions Related to Pensions

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

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

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 847,058	858,010	891,699	33,689
Licenses and permits	78,500	48,500	41,166	(7,334)
Intergovernmental revenues	146,000	146,000	214,157	68,157
Charges for services	205,500	251,400	242,488	(8,912)
Interest	20,000	27,000	32,204	5,204
Miscellaneous revenue	3,000	3,000	3,227	227
Total revenues	1,300,058	1,333,910	1,424,942	91,032
Expenditures				
General government	713,650	694,600	636,697	57,903
Highways and public improvements	298,500	636,779	617,833	18,946
Parks, recreation and public property	336,000	358,000	345,663	12,337
Total expenditures	1,348,150	1,689,379	1,600,193	89,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,092)	(355,469)	(175,251)	180,218
Other financing sources and (uses)				
Sale of capital assets	50,000	10,000	10,000	-
Transfers in	-	256,682	137,591	(119,091)
Transfers out	(125,000)	(149,645)	(149,645)	-
Total other financing sources and (uses)	(75,000)	117,037	(2,054)	(119,091)
Net change in fund balances	(123,092)	(238,432)	(177,305)	61,127
Fund balances - beginning of year	521,003	521,003	521,003	-
Fund balances - end of year	\$ 397,911	282,571	343,698	61,127

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

	Measurement Date of December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contributory Retirement System										
Proportion of the net pension liability (asset)	1.8678602%	1.6324385%	1.4635605%	1.1945564%	0.8213135%	0.8570166%	0.8578229%	0.7072152%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 234,091	\$ 134,748	\$ 150,523	\$ (864,791)	\$ (147,197)	\$ 56,166	\$ 348,107	\$ 57,549	\$ -	\$ -
Covered employee payroll	\$ -	\$ -	\$ -	\$ 1,200	\$ 1,013	\$ 60,185	\$ 94,403	\$ 106,277	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	-72065.92%	-14537.98%	93.32%	368.75%	54.15%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	97.25%	98.20%	97.70%	115.90%	103.90%	98.60%	91.20%	98.20%	0.00%	0.00%
Noncontributory Retirement System										
Proportion of the net pension liability (asset)	-	-	-	-	-	-	-	-	0.6016723%	0.3241156%
Proportionate share of the net pension liability (asset)	-	-	-	-	-	-	-	-	\$ 197,415	\$ 227,806
Covered employee payroll	-	-	-	-	-	-	-	-	\$ 144,364	\$ 138,102
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	136.75%	164.96%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	92.90%	85.70%
Tier 2 Public Employees Retirement System										
Proportion of the net pension liability (asset)	0.0067843%	0.0068696%	0.0064779%	0.0082093%	0.0069696%	0.0089861%	0.0009794%	0.6600400%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 20,233	\$ 13,371	\$ 7,054	\$ (3,474)	\$ 1,002	\$ 2,021	\$ 4,194	\$ 582	\$ -	\$ -
Covered employee payroll	\$ 200,972	\$ 177,641	\$ 141,472	\$ 152,437	\$ 111,430	\$ 121,743	\$ 114,292	\$ 64,315	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.07%	7.53%	4.99%	-2.28%	0.90%	1.66%	3.67%	0.90%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	0.00%	0.00%

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

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Contributory Retirement System	2016	\$ 20,000	\$ 20,000	\$ -	\$ 138,315	14.46%
	2017	20,560	20,560	-	142,182	14.46%
	2018	13,544	13,544	-	93,664	14.46%
	2019	12,560	12,560	-	86,861	14.46%
	2020	3,180	3,180	-	21,994	14.46%
	2021	4	4	-	25	14.48%
	2022	-	-	-	-	0.00%
	2023	-	-	-	-	0.00%
	2024	-	-	-	-	0.00%
	2025	-	-	-	-	0.00%
Tier 2 Public Employees System*	2016	-	-	-	-	0.00%
	2017	2,026	2,026	-	12,156	16.67%
	2018	16,733	16,733	-	99,187	16.67%
	2019	20,290	20,290	-	117,281	17.30%
	2020	25,535	25,535	-	142,536	17.91%
	2021	25,934	25,934	-	147,895	17.54%
	2022	26,745	26,745	-	149,999	17.83%
	2023	26,698	26,698	-	150,244	17.77%
	2024	34,494	34,494	-	194,114	17.77%
	2025	34,952	34,952	-	207,803	16.82%
Tier 2 DC Public Employees System*	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	1,076	1,076	-	13,130	8.20%
	2020	4,566	4,566	-	54,039	8.45%
	2021	9,490	9,490	-	112,313	8.45%
	2022	16,209	16,209	-	191,819	8.45%
	2023	17,411	17,411	-	219,002	7.95%
	2024	17,063	17,063	-	214,629	7.95%
	2025	15,566	15,566	-	228,348	6.82%

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

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

OTHER REPORTS

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

To the Honorable Mayor and Members
Of the City Council
Oakley, 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 Oakley City Corporation, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 15, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oakley City Corporation'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.

Wich & Associates, P.C.

Ogden, UT
January 15, 2026

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

To the Honorable Mayor and Members
Of the City Council
Oakley, Utah

Report On Compliance

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

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

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Other Related Restricted Revenues
- Fraud Risk Assessment
- Government Fees
- Cash Management
- Impact Fees
- Utah Retirement Systems
- Crime Insurance for Public Treasurers

Opinion on Compliance

In our opinion, Oakley City Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Oakley City's compliance with applicable regulations and statutes 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 audit requirements outlined in the State Compliance Audit Guide (Guide), issued by the Office of the State Auditor. Our responsibilities under those standards and the 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 Oakley City Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each requirement identified above. Our audit does not provide a legal determination of Oakley City Corporation'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 Oakley City Corporation'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 Oakley City Corporation'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 Oakley City Corporation'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 Oakley City Corporation'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 Oakley City Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of Oakley City Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and recommendations. Our opinion on compliance is not modified with respect to these matters.

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

Report On Internal Control over Compliance

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

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 over compliance and the results of that testing based on the requirements of the *State Compliance Guide*. Accordingly, this report is not suitable for any other purpose.

Wright & Associates, P.C.

Ogden, Utah
January 15, 2026

Oakley City Corporation
SCHEDULE OF FINDINGS
State Legal Compliance
For the year ended June 30, 2025

CURRENT YEAR FINDINGS

Statement of Condition - 2025-1

Cash Management: The City reported all but one bank account held by the organization.

Criteria

In accordance of Utah Code 51-7-15(3) entities shall report all bank and investment account balances to the Money management Council on or before January 31 and July 31 each year.

Cause

Because the City did report all bank accounts held as of the year, they are not in compliance with state law.

Recommendation

We recommend that the City put procedures in place to identify all bank and investment accounts and report as required.

Response

The bank account identified was a temporary account for the purpose of holding debt proceeds for construction projects. It has since been closed. We will implement procedures to identify all bank and investment accounts, including the usually accounts, so as to comply in the future.