

WOODLAND HILLS



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

For the Year Ended June 30, 2024

To the Honorable Mayor and
Members of the City Council
Woodland Hills , Utah

We have audited the financial statements of Woodland Hills City as of and for the year ended June 30, 2024, and have issued our report thereon dated October 23, 2024. Professional Standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 23, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Woodland Hills City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our finding regarding significant control deficiencies and material weaknesses, if applicable, and material noncompliance, and other matters noted during our audit at the end of this communication letter in the schedule of findings section.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As part of our risk-based audit, we design certain extended procedures over areas where we deemed to pose a more significant audit risk based on the nature of the industry and complexity of the entity. We have identified the following significant risk during our audit that we had performed additional procedures for:

- Improper revenue recognition
- Cash disbursements
- Potential management bias, financial statement estimates, and management's ability to override controls.

Based on our audit procedures performed, we did not identify any uncorrected material misstatements related to these risks noted.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Woodland Hills City are included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements.

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management related to the performance of our audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant class of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Woodland Hills City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We noted nothing to report to Those Charged with Governance.

Management Representations

We have requested certain representations from management, which are included in the management representation letter dated October 23, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matter. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the entity, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition or our retention as the entity's auditors.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and required supplementary information (RSI) as listed in the table of contents, which are RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Very truly yours,



Larson & Company, PC

Spanish Fork, Utah
October 23, 2024

Internal control findings – Current year

There were no internal control findings noted in the current year.

State compliance findings – Current year

There were no state compliance finding noted in the current year.

Internal control findings – Prior year

There were no internal control findings noted in the prior year.

State compliance findings – Prior year

2023.001 - Budget

Criteria: Per Utah Code Section 10-6-123 “City officers may not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended. Any obligation contracted by any such officer may not be or become valid or enforceable against the city.”

Condition: The sewer fund expenditures exceeded budgeted appropriations.

Status of Finding: This appears to have been corrected in the current year.

City of Woodland Hills

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2024

City of Woodland Hills
TABLE OF CONTENTS
June 30, 2024

	<u>Beginning on page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	45
Notes to Required Supplementary Information	47
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	48
Schedule of the Proportionate Share of the Net Pension Liability	49
Schedule of Contributions	50
OTHER COMMUNICATIONS	
Report on Internal control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	51
Independent Auditor's Report on Compliance and Report on Internal Control over Compliance as Required by the <i>State Compliance Audit Guide</i>	53



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
City Council Members
Woodland Hills City
Woodland Hills , 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 Woodland Hills City, Utah as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Woodland Hills City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Woodland Hills City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Woodland Hills City's 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 Woodland Hills City's ability to continue as a going concern for twelve months beyond the financial statement date including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024 on our consideration of Woodland Hills City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodland Hills City's internal control over financial reporting and compliance.



Larson & Company, PC
Spanish Fork, Utah

October 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Woodland Hills
Management's Discussion and Analysis
June 30, 2024

As management of the City of Woodland Hills (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, 2024.

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$703,048
- *Total unrestricted net position for the City as a whole increased by \$799,976
- *Total net position for governmental activities increased by \$514,055
- *Total net position for business-type activities increased by \$188,994

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

City of Woodland Hills
Management's Discussion and Analysis
June 30, 2024

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 two major governmental funds, the general fund and the capital projects fund.

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

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

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

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.

City of Woodland Hills
Management's Discussion and Analysis
June 30, 2024

FINANCIAL ANALYSIS

City of Woodland Hill'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	\$ 3,907,793	3,770,486	2,379,173	2,043,008	6,286,966	5,813,494
Net capital assets	11,453,364	10,999,908	5,988,647	6,274,158	17,442,012	17,274,066
Deferred outflows of resources	41,416	40,707	62,124	61,061	103,540	101,768
Total assets and deferred outflows	\$ 15,402,573	14,811,102	8,429,944	8,378,227	23,832,517	23,189,329
Long-term debt outstanding	\$ 1,873,818	1,434,701	3,341,000	3,509,850	5,214,818	4,944,551
Other liabilities	738,001	1,139,108	167,117	134,737	905,117	1,273,845
Deferred inflows of resources	1,100,921	1,061,514	666	1,472	1,101,587	1,062,986
Total liabilities and deferred inflows	3,712,740	3,635,323	3,508,783	3,646,060	7,221,522	7,281,383
Net position:						
Net investment in capital assets	9,579,546	9,565,207	2,647,647	2,764,308	12,227,194	12,329,515
Restricted	-	-	102,217	96,824	102,217	96,824
Unrestricted	2,110,288	1,610,571	2,171,297	1,871,037	4,281,584	3,481,608
Total net position	\$ 11,689,834	11,175,779	4,921,162	4,732,168	16,610,995	15,907,946

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 \$16,610,995, an increase of \$703,048 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 are \$4,281,584 which represents an increase of \$799,976 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.

City of Woodland Hills
Management's Discussion and Analysis
June 30, 2024

City of Woodland Hill's Change in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Program revenues:						
Charges for services	\$ 386,521	539,133	938,601	854,587	1,325,122	1,393,720
Operating grants	109,243	131,193	-	-	109,243	131,193
Capital grants	-	-	57,251	209,824	57,251	209,824
General revenues:						
Property taxes	1,055,407	976,893	-	-	1,055,407	976,893
Sales tax	280,504	274,297	-	-	280,504	274,297
Other taxes	167,296	154,975	-	-	167,296	154,975
Other revenues	278,100	138,745	72,133	26,596	350,233	165,341
Total revenues	2,277,071	2,215,235	1,067,985	1,091,006	3,345,055	3,306,241
Expenses:						
General government	564,440	734,980	-	-	564,440	734,980
Public safety	523,652	431,585	-	-	523,652	431,585
Streets and public works	625,429	818,572	-	-	625,429	818,572
Culture and recreation	42,342	30,836	-	-	42,342	30,836
Interest on long-term debt	7,153	24,149	-	-	7,153	24,149
Water	-	-	773,062	620,216	773,062	620,216
Sewer	-	-	105,929	92,299	105,929	92,299
Total expenses	1,763,016	2,040,123	878,991	712,515	2,642,007	2,752,637
Change in net position	\$ 514,055	175,112	188,994	378,492	703,048	553,604

For the City as a whole, total revenues increased by \$38,814 compared to the previous year, while total expenses decreased by \$110,630. The total net change of \$703,048 is, in private sector terms, the net income for the year which is \$149,444 more than the previous year.

Governmental activities revenues of \$2,277,071 is an increase of \$61,836 from the previous year. This is primarily due to an increase in interest income. Governmental activities expenses of \$1,763,016 is a decrease of \$277,107 from the previous year. While general government and streets and public work expenses decreased, all other department expenses increased during the year.

Business-type activities revenue of \$1,067,985 is a decrease of \$23,021 from the previous year. Service revenues increased by \$84,014 and capital grants decreased by \$152,573. Business-type activities expenses of \$878,991 is an increase of \$166,476 from the previous year. This is due to an overall increase in operation expenses.

City of Woodland Hills
Management's Discussion and Analysis
June 30, 2024

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 \$770,254 reflects an increase of \$24,960 from the previous year. Total revenues decreased by \$9,403. Tax revenues, including property taxes and sales taxes, increased by \$97,041. Intergovernmental revenue decreased by \$21,950. Revenues from charges for services decreased by \$94,601. All other revenues increased by \$10,106.

Total expenditures decreased by \$76,023. General government expenditures decreased by \$157,168, public safety expenditures increased by \$90,339, streets and public works expenditures decreased by \$132,380, and parks and recreation expenditures increased by \$17,353. Debt service expenditures increased by \$105,834.

There are no restrictions on fund balance. The unassigned fund balance amounts to \$770,254.

Water Fund

Net operating income for the year was \$70,055, compared to the previous year amount of \$193,660. The change in net position (net income) was \$167,359, which was \$246,550 less than the prior year's change in net position. Net investment in capital assets was \$2,647,647. Net position restricted for construction is \$102,217. Unrestricted net position amounts to \$2,144,141.

Sewer Fund

Net operating income for the year was \$6,520. The change in net position (net income) was \$21,635. Unrestricted net position amounts to \$27,156.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$2,048,895. This amount was amended in the final budget to \$2,266,344. Actual revenues, excluding transfers, amounted to \$2,205,832.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$2,137,895. This amount was amended in the final budget to \$1,902,638. Actual expenditures amounted to \$1,852,040.

Transfers out for the year were originally budgeted in the amount of \$21,000. The final budget for transfers out was for the amount of \$474,537. Actual transfers out were made in the amount of \$474,537.

City of Woodland Hills
Management's Discussion and Analysis
June 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

City of Woodland Hill'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		
Capital Assets:						
Land and water rights	\$ 5,692,198	5,692,198	497,951	497,951	6,190,149	6,190,149
Buildings	1,540,426	1,540,426	-	-	1,540,426	1,540,426
Improvements	2,461,226	2,426,326	-	-	2,461,226	2,426,326
Machinery and equipment	1,541,776	1,222,476	382,511	466,124	1,924,287	1,688,600
Infrastructure	3,774,920	3,774,920	8,269,506	8,269,506	12,044,425	12,044,425
Construction in progress	-	-	-	-	-	-
Total capital assets	15,010,547	14,656,347	9,149,968	9,233,581	24,160,514	23,889,928
Less accumulated depreciation	(3,557,182)	(3,656,438)	(3,161,320)	(2,959,423)	(6,718,503)	(6,615,862)
Net capital assets	\$ 11,453,364	10,999,908	5,988,647	6,274,158	17,442,012	17,274,066

The total amount of capital assets, net of depreciation, of \$17,442,012 is an increase of \$167,945 from the previous year.

Governmental activities capital assets, net of depreciation, of \$11,453,364 is an increase of \$453,456 from the previous year.

Business-type activities capital assets, net of depreciation, of \$5,988,647 is a decrease of \$285,511 from the previous year.

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

City of Woodland Hills
Management's Discussion and Analysis
June 30, 2024

City of Woodland Hill's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2019 Sales Tax Refunding Bond	\$ 867,000	952,000
2020 Class C Road Revenue Bond	374,000	431,000
2020 PW Trucks - Snowplowing	-	25,850
2020 PW Trucks - Streets	-	25,850
2023 Snowplow 31128	68,478	-
2023 Snowplow 31129	68,478	-
2024 Fire Chief Truck	64,271	-
2024 Fire Engine	431,591	-
Total governmental	\$ 1,873,818	1,434,701
Business-type activities:		
2014 Water Revenue Bond	\$ 570,000	614,000
2020 PW Trucks - Water	-	25,850
2021 Water Revenue Bond	2,771,000	2,870,000
Total governmental	\$ 3,341,000	3,509,850
Total outstanding debt	\$ 5,214,818	4,944,551

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Woodland Hills City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

City of Woodland Hills
Attn: Financial Director
200 S. Woodland Hills Drive
Woodland Hills, Utah 84653

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BASIC FINANCIAL STATEMENTS

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City of Woodland Hills
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,840,222	2,180,471	5,020,694
Accounts receivable, net	1,067,571	96,484	1,164,055
Total current assets	<u>3,907,793</u>	<u>2,276,955</u>	<u>6,184,748</u>
Non-current assets:			
Restricted cash and cash equivalents	-	102,217	102,217
Capital assets:			
Not being depreciated	5,692,198	497,951	6,190,149
Net of accumulated depreciation	5,761,166	5,490,696	11,251,862
Total non-current assets	<u>11,453,364</u>	<u>6,090,865</u>	<u>17,544,229</u>
Total assets	<u>15,361,157</u>	<u>8,367,820</u>	<u>23,728,977</u>
Deferred outflows of resources - pensions	41,416	62,124	103,540
Total assets and deferred outflows of resources	<u>\$ 15,402,573</u>	<u>8,429,944</u>	<u>23,832,517</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 8,216	91,271	99,487
Accrued liabilities	241,594	-	241,594
Customer security deposits	453,556	28,891	482,447
Unearned revenue	-	-	-
Accrued interest payable	11,654	12,483	24,137
Long-term debt due within one year	254,189	144,000	398,189
Total current liabilities	<u>969,208</u>	<u>276,646</u>	<u>1,245,854</u>
Non-current liabilities:			
Net pension liability	22,981	34,471	57,452
Long-term debt due after one year	1,619,629	3,197,000	4,816,629
Total non-current liabilities	<u>1,642,610</u>	<u>3,231,471</u>	<u>4,874,081</u>
Total liabilities	<u>2,611,819</u>	<u>3,508,117</u>	<u>6,119,935</u>
Deferred inflows of resources:			
Grants	116,537	-	116,537
Property taxes	983,940	-	983,940
Pensions	444	666	1,110
Total deferred inflows of resources	<u>1,100,921</u>	<u>666</u>	<u>1,101,587</u>
Total liabilities and deferred inflows of resources	<u>3,712,740</u>	<u>3,508,783</u>	<u>7,221,522</u>
NET POSITION:			
Net investment in capital assets	9,579,546	2,647,647	12,227,194
Restricted for:			
Construction and impact fees	-	102,217	102,217
Unrestricted	2,110,288	2,171,297	4,281,584
Total net position	<u>11,689,834</u>	<u>4,921,162</u>	<u>16,610,995</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 15,402,573</u>	<u>8,429,944</u>	<u>23,832,517</u>

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

City of Woodland Hills
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 564,440	83,536	-	-	(480,904)
Public safety	523,652	1,094	-	-	(522,558)
Streets and public works	625,429	252,372	109,243	-	(263,814)
Parks, recreation and public property	42,342	49,518	-	-	7,177
Interest on long-term debt	7,153	-	-	-	(7,153)
Total governmental activities	1,763,016	386,521	109,243	-	(1,267,252)
Business-type activities:					
Water	773,062	826,152	-	42,136	95,226
Sewer	105,929	112,449	-	15,115	21,635
Total business-type activities	878,991	938,601	-	57,251	116,861
Total primary government	\$ 2,642,007	1,325,122	109,243	57,251	(1,150,391)

(continued on next page)

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

City of Woodland Hills
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2024

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (1,267,252)	116,861	(1,150,391)
General revenues:			
Property taxes	1,055,407	-	1,055,407
Sales tax	280,504	-	280,504
Other taxes	167,296	-	167,296
Unrestricted investment earnings	177,742	75,597	253,339
Gain (loss) from sale of capital assets	71,238	(3,464)	67,774
Miscellaneous	29,120	-	29,120
Total general revenues	1,781,307	72,133	1,853,439
Change in net position	514,055	188,994	703,048
Net position - beginning	11,175,779	4,732,168	15,907,947
Net position - ending	\$ 11,689,834	4,921,162	16,610,995

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

City of Woodland Hills
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,389,989	1,450,234	2,840,222
Receivables:			
Customer accounts, net	15,074	-	15,074
Due from other governments	64,711	-	64,711
Property taxes	987,786	-	987,786
	\$ 2,457,559	1,450,234	3,907,793
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities:			
Accounts payable	\$ 8,216	-	8,216
Accrued liabilities	241,594	-	241,594
Customer deposits	453,556	-	453,556
Unearned revenue	-	-	-
Total liabilities	703,366	-	703,366
Deferred inflows of resources - grants	-	116,537	116,537
Deferred inflows of resources - property taxes	983,940	-	983,940
	1,687,306	116,537	1,803,843
FUND BALANCES:			
Assigned for:			
Capital projects	-	1,333,697	1,333,697
Unassigned	770,254	-	770,254
	770,254	1,333,697	2,103,951
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,457,559	1,450,234	3,907,793

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

City of Woodland Hills
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2024

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:			
Taxes:			
Property	\$ 1,055,407	-	1,055,407
Sales	280,504	-	280,504
Other taxes	167,296	-	167,296
License and permits	75,721	-	75,721
Intergovernmental revenues	109,243	-	109,243
Charges for services	310,799	-	310,799
Interest	177,742	-	177,742
Miscellaneous revenue	29,120	-	29,120
Total revenues	2,205,832	-	2,205,832
EXPENDITURES:			
Current:			
General government	514,788	-	514,788
Public safety	474,337	546,038	1,020,376
Highways and streets	523,802	182,659	706,461
Culture, recreation and public property	42,935	-	42,935
Debt service:			
Principal	289,580	-	289,580
Interest	6,598	-	6,598
Total expenditures	1,852,040	728,697	2,580,737
Excess (Deficiency) of Revenues over (Under) Expenditures	353,792	(728,697)	(374,905)
Other Financing Sources and (Uses):			
Bond and lease proceeds	-	728,697	728,697
Gain (loss) from sale of capital assets	145,706	-	145,706
Transfers in	-	474,537	474,537
Transfers out	(474,537)	-	(474,537)
Total Other Financing Sources and (Uses)	(328,831)	1,203,234	874,403
Net Change in Fund Balances	24,960	474,537	499,497
Fund balances - beginning of year	745,293	859,160	1,604,453
Fund balance - end of year	\$ 770,254	1,333,697	2,103,951

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

City of Woodland Hills
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 June 30, 2024

Total Fund Balance for Governmental Funds	<u>\$ 2,103,951</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	15,010,547
Less accumulated depreciation	<u>(3,557,182)</u>
Net capital assets	<u>11,453,364</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>41,416</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>(1,873,818)</u>
Interest accrued but not yet paid on long-term debt	<u>(11,654)</u>
Net pension liability	<u>(22,981)</u>
Deferred inflows of resources - pensions	<u>(444)</u>
Total Net Position of Governmental Activities	<u><u>\$ 11,689,834</u></u>

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

City of Woodland Hills
**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, 2024

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 499,497</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	836,052
Depreciation expense	<u>(308,129)</u>
Net	<u>527,923</u>
Book cost of assets retired	<u>(74,467)</u>
<p>The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.</p>	
	<u>774</u>
Long-term debt issued	<u>(728,697)</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>289,580</u>
<p>Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>(555)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 514,055</u></u>

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

City of Woodland Hills
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2024

	Water Fund	Nonmajor Sewer Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,164,048	16,423	2,180,471
Accounts receivable, net of allowances	85,751	10,733	96,484
Total current assets	2,249,800	27,156	2,276,955
Non-current assets:			
Restricted cash and cash equivalents	102,217	-	102,217
Capital assets:			
Not being depreciated	497,951	-	497,951
Net of accumulated depreciation	5,490,696	-	5,490,696
Total non-current assets	6,090,865	-	6,090,865
Total assets	8,340,664	27,156	8,367,820
Deferred outflows of resources - pensions	62,124	-	62,124
Total assets and deferred outflows of resources	\$ 8,402,788	27,156	8,429,944
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 91,271	-	91,271
Customer security deposits	28,891	-	28,891
Accrued interest payable	12,483	-	12,483
Long-term debt - current portion	144,000	-	144,000
Total current liabilities	276,646	-	276,646
Non-current liabilities:			
Net pension liability	34,471	-	34,471
Long-term debt - non-current portion	3,197,000	-	3,197,000
Total non-current liabilities	3,231,471	-	3,231,471
Total liabilities	3,508,117	-	3,508,117
Deferred inflows of resources - pensions	666	-	666
Total liabilities and deferred inflows of resources	3,508,783	-	3,508,783
NET POSITION:			
Net investment in capital assets	2,647,647	-	2,647,647
Restricted for:			
Impact Fees	102,217	-	102,217
Unrestricted	2,144,141	27,156	2,171,297
Total net position	4,894,006	27,156	4,921,162
Total liabilities, deferred inflows of resources and net position	\$ 8,402,788	27,156	8,429,944

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

City of Woodland Hills
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended June 30, 2024

	Water Fund	Nonmajor Sewer Fund	Total Enterprise Fund
Operating income:			
Charges for sales and service	\$ 802,835	107,348	910,183
Connection fees	7,403	5,101	12,504
Other operating income	15,914	-	15,914
Total operating income	826,152	112,449	938,601
Operating expenses:			
Personnel services	304,833	-	304,833
Cost of sales	-	70,954	70,954
Utilities	47,567	-	47,567
Repair & maintenance	37,064	29,025	66,089
Professional services	42,140	5,950	48,090
Other supplies & expenses	41,609	-	41,609
Insurance expense	6,758	-	6,758
Depreciation expense	276,126	-	276,126
Total operating expense	756,097	105,929	862,026
Net operating income (loss)	70,055	6,520	76,575
Non-operating income (expense):			
Impact fees	42,136	42,787	84,923
Interest income	75,597	-	75,597
Gain (loss) on retired assets	(3,464)	-	(3,464)
Impact fees paid to Payson City	-	(27,672)	(27,672)
Interest on long-term debt	(16,965)	-	(16,965)
Total non-operating income (expense)	97,304	15,115	112,419
Income (loss) before capital contributions	167,359	21,635	188,994
Capital contributions	-	-	-
Change in net position	167,359	21,635	188,994
Net position - beginning	4,726,647	5,521	4,732,168
Net position - ending	\$ 4,894,006	27,156	4,921,162

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

City of Woodland Hills
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

	Water Fund	Nonmajor Sewer Fund	Total Enterprise Fund
Cash flows from operating activities:			
Cash received from customers - service	\$ 812,907	107,099	920,006
Cash paid to suppliers	(130,954)	(115,626)	(246,580)
Cash paid to employees	(305,993)	-	(305,993)
Net cash provided (used) in operating activities	375,959	(8,526)	367,433
Cash flows from noncapital financing activities:			
Change in customer deposits	(1,853)	-	(1,853)
Net cash provided (used) in noncapital financing activities	(1,853)	-	(1,853)
Cash flows from capital and related financing activities:			
Cash from impact fees	42,136	15,115	57,251
Cash from sale of capital assets	9,495	-	9,495
Cash payments for capital assets	(3,575)	-	(3,575)
Cash payments for long-term debt	(168,850)	-	(168,850)
Cash payments for long-term debt interest	(17,929)	-	(17,929)
Net cash provided (used) in capital and related financing activities	(138,723)	15,115	(123,608)
Cash flows from investing activities:			
Cash received from interest earned	75,597	-	75,597
Net cash provided (used) in investing activities	75,597	-	75,597
Net increase (decrease) in cash	310,980	6,589	317,569
Cash balance, beginning	1,955,285	9,834	1,965,119
Cash balance, ending	\$ 2,266,265	16,423	2,282,688
Cash reported on the statement of net position:			
Cash and cash equivalents	\$ 2,164,048	16,423	2,180,471
Non-current restricted cash	102,217	-	102,217
Total cash and cash equivalents	\$ 2,266,265	16,423	2,282,688

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

City of Woodland Hills
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2024

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

	Water Fund	Nonmajor Sewer Fund	Total Enterprise Fund
Net operating income (expense)	\$ 70,055	6,520	76,575
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	276,126	-	276,126
Changes in assets and liabilities:			
(Increase) decrease in receivables	(13,246)	(5,349)	(18,595)
(Increase) decrease in net pension asset	-	-	-
(Increase) decrease in deferred outflows	(1,063)	-	(1,063)
Increase (decrease) in payables	44,184	(9,697)	34,487
Increase (decrease) in net pension liability	709	-	709
Increase (decrease) in deferred inflows	(806)	-	(806)
Net cash provided (used) in operating activities	\$ 375,959	(8,526)	367,433

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

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

City of Woodland Hills (the City), a municipal corporation located in Utah County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the City and its component units (if any), entities for which the City is considered to be financially accountable because of the significance of their operational or financial relationships with the City.

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

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

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

Fund Financial Statements

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

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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 faced with a choice, it is the City's policy to use restricted resources first, then committed and assigned amounts before spending unassigned amounts. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities.

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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 and non-major proprietary funds:

The *water fund* is used to account for the activities of the culinary water production, treatment and distribution system.

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

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position 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.

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-2. Cash and Cash Equivalents

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

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 allowance for uncollectable accounts. Due to the nature of the accounts receivable, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectable accounts receivable is presented. 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.

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

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

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*

Other inventories, which mainly consist of immaterial amounts of expendable supplies for consumption, 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. *Capital Assets*

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 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.

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

1-E-6. Capital Assets (continued)

Assets	Years
Buildings	10-40
Improvements	7-40
Vehicles and equipment	5-15

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:

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond 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.

1-E-8. 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 relating 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. The City has three types of items that qualify for reporting in this category. The governmental funds report deferred revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied. The City also recognizes unexpended grant monies as deferred inflows. The City also reports deferred inflows related to pensions as required by GASB 68.

1-E-9. 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.

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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 reports as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using 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 governing 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 City Council has by resolution authorized the City Council to assign fund balance. 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.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

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. The unrestricted General Fund balance cannot exceed 35% of the current year's actual revenues.

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

2-B. Taxes

Utah County assesses all taxable property other than centrally-assessed property, which is assessed through the state, by May 22 of each year. The City should adopt a final tax rate prior to June 22, which is then submitted to the state for approval. Property taxes are due on November 30 of each year. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 15 of the following year, delinquent taxes and penalty bear interest of 6% above the federal discount rate from January 1 until paid.

Property taxes attach as an enforceable lien on property as they become delinquent. All unpaid taxes levied during the year become delinquent December 1 of the current year.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within sixty days after year end.

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2024, consist of the following:

	Fair Value
Demand deposits - checking	\$ 61,273
State Treasurer's Investment Pool	5,061,637
Total cash	\$ 5,122,911

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

Cash and cash equivalents (current)	\$ 5,020,694
Restricted cash and cash equivalents (non-current)	102,217
Total cash and cash equivalents	\$ 5,122,911

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

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

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

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-A. Deposits and investments (continued)

Fair value of investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2—Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30,2024, the City had \$5,061,637 invested in the PTIF, which uses a Level 2 fair value measurement.

Deposit and investment risk

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

Interest rate risk

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

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30,2024, all of the City's demand deposits were insured.

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

Concentration of credit risk

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

3-B. Receivables

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

	General	Water	Sewer	Total
Customers	\$ 15,074	85,751	10,733	111,559
Due from other governments	64,711	-	-	64,711
Property taxes	987,786	-	-	987,786
Total receivables	<u>\$ 1,067,571</u>	<u>85,751</u>	<u>10,733</u>	<u>1,164,055</u>

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and rights	\$ 5,692,198	-	-	5,692,198
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	5,692,198	-	-	5,692,198
Capital assets, being depreciated:				
Buildings	1,540,426	-	-	1,540,426
Improvements other than buildings	2,426,326	34,900	-	2,461,226
Machinery and equipment	1,222,476	801,152	481,852	1,541,776
Infrastructure	3,774,920	-	-	3,774,920
Total capital assets, being depreciated	8,964,149	836,052	481,852	9,318,349
Less accumulated depreciation for:				
Buildings	544,083	38,699	-	582,782
Improvements other than buildings	389,105	97,748	-	486,852
Machinery and equipment	1,033,385	80,597	407,385	706,597
Infrastructure	1,689,865	91,085	-	1,780,950
Total accumulated depreciation	3,656,438	308,129	407,385	3,557,182
Total capital assets being depreciated, net	5,307,710	527,923	74,467	5,761,166
Governmental activities capital assets, net	\$ 10,999,908	527,923	74,467	11,453,364

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

Governmental activities:	
General government	\$ 84,552
Public safety	49,315
Streets and public works	167,381
Parks and recreation	6,882
Total	\$ 308,129

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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	\$ 178,198	-	-	178,198
Water stock and easements	319,754	-	-	319,754
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	497,951	-	-	497,951
Capital assets, being depreciated:				
Water system	8,020,026	-	-	8,020,026
Sewer system	249,480	-	-	249,480
Machinery and equipment	466,124	3,575	87,188	382,511
Total capital assets, being depreciated	8,735,630	3,575	87,188	8,652,016
Less accumulated depreciation for:				
Water system	2,697,803	229,267	-	2,927,070
Sewer system	49,550	8,316	-	57,866
Machinery and equipment	212,071	38,542	74,229	176,385
Total accumulated depreciation	2,959,423	276,126	74,229	3,161,320
Total capital assets being depreciated, net	5,776,207	(272,551)	12,960	5,490,696
Business-type activities capital assets, net	\$ 6,274,158	(272,551)	12,960	5,988,647

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

Business-type activities:	
Water	\$ 267,810
Sewer	8,316
Total	\$ 276,126

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-D. Long-term debt

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

	Original Principal	%	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2019 Sales Tax Refunding Bond							
Matures 2/1/2033	\$1,286,000	1.60	\$ 952,000	-	85,000	867,000	87,000
2020 Class C Road Revenue Bond							
Matures 5/15/2030	580,000	VAR	431,000	-	57,000	374,000	58,000
2020 PW Trucks - Snowplowing							
Matures 7/10/2023	62,206	-	25,850	-	25,850	-	-
2020 PW Trucks - Streets							
Matures 7/10/2023	62,206	-	25,850	-	25,850	-	-
2023 Snowplow Note 31128							
Matures 6/10/2026	91,329	5.50	-	91,329	22,852	68,478	30,414
2023 Snowplow Note 31129							
Matures 6/10/2026	91,329	5.50	-	91,329	22,852	68,478	30,414
2024 Fire Chief Truck							
Matures 6/1/2028	76,771	5.63	-	76,771	12,500	64,271	8,880
2024 Fire Engine							
Matures 6/14/2033	469,267	4.79	-	469,267	37,676	431,591	39,481
Total governmental activity long-term liabilities			\$ 1,434,701	728,697	289,580	1,873,818	254,189

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

	Principal	Interest	Total
2025	\$ 254,189	62,922	317,110
2026	276,880	53,911	330,790
2027	218,729	44,184	262,913
2028	226,066	36,934	263,000
2029	208,606	29,252	237,859
2030 - 2033	689,348	53,715	743,063
Total	\$ 1,873,818	280,918	2,154,736

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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
2014 Water Revenue Bond							
Matures 10/1/2034	\$ 920,000	2.92	\$ 614,000	-	44,000	570,000	45,000
2020 PW Trucks - Water							
Matures 7/23/2023	62,206	-	25,850	-	25,850	-	-
2021 Water Revenue Bond							
Matures 10/15/2052	2,969,000	-	2,870,000	-	99,000	2,771,000	99,000
Total business-type activity long-term liabilities			\$ 3,509,850	-	168,850	3,341,000	144,000

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

	Principal	Interest	Total
2025	\$ 144,000	16,644	160,644
2026	145,000	15,330	160,330
2027	146,000	13,987	159,987
2028	148,000	12,614	160,614
2029	149,000	11,184	160,184
2030 - 2034	769,000	33,054	802,054
2035 - 2039	554,000	1,723	555,723
2040 - 2044	495,000	-	495,000
2045 - 2049	495,000	-	495,000
2050 - 2052	296,000	-	296,000
Total	\$ 3,341,000	104,536	3,445,536

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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. Rounding convention

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

4-C. Subsequent events

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

4-D. Investment in joint venture

The City is party to a joint venture with several other municipalities in the South Utah Valley Solid Waste District (the District). The District was created for the purpose of building a landfill and transfer station and operating the same for the benefit of member municipalities. The majority of the District's solid waste revenue comes from these governmental entities. Additional information is as follows:

- a. Participants are Woodland Hills City, Provo City, Springville City, Spanish Fork City, Mapleton City, Salem City, and Goshen City.
- b. The District is governed by a board of directors, which is comprised of seven members. The mayor and city council of each member city appoints one director. All decisions of the board are by majority vote, except in the case of a tie. In a tie, the votes would be taken by tonnage. For Provo City to prevail in a tie vote, they would need one additional city to vote with them.
- c. The District's Board of Directors governs the operations of the District through management employed by the board. The District is subject to the same laws as the creating entities, therefore, it must follow Utah State laws for cities in the areas of fiscal management, budgeting, and financing.

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-D. Investment in joint venture (continued)

d. Summary financial information as of the joint venture’s last fiscal year end for which an audit has been completed, June 30, 2023, is as follows:

South Utah Valley Solid Waste District	
Total Assets and Deferred Outflows	\$ 58,993,025
Total Liabilities and Deferred Inflows	35,923,965
Net Position	23,069,060
Operating Revenues	10,826,004
Operating Expenses	10,513,989
Net Operating Income (Loss)	312,015
Total Non-Operating Income (Loss)	(171,285)
Net Income (Loss)	\$ 140,730

e. The joint venture has the following long-term debt:

Accrued compensated absences	\$ 258,105
Long-term debt	31,262,915
Net pension liability	204,428
Total long-term liabilities	\$ 31,725,448

4-E. 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:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, 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.

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-E. Pension Plans (continued)

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

Benefits provided:

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	Cola **
Noncontributory System	Highest 3 Years	30 years any age	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		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:

<u>Utah Retirement Systems</u>	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k) Plan</u>
Contributory System			
111 - Local Government Div - Tier 2	-	16.01	0.18
Noncontributory System			
15 - Local Government Div - Tier 2	-	17.97	-
Tier 2 DC Only			
211 - Local Government	-	6.19	10.00

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

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-E. Pension Plans (continued)

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

<u>System</u>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 37,369	-
Tier 2 Public Employees System	12,008	-
Total Contributions	\$ 49,377	-

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

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

At June 30, 2024, we reported a net pension asset of \$0 and a net pension liability of \$57,452.

	<u>(Measurement Date): December 31, 2023</u>				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2022	Change (Decrease)
Noncontributory System	\$ -	\$ 54,623	0.0301712%	0.0301712%	0.0000000%
Tier 2 Public Employees System	\$ -	\$ 2,829	0.0042196%	0.0042196%	0.0000000%
Total	\$ -	\$ 57,452			

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 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, 2024, we recognize pension expense of \$47,440.

At June 30, 2024, 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	\$ 39,154	\$ 46
Changes in assumptions	18,011	2
Net difference between projected and actual earnings on pension plan investments	18,082	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,479	1,061
Contributions subsequent to the measurement date	25,815	-
Total	\$ 103,540	\$ 1,110

\$25,815 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, 2023.

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-E. Pension Plans (continued)

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ 24,540
2025	23,400
2026	34,126
2027	(7,166)
2028	376
Thereafter	1,339

Actuarial assumptions:

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

<u>Assets class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long Term expected portfolio real rate of return</u>
Equity securities	35%	6.87%	2.40%
Debt securities	20%	1.54%	0.31%
Real assets	18%	5.43%	0.98%
Private equity	12%	9.80%	1.18%
Absolute return	15%	3.86%	0.58%
Cash and cash equivalents	0%	0.24%	0.00%
Totals	100%		5.45%
	Inflation		2.50%
	Expected arithmetic nominal return		7.95%

City of Woodland Hills
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-E. Pension Plans (continued)

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

Discount rate:

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

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

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

<u>System</u>	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 283,490	54,623	(137,038)
Tier 2 Public Employees System	9,720	2,829	(2,515)
Total	\$ 293,211	57,452	(139,553)

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

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

	2024	2023	2022
401(k) Plan			
Employer Contributions	\$ 114	\$ 184	\$ 562
Employee Contributions	4,000	13,000	7,618

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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City of Woodland Hills
Notes to Required Supplementary Information
June 30, 2024

Budgetary Comparison Schedules

The Budgetary Comparison Schedule presented in this section of the report is for the City's General Fund.

Budgeting and Budgetary Control

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

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

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2024, expenditures within all department were below appropriations.

Changes in Assumptions Related to Pensions

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

City of Woodland Hills
**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**
For the Year Ended June 30, 2024

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Property	\$ 1,038,995	1,066,995	1,055,407	(11,588)
Sales	260,000	279,000	280,504	1,504
Other taxes	127,600	168,600	167,296	(1,304)
License and permits	81,500	71,700	75,721	4,021
Intergovernmental revenues	102,000	137,000	109,243	(27,757)
Charges for services	361,300	340,386	310,799	(29,587)
Interest	71,500	173,600	177,742	4,142
Miscellaneous revenue	6,000	29,063	29,120	57
Total revenues	2,048,895	2,266,344	2,205,832	(60,512)
EXPENDITURES:				
General government	780,600	652,146	622,880	29,266
Public safety	486,570	485,036	474,337	10,699
Streets and public works	803,525	711,943	711,889	54
Parks, recreation and public property	67,200	53,513	42,935	10,578
Total expenditures	2,137,895	1,902,638	1,852,040	50,598
Excess (Deficiency) of Revenues over (Under) Expenditures	(89,000)	363,706	353,792	(9,914)
Other Financing Sources and (Uses):				
Proceeds from sale of capital assets	-	110,831	145,706	34,875
Transfers out	(21,000)	(474,537)	(474,537)	-
Total Other Financing Sources and (Uses)	(21,000)	(363,706)	(328,831)	34,875
Net Change in Fund Balances	(110,000)	-	24,960	24,960
Fund balances - beginning of year	745,293	745,293	745,293	-
Fund balance - end of year	\$ 635,293	745,293	770,254	24,960

City of Woodland Hills
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2024
 Last 10 Fiscal Years

	As of December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Noncontributory Retirement System										
Proportion of the net pension liability (asset)	0.0235488%	0.0301712%	0.0336714%	0.0288812%	0.0265345%	0.0252014%	0.0169779%	0.0080166%	0.0080590%	0.0548076%
Proportionate share of the net pension liability (asset)	\$ 54,623	\$ 51,676	\$ (192,840)	\$ 14,779	\$ 100,005	\$ 185,576	\$ 74,385	\$ 51,476	\$ 45,602	\$ 237,987
Covered employee payroll	\$ 258,326	\$ 294,693	\$ 312,783	\$ 257,844	\$ 231,673	\$ 211,832	\$ 141,099	\$ 74,095	\$ 71,785	\$ 475,623
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee Plan fiduciary net position as a percentage of the total pension liability	21.14%	17.54%	-61.65%	5.73%	43.17%	87.61%	52.72%	69.47%	63.53%	0.00%
	96.90%	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%	90.20%
Tier 2 Public Employees System										
Proportion of the net pension liability (asset)	0.0014535%	0.0042196%	0.0045479%	0.0049955%	0.0054616%	0.0064729%	0.0047315%	0.0000000%	0.0000000%	0.0038005%
Proportionate share of the net pension liability (asset)	\$ 2,829	\$ 4,595	\$ (1,925)	\$ 718	\$ 1,228	\$ 2,772	\$ 417	\$ -	\$ -	\$ (115)
Covered employee payroll	\$ 37,579	\$ 92,007	\$ 84,442	\$ 79,875	\$ 75,924	\$ 75,422	\$ 46,053	\$ -	\$ -	\$ 18,705
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee Plan fiduciary net position as a percentage of the total pension liability	7.53%	4.99%	-2.28%	0.90%	1.62%	3.68%	0.91%	0.00%	0.00%	-0.60%
	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	0.00%	0.00%	103.50%

City of Woodland Hills
SCHEDULE OF CONTRIBUTIONS
 June 30, 2024
 Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2015	\$ 12,778	\$ 12,778	\$ -	\$ 69,180	18.47%
	2016	13,500	13,500	-	73,089	18.47%
	2017	15,974	15,974	-	86,485	18.47%
	2018	33,116	33,116	-	179,298	18.47%
	2019	43,106	43,106	-	233,382	18.47%
	2020	44,185	44,185	-	239,228	18.47%
	2021	55,113	55,113	-	298,394	18.47%
	2022	52,804	52,804	-	285,889	18.47%
	2023	51,301	51,301	-	284,911	18.01%
	2024	37,369	37,369	-	207,953	17.97%
Tier 2 Public Employees System*	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	-	-	-	-	0.00%
	2017	1,771	1,771	-	10,845	16.33%
	2018	9,841	9,841	-	65,128	15.11%
	2019	12,312	12,312	-	80,574	15.28%
	2020	12,126	12,126	-	77,457	15.66%
	2021	12,873	12,873	-	81,475	15.80%
	2022	13,832	13,832	-	86,187	16.05%
	2023	13,921	13,921	-	86,929	16.01%
	2024	12,008	12,008	-	75,000	16.01%

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



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

Honorable Mayor and
City Council Members
Woodland Hills City
Woodland Hills , 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 Woodland Hills City, Utah, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Woodland Hills City’s basic financial statements and have issued our report thereon dated October 11, 2024

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodland Hills City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodland Hills City’s internal control. Accordingly, we do not express an opinion on the effectiveness of Woodland Hills 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 Woodland Hills City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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.



Larson & Company

Spanish Fork, Utah

October 23, 2024

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

Honorable Mayor and City Council Members
Woodland Hills City
Woodland Hills , Utah

Report on Compliance

We have audited Woodland Hills City’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2024.

State compliance requirements were tested for the year ended June 30, 2024 in the following areas:

Budgetary Compliance
Fund Balance
Government Fees

Restricted Taxes and Related Revenues
Fraud Risk Assessment

Opinion on Compliance

In our opinion Woodland Hills City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Woodland Hills City’s government programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

Report On Internal Control over Compliance

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

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

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

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

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
October 23, 2024