



**HURRICANE VALLEY FIRE  
SPECIAL SERVICE DISTRICT**

**A COMPONENT UNIT OF WASHINGTON COUNTY**

**BASIC FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2025**

**Together with Independent Auditor's Report**

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

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CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Administrative Control Board  
Hurricane Fire Special Service District

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, and each major fund of Hurricane Valley Fire Special Service District (the District), component unit of Washington County, Utah, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**KYC, CPA<sub>1</sub>**

Woods Cross, Utah  
June 3, 2026

# **HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Hurricane Valley Fire Special Service District (the District), we offer readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended December 31, 2025.

## **Financial Highlights**

The assets and deferred outflows of resources of the governmental activities of the District exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$12,610,680 (net position). Of this amount, \$6,575,896 (unrestricted net position) is available to meet ongoing obligations to citizens and creditors. Net position increased by \$1,379,276 in the current year.

## **Overview of the Financial Statements**

This discussion and analysis serves as an introduction to Hurricane Valley Fire Special Service District's basic financial statements: The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains information, in addition to the basic financial statements, that will help the reader gain a more in-depth understanding of the District.

### Government-wide Financial Statements

Government-wide Financial Statements give readers a broad overview of the entire District's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. These statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities presents information showing how the District'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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenue (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 of activities). The statement of activities shows each function or program that is self-supporting through fees and intergovernmental aid and identifies the general revenue of the District available to cover any remaining costs of the functions or programs.

### Fund Financial Statements

Fund Financial Statements are a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. Hurricane Valley Fire Special Service District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. The District funds are categorized as Governmental funds.

Governmental Funds account for essentially the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources.

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 revenue, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The District maintains three major governmental funds, the general fund, the impact fees special revenue fund, and the capital projects fund. The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund and impact fees special revenue fund.

Notes to the Financial Statements contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

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

### Financial Analysis

#### The District's Net Position

|                                      | Governmental Activities |               |
|--------------------------------------|-------------------------|---------------|
|                                      | 2025                    | 2024          |
| Current and other assets             | \$ 10,468,972           | \$ 9,557,093  |
| Capital assets                       | 5,819,418               | 5,810,661     |
| Total assets                         | 16,288,390              | 15,367,754    |
| Total deferred outflows of resources | 1,658,404               | 1,517,281     |
| Long-term liabilities outstanding    | 4,718,093               | 4,925,825     |
| Other liabilities                    | 489,793                 | 612,401       |
| Total liabilities                    | 5,207,886               | 5,538,226     |
| Total deferred inflows of resources  | 128,228                 | 115,405       |
| Net position:                        |                         |               |
| Net investment in capital assets     | 2,141,904               | 1,742,742     |
| Restricted                           | 3,892,880               | 3,430,688     |
| Unrestricted                         | 6,575,896               | 6,057,974     |
| Total net position                   | \$ 12,610,680           | \$ 11,231,404 |

As noted earlier, net position may serve over time as a useful indicator of financial position. Total governmental activities assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the year by \$12,610,680, an increase of \$1,379,276. This change is equivalent to the net income for the year, in private sector terms. Total unrestricted net position at the end of the year is \$6,575,896. Unrestricted net position represents 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 represents 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.

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## The District's Changes in Net Position

|                                       | Governmental Activities |               |
|---------------------------------------|-------------------------|---------------|
|                                       | 2025                    | 2024          |
| Revenues:                             |                         |               |
| Program revenues:                     |                         |               |
| Charges for services                  | \$ 4,713,391            | \$ 4,260,146  |
| Operating grants and contributions    | 9,037                   | 21,937        |
| Capital grants and contributions      | 738,370                 | 770,963       |
| General revenues:                     |                         |               |
| Property taxes                        | 7,624,754               | 4,918,941     |
| Local contributions                   | 619,823                 | 657,769       |
| Investment income                     | 185,567                 | 189,364       |
| Miscellaneous                         | 158,246                 | 201,009       |
| Gain on sale of assets                | 152,507                 | -             |
| Total revenues                        | 14,201,695              | 11,020,129    |
| Expenses:                             |                         |               |
| Fire and emergency medical operations | 12,717,158              | 10,490,840    |
| Interest on long-term debt            | 105,261                 | 117,500       |
| Total expenses                        | 12,822,419              | 10,608,340    |
| Increase (Decrease) in net position   | 1,379,276               | 411,789       |
| Net position - beginning of year      | 11,231,404              | 11,086,985    |
| Prior period adjustment               | -                       | (267,370)     |
| Net position - end of year            | \$ 12,610,680           | \$ 11,231,404 |

For the Governmental Activities, total revenue was \$14,201,695, an increase of \$3,181,566 from the previous year. The main source of the increase was in property tax revenue due to the board approving an increase in the certified tax rate for 2025.

Total expenses were \$12,822,419, an increase of \$2,214,079 from the previous year. Increases in payroll, large and small asset purchases make up a significant portion of the increase in expenses.

### Budgetary Highlights

Revenue for the current year for the general fund was originally budgeted in the amount of \$11,378,000. Actual revenue amounted to \$13,434,488. This is because of a increase in Inter Facility Transports out of the Hurricane ER.

Expenditures for the general fund for the current year were originally budgeted in the amount of \$11,146,897. Actual expenditures amounted to \$12,034,149. This is due to asset purchasing of needed or aged out equipment

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## Capital Assets and Debt Administration

### The District's Capital Assets (Net of Depreciation)

|                          | Governmental Activities |                     |
|--------------------------|-------------------------|---------------------|
|                          | 2025                    | 2024                |
| Land                     | \$ 284,202              | \$ 284,202          |
| Construction in progress | 71,250                  | 202,701             |
| Buildings                | 2,139,489               | 2,237,657           |
| Machinery and equipment  | 194,744                 | 439,392             |
| Autos and trucks         | 3,129,733               | 2,646,709           |
| Total                    | <u>\$ 5,819,418</u>     | <u>\$ 5,810,661</u> |

Additional information on the District's capital assets and debt can be found in Note 7 in the Notes to the District's Basic Financial Statements.

### The District's Outstanding Debt

|                      | Governmental Activities |                     |
|----------------------|-------------------------|---------------------|
|                      | 2025                    | 2024                |
| Financed purchases   | \$ 3,677,514            | \$ 4,067,919        |
| Compensated absences | 622,263                 | 500,337             |
| Total                | <u>\$ 4,299,777</u>     | <u>\$ 4,568,256</u> |

Additional information regarding long-term liabilities may be found in note 6 to the financial statements.

## Economic Factors and Next Year's Budgets and Rates

It is anticipated that the budget will increase primarily due to growth in population, recreation, and tourism. This will require additional expenses to maintain the quality of care.

## Request for Information

This financial report is designed to give its readers a general overview of the District's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to Hurricane Valley Fire Special Service District, 202 East State Street, Hurricane, Utah 84737, (435) 635-9562.

## **BASIC FINANCIAL STATEMENTS**

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2025**

|                                                                              | <b>Governmental<br/>Activities</b> |
|------------------------------------------------------------------------------|------------------------------------|
| <b>Assets</b>                                                                |                                    |
| Cash and cash equivalents                                                    | \$ 3,175,764                       |
| Receivables:                                                                 |                                    |
| Accounts, net                                                                | 620,734                            |
| Property taxes                                                               | 1,976,633                          |
| Intergovernmental                                                            | 172,247                            |
| Prepaid expense                                                              | 245,962                            |
| Restricted cash and cash equivalents                                         | 3,892,880                          |
| Capital assets not being depreciated                                         | 355,452                            |
| Capital assets, net of accumulated depreciation                              | 5,463,966                          |
| Net pension asset                                                            | 384,752                            |
| <b>Total Assets</b>                                                          | <b>16,288,390</b>                  |
| <b>Deferred Outflows of Resources</b>                                        |                                    |
| Pension related                                                              | 1,658,404                          |
| <b>Total Assets and Deferred Outflows of Resources</b>                       | <b>\$ 17,946,794</b>               |
| <b>Liabilities</b>                                                           |                                    |
| Accounts payable                                                             | \$ 134,438                         |
| Accrued liabilities                                                          | 264,142                            |
| Accrued interest payable                                                     | 91,213                             |
| Noncurrent liabilities:                                                      |                                    |
| Due within one year                                                          | 618,017                            |
| Due in more than one year                                                    | 3,681,760                          |
| Net pension liability                                                        | 418,316                            |
| <b>Total Liabilities</b>                                                     | <b>5,207,886</b>                   |
| <b>Deferred Inflows of Resources</b>                                         |                                    |
| Pension related                                                              | 128,228                            |
| <b>Net Position</b>                                                          |                                    |
| Net investment in capital assets                                             | 2,141,904                          |
| Restricted for:                                                              |                                    |
| Impact fees                                                                  | 3,892,880                          |
| Unrestricted                                                                 | 6,575,896                          |
| <b>Total Net Position</b>                                                    | <b>12,610,680</b>                  |
| <b>Total Liabilities, Deferred Inflows of Resources<br/>and Net Position</b> | <b>\$ 17,946,794</b>               |

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

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2025**

| Functions                             | Program Revenues     |                         |                             |                             | Net (Expense)                          |
|---------------------------------------|----------------------|-------------------------|-----------------------------|-----------------------------|----------------------------------------|
|                                       | Expenses             | Charges for<br>Services | Operating                   | Capital                     | Revenue and Changes<br>in Net Position |
|                                       |                      |                         | Grants and<br>Contributions | Grants and<br>Contributions | Governmental<br>Activities             |
| <b>Governmental Activities</b>        |                      |                         |                             |                             |                                        |
| Fire and emergency medical operations | \$ 12,717,158        | \$ 4,713,391            | \$ 9,037                    | \$ 738,370                  | \$ (7,256,360)                         |
| Interest on long-term debt            | 105,261              | -                       | -                           | -                           | (105,261)                              |
| <b>Total Governmental Activities</b>  | <b>\$ 12,822,419</b> | <b>\$ 4,713,391</b>     | <b>\$ 9,037</b>             | <b>\$ 738,370</b>           | <b>(7,361,621)</b>                     |
| <b>General Revenues</b>               |                      |                         |                             |                             |                                        |
|                                       |                      |                         |                             |                             | 7,624,754                              |
|                                       |                      |                         |                             |                             | 619,823                                |
|                                       |                      |                         |                             |                             | 185,567                                |
|                                       |                      |                         |                             |                             | 158,246                                |
|                                       |                      |                         |                             |                             | 152,507                                |
|                                       |                      |                         |                             |                             | <b>8,740,897</b>                       |
|                                       |                      |                         |                             |                             | 1,379,276                              |
|                                       |                      |                         |                             |                             | <b>11,231,404</b>                      |
|                                       |                      |                         |                             |                             | <b>\$ 12,610,680</b>                   |

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

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**December 31, 2025**

|                                                                                | <b>General</b>      | <b>Capital Projects</b> | <b>Special Revenue</b><br><b>Impact Fee</b> | <b>Total</b><br><b>Governmental</b> |
|--------------------------------------------------------------------------------|---------------------|-------------------------|---------------------------------------------|-------------------------------------|
|                                                                                | <b>Fund</b>         | <b>Fund</b>             | <b>Fund</b>                                 | <b>Funds</b>                        |
| <b>Assets</b>                                                                  |                     |                         |                                             |                                     |
| Cash and cash equivalents                                                      | \$ 2,468,237        | \$ 707,527              | \$ -                                        | \$ 3,175,764                        |
| Receivables:                                                                   |                     |                         |                                             |                                     |
| Accounts, net                                                                  | 620,734             | -                       | -                                           | 620,734                             |
| Property taxes                                                                 | 1,976,633           | -                       | -                                           | 1,976,633                           |
| Intergovernmental                                                              | 172,247             | -                       | -                                           | 172,247                             |
| Prepaid expense                                                                | 102,486             | -                       | 143,476                                     | 245,962                             |
| Restricted cash and cash equivalents                                           | -                   | -                       | 3,892,880                                   | 3,892,880                           |
| <b>Total Assets</b>                                                            | <b>\$ 5,340,337</b> | <b>\$ 707,527</b>       | <b>\$ 4,036,356</b>                         | <b>\$ 10,084,220</b>                |
| <b>Liabilities</b>                                                             |                     |                         |                                             |                                     |
| Accounts payable                                                               | \$ 131,018          | \$ 3,420                | \$ -                                        | \$ 134,438                          |
| Accrued liabilities                                                            | 264,142             | -                       | -                                           | 264,142                             |
| <b>Total Liabilities</b>                                                       | <b>395,160</b>      | <b>3,420</b>            | <b>-</b>                                    | <b>398,580</b>                      |
| <b>Deferred Inflows of Resources</b>                                           |                     |                         |                                             |                                     |
| Unavailable revenue                                                            | 160,944             | -                       | -                                           | 160,944                             |
| <b>Fund Balances</b>                                                           |                     |                         |                                             |                                     |
| Nonspendable                                                                   |                     |                         |                                             |                                     |
| Prepaid expense                                                                | 102,486             | -                       | -                                           | 102,486                             |
| Restricted                                                                     |                     |                         |                                             |                                     |
| Impact fees                                                                    | -                   | -                       | 3,892,880                                   | 3,892,880                           |
| Assigned                                                                       |                     |                         |                                             |                                     |
| Capital projects                                                               | -                   | 704,107                 | -                                           | 704,107                             |
| Debt service                                                                   | -                   | -                       | 143,476                                     | 143,476                             |
| Unassigned                                                                     | 4,681,747           | -                       | -                                           | 4,681,747                           |
| <b>Total Fund Balances</b>                                                     | <b>4,784,233</b>    | <b>704,107</b>          | <b>4,036,356</b>                            | <b>9,524,696</b>                    |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b> | <b>\$ 5,340,337</b> | <b>\$ 707,527</b>       | <b>\$ 4,036,356</b>                         | <b>\$ 10,084,220</b>                |

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

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
December 31, 2025**

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

|                                                |    |           |
|------------------------------------------------|----|-----------|
| <b>Total fund balance - governmental funds</b> | \$ | 9,524,696 |
|------------------------------------------------|----|-----------|

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

|                                |                    |           |
|--------------------------------|--------------------|-----------|
| Governmental capital assets    | \$ 12,948,544      |           |
| Less: accumulated depreciation | <u>(7,129,126)</u> | 5,819,418 |

|                                                                                                                                                  |         |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| The net pension asset reported in governmental activities is not a financial resource and, therefore, is not reported in the governmental funds. | 384,752 |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------|

Long-term liabilities, including financed purchases, interest payable, compensated absences, and pension liabilities are not due and payable in the current period and therefore are not reported in the funds.

|                       |                  |             |
|-----------------------|------------------|-------------|
| Financed purchases    | \$ (3,677,514)   |             |
| Interest payable      | (91,213)         |             |
| Compensated absences  | (622,263)        |             |
| Net pension liability | <u>(418,316)</u> | (4,809,306) |

|                                                                                                                                                                                                            |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Unavailable revenue is recorded as a deferred inflow in the governmental funds but not in the governmental activities because it qualifies for recognition under the economic resources measurement focus. | 160,944 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.

|                                       |                  |           |
|---------------------------------------|------------------|-----------|
| Deferred outflows related to pensions | \$ 1,658,404     |           |
| Deferred inflows related to pensions  | <u>(128,228)</u> | 1,530,176 |

|                                               |           |                          |
|-----------------------------------------------|-----------|--------------------------|
| <b>Net position - governmental activities</b> | <b>\$</b> | <b><u>12,610,680</u></b> |
|-----------------------------------------------|-----------|--------------------------|

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

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2025**

|                                                                      | <b>General<br/>Fund</b> | <b>Capital Projects<br/>Fund</b> | <b>Special Revenue<br/>Impact Fee<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------------------------------------------------------|-------------------------|----------------------------------|------------------------------------------------|-----------------------------------------|
| <b>Revenues</b>                                                      |                         |                                  |                                                |                                         |
| Property taxes                                                       | \$ 7,624,754            | \$ -                             | \$ -                                           | \$ 7,624,754                            |
| Charges for services                                                 | 5,138,903               | -                                | -                                              | 5,138,903                               |
| Impact fees                                                          | -                       | -                                | 699,372                                        | 699,372                                 |
| Contributions from other governments                                 | 619,823                 | -                                | 38,998                                         | 658,821                                 |
| Grants                                                               | 9,037                   | -                                | -                                              | 9,037                                   |
| Interest income                                                      | 26,484                  | -                                | 159,083                                        | 185,567                                 |
| Other income                                                         | 15,487                  | 20,000                           | -                                              | 35,487                                  |
| <b>Total Revenues</b>                                                | <b>13,434,488</b>       | <b>20,000</b>                    | <b>897,453</b>                                 | <b>14,351,941</b>                       |
| <b>Expenditures</b>                                                  |                         |                                  |                                                |                                         |
| Current:                                                             |                         |                                  |                                                |                                         |
| Fire and emergency medical operations                                | 11,857,361              | -                                | -                                              | 11,857,361                              |
| Debt service:                                                        |                         |                                  |                                                |                                         |
| Principal                                                            | 151,645                 | -                                | 238,668                                        | 390,313                                 |
| Interest                                                             | 25,143                  | -                                | 90,643                                         | 115,786                                 |
| Capital outlay                                                       | -                       | 490,967                          | 105,950                                        | 596,917                                 |
| <b>Total Expenditures</b>                                            | <b>12,034,149</b>       | <b>490,967</b>                   | <b>435,261</b>                                 | <b>12,960,377</b>                       |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>1,400,339</b>        | <b>(470,967)</b>                 | <b>462,192</b>                                 | <b>1,391,564</b>                        |
| <b>Other Financing Sources (Uses)</b>                                |                         |                                  |                                                |                                         |
| Transfers in                                                         | -                       | 1,000,000                        | -                                              | 1,000,000                               |
| Transfers out                                                        | (1,000,000)             | -                                | -                                              | (1,000,000)                             |
| Proceeds from sale of assets                                         | -                       | 157,000                          | -                                              | 157,000                                 |
| <b>Total Other Financing<br/>Sources (Uses)</b>                      | <b>(1,000,000)</b>      | <b>1,157,000</b>                 | <b>-</b>                                       | <b>157,000</b>                          |
| <b>Net Change in Fund Balances</b>                                   | <b>400,339</b>          | <b>686,033</b>                   | <b>462,192</b>                                 | <b>1,548,564</b>                        |
| <b>Fund Balances, Beginning</b>                                      | <b>4,383,894</b>        | <b>18,074</b>                    | <b>3,574,164</b>                               | <b>7,976,132</b>                        |
| <b>Fund Balances, Ending</b>                                         | <b>\$ 4,784,233</b>     | <b>\$ 704,107</b>                | <b>\$ 4,036,356</b>                            | <b>\$ 9,524,696</b>                     |

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

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2025**

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                     |                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------|
| <b>Net change in fund balances - total governmental funds</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>\$ 1,548,564</b> |                                |
| Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.                                                                                                                                                                                                                                                                                       |                     | (554,249)                      |
| Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.                                                                                                                                                                                                                                                                                                                                                                  |                     | 567,499                        |
| Government funds have proceeds from the sale of assets as revenue. However, the statement of activities reports the gain or loss on the sale of assets.                                                                                                                                                                                                                                                                                                                                                                          |                     | (4,493)                        |
| Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.                                                                                                                                                                                                                                                                                                                                                                       |                     | 390,313                        |
| Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. The adjustment reflects the change in interest payable.                                                                                                                                                                                                                                                                                                                        |                     | 10,525                         |
| Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability/asset is measured a year before the report date. Pension expenses, which are the changes in the net pension liability/asset adjusted for changes in deferred outflows and inflows of resources related to pensions and non-employer contributions, are reported in the statement of activities. |                     |                                |
| Pension expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | \$ (154,301)        |                                |
| Non-employer contributions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>122,759</u>      | (31,542)                       |
| Compensated absences expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.                                                                                                                                                                                                                                                                                                                                 |                     | (121,926)                      |
| Governmental funds recognize revenues when they are both measurable and available; however, in the statement of activities, revenue is recognized when earned.                                                                                                                                                                                                                                                                                                                                                                   |                     | <u>(425,415)</u>               |
| <b>Change in net position - governmental activities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>\$</b>           | <b><u><u>1,379,276</u></u></b> |

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

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### History and Organization

The Hurricane Valley Fire Special Service District (the District) was established by the Washington County Commission on December 18, 2007. The District provides fire protection services to the cities of Hurricane, LaVerkin, Leeds, Rockville, Springdale, Toquerville, and Virgin, Utah.

#### Government-wide and Fund Financial Statements

*Government-wide Financial Statements* consist of the Statement of Net Position and the Statement of Changes in Net Position. These statements report financial information for the District as a whole. Individual funds are not displayed. All the District's operations are reported as governmental activities. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities reports the expenses of a given function, offset by program revenue, 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 revenue 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 revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges 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 revenue are reported instead as general revenue.

*Fund Financial Statements* are provided for governmental funds. All three of the District's funds are presented as major funds.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

*Government-wide statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related to cash flows. Property tax revenue is recognized in the year for which it is 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. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenue to be available if it is collected within 60 days 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, claims, and judgments, are recorded only when payment is due.

Property taxes, and intergovernmental revenue associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

# **HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Fund Types and Major Funds**

##### Government Funds

The District reports the following major governmental funds; 1) The general fund is the government's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund. 2) The capital projects fund is used to account for the acquisition or construction of major capital facilities and equipment. 3) Impact fee special revenue fund is used to account for impact fee revenues and related expenditures.

#### **Assets, Liabilities, and Net Position**

##### Deposit and Investments

The District'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.

Investments for the District are reported at fair value. Deposits are reported at cost, which approximates fair value. Additional information is contained in Note 3.

##### Receivables and Payables

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for emergency medical services. Accounts receivable are shown net of an allowance for uncollectible accounts.

Property taxes are assessed and collected for the District by Washington County and remitted to the District 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.

##### Capital Assets

Capital assets include property, plant, and equipment, and are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's lives, are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are 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.

The lives of the assets are 5 to 16 years for equipment and 39 years for buildings and improvements.

##### Long-term Obligations

In the government-wide Statement of Net Position, long-term debt and obligations are reported as liabilities. The governmental fund financial statements recognize the proceeds of leases, debt, and premiums as other financing sources of the current period.

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When both committed, assigned, or unassigned resources are available for use, it is the District's policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed.

#### Equity Classifications

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

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt that is attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All other net position that do not meet the definition of *restricted* or *net investment in capital assets*.

Governmental fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- *Nonspendable Fund Balance* – includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., prepaid expenses) or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – amounts with constraints placed on the use of resources that are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution or ordinance) of the Administrative Control Board, the District's highest level of decision-making authority.
- *Assigned Fund Balance* – used for amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. The Administrative Control Board assigns amounts to specific purposes and may change the assignments as circumstances change.
- *Unassigned Fund Balance* – residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. If the fund balance of a governmental fund, other than the general fund, that is not classified as nonspendable and is neither restricted nor committed, is negative, the balance would be reported under this classification as well.

# **HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Equity Classifications (Continued)

The District collects impact fees to offset the costs of improvements to the District's public safety facilities that become necessary due to new development within the District's service area. Impact fees are imposed through the passing of legislation by the Administrative Control Board and can only be used for the specific public safety facilities included in the Impact Fee Facilities Plan. As of December 31, 2025, the portion of restricted net position that was due to enabling legislation was \$3,892,880.

#### Compensated Absences

The District pays the balance of an employee's annual leave upon termination of employment and an additional 25% of accrued sick time if the employee retires with the District. The employee is allowed to carry over 48 hours of compensation and 240 hours of vacation on January 30th.

#### Estimates

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

#### 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.

#### Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the financial statements will report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. The 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) until then. The 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.

### **NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### Budgetary Data

Annual budgets are prepared and adopted by ordinance, in accordance with State law. The budget is adopted prior to the beginning of the year to which it applies after a public hearing has been held. Estimated revenue and appropriations may be increased or decreased by resolution of the board at any time during the year. A public hearing must be held prior to any proposed increase in fund appropriations. Budgets include activities in the General Fund. The level of the District's budgetary control (the level at which the District'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.

Budget amendments which increase total expenditures must be approved by the board following a public hearing. With the consent of the board, department heads may reallocate unexpended appropriated balances from one expenditure account to another within the department during the budget year. Budgets for the general and capital improvements funds are prepared on the modified accrual basis of accounting. Encumbrances are not used.

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the District's funds.

The District's deposit and investment policy is to follow the Utah Money Management Act; however, the District does not have a separate deposit and investment policy that addresses specific types of deposit and investment risks to which the District is exposed.

Components of cash and investments (including interest earning deposits) at December 31, 2025 are as follows:

**Cash on hand and on deposit:**

|                                   |                     |
|-----------------------------------|---------------------|
| Cash on deposit                   | \$ 1,811,968        |
| PTIF investments                  | 5,256,676           |
| <b>Total cash and investments</b> | <b>\$ 7,068,644</b> |

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

|                                      |                     |
|--------------------------------------|---------------------|
| Cash and cash equivalents            | \$ 3,175,764        |
| Restricted cash and cash equivalents | 3,892,880           |
| <b>Total cash and investments</b>    | <b>\$ 7,068,644</b> |

The District's cash and cash equivalents and investments are exposed to certain risks as outlined below:

*Custodial credit risk – deposits* is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2025, \$1,764,833 of the District's \$2,114,350 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments* is the risk that in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risks of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined by the Act.

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

*Interest rate risk* is the risk that changes in the interest rates will adversely affect the fair value of an investment. The District manages its exposure by investing mainly in the Utah Public Treasurer's Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

The District invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external local governmental investment pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Additional information is available at the Utah State Treasurer's Office.

For the year ended December 31, 2025, the District had investments of \$5,256,676 with the PTIF. This investment matures in less than one year and is not rated.

#### Fair Value of Investments

The District 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 December 31, 2025, the District had the following cash and investments:

|                                                  | <u>Carrying<br/>Value</u>  | <u>Fair Value<br/>Factor</u> | <u>Fair Value</u>          | <u>Credit<br/>Rating</u> | <u>Weighted Avg.<br/>Maturity</u> |
|--------------------------------------------------|----------------------------|------------------------------|----------------------------|--------------------------|-----------------------------------|
| <b>Cash on hand and on deposit:</b>              |                            |                              |                            |                          |                                   |
| Cash on deposit                                  | \$ 1,811,968               | 1                            | \$ 1,811,968               | N/A                      | N/A                               |
| Utah State Public<br>Treasurer's Investment Fund | <u>5,256,676</u>           | 1.002288                     | <u>5,268,705</u>           | N/A                      | < 3 mos.                          |
| <b>Total cash on hand and deposit</b>            | <u><u>\$ 7,068,644</u></u> |                              | <u><u>\$ 7,080,673</u></u> |                          |                                   |

The District's PTIF investments is classified as level 2 and is calculated by applying the December 31, 2025 fair value factor, as calculated by the Utah State Treasurer, to the District's balance in the fund.

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4 ACCOUNTS RECEIVABLE, NET & ALLOWANCE FOR DOUBTFUL ACCOUNTS

|                              | <b>Outstanding<br/>Balance</b> | <b>Allowance<br/>for Doubtful<br/>Accounts</b> | <b>Net</b>          |
|------------------------------|--------------------------------|------------------------------------------------|---------------------|
| Ambulance receivable         | \$ 1,990,153                   | \$ (1,369,419)                                 | \$ 620,734          |
| Property tax receivable      | 1,976,633                      | -                                              | 1,976,633           |
| Intergovernmental receivable | 172,247                        | -                                              | 172,247             |
| <b>Total</b>                 | <b>\$ 4,139,033</b>            | <b>\$ (1,369,419)</b>                          | <b>\$ 2,769,614</b> |

### NOTE 5 DEFERRED INFLOWS OF RESOURCES

#### Unavailable Revenue

Revenue in the General Fund is recorded using the modified accrual basis of accounting and revenues are recognized when they are both measurable and available (expected to be received within 60 days). A portion of the ambulance receivable at December 31, 2025 was not received within 60 days and not available to be recorded in revenue, therefore the District has recorded a deferred inflow of resources of \$160,944. These revenues will be recognized at the government-wide level (accrual basis of accounting) and in the General Fund in subsequent periods as they become available.

### NOTE 6 LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2025:

|                                    | <b>Beginning<br/>Balance</b> | <b>Additions</b>  | <b>Reductions</b>   | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|------------------------------------|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Financed purchases                 |                              |                   |                     |                           |                                |
| from direct borrowings             | \$ 4,067,919                 | \$ -              | \$ (390,405)        | \$ 3,677,514              | \$ 390,405                     |
| Compensated absences *             | 500,337                      | 121,926           | -                   | 622,263                   | 217,792                        |
| Net pension liability              | 357,569                      | 60,747            | -                   | 418,316                   | -                              |
| <b>Total long-term liabilities</b> | <b>\$ 4,925,825</b>          | <b>\$ 182,673</b> | <b>\$ (390,405)</b> | <b>\$ 4,718,093</b>       | <b>\$ 608,197</b>              |

\* The change in the compensated absences liability is presented as a net change.

The net pension liability is generally liquidated by the general fund.

#### **Governmental Activities - Financed Purchases from Direct Borrowings**

In October 2015, the District entered into a financed purchase agreement in the amount of \$518,800 to finance the purchase of public safety vehicles and equipment. Annual principal and interest payments began on January 15, 2016 and are required until maturity on January 15, 2026 at an interest rate of 2.70%. The significant event of default is a failure to pay principal or interest when due. Upon the occurrence of this event of default, the public safety vehicles and equipment may be repossessed and sold with or without cancelation of the agreement.

\$ 51,551

In August 2016, the District entered into a financed purchase agreement in the amount of \$995,000 to finance the purchase of a fire ladder truck. Annual principal and interest payments began on March 1, 2018 and are required until maturity on March 1, 2037 at an interest rate of 2.50%. Significant events of default consist of (a) failure to pay principal or interest when due; (b) abandonment or transfer of the fire ladder truck; and (c) the initiation of bankruptcy proceedings by the District. Upon the occurrence of an event of default, the fire ladder truck may be repossessed.

655,000

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6 LONG-TERM LIABILITIES (Continued)

#### Governmental Activities – Financed Purchases from Direct Borrowings (Continued)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
| <p>In September 2016, the District entered into a financed purchase agreement in the amount of \$1,638,000 to finance the purchase of a fire station. Annual principal and interest payments began on March 1, 2019 and are required until maturity on March 1, 2048 at an interest rate of 2.50%. Significant events of default consist of (a) failure to pay principal or interest when due; (b) abandonment or transfer of the fire station; and (c) the initiation of bankruptcy proceedings by the District. Upon the occurrence of an event of default, the fire station may be repossessed. The District has entered into a shared facilities agreement with Washington City, Utah whereby the City pays half the required debt service payments on this agreement to the District until the debt is extinguished. The District operates and maintains the fire station and recognizes the full historical cost of the asset and related debt.</p> |  | \$ 1,358,000 |
| <p>In May 2019, the District entered into a financed purchase agreement in the amount of \$200,000 to finance the purchase of a fire ladder truck. Annual principal and interest payments began on October 1, 2019 and are required until maturity on October 1, 2038 at an interest rate of 2.50%. Significant events of default consist of (a) failure to pay principal or interest when due; (b) abandonment or transfer of the fire ladder truck; and (c) the initiation of bankruptcy proceedings by the District. Upon the occurrence of an event of default, the fire ladder truck may be repossessed.</p>                                                                                                                                                                                                                                                                                                                                         |  | 141,000      |
| <p>In April 2022, the District entered into a financed purchase agreement in the amount of \$798,000 to finance the purchase of public safety vehicles. Annual principal and interest payments began on January 15, 2023 and are required until maturity on January 15, 2032 at an interest rate of 2.48%. The significant event of default is a failure to pay principal or interest when due. Upon the occurrence of this event of default, the public safety vehicles may be repossessed and sold with or without cancellation of the agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                   |  | 574,274      |
| <p>In June 2022, the District entered into a financed purchase agreement in the amount of \$830,000 to finance the purchase of a fire engine truck. Annual principal and interest payments began on January 15, 2023 and are required until maturity on January 15, 2032 at an interest rate of 3.20%. The significant event of default is a failure to pay principal or interest when due. Upon the occurrence of this event of default, the fire engine truck may be repossessed and sold with or without cancellation of the agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                            |  | 599,231      |
| <p>In January 2023, the District entered into a financed purchase agreement in the amount of \$475,000 to finance the purchase of a fire suppression vehicles. Annual principal and interest payments begin on January 15, 2024 and are required until maturity on January 15, 2028 at an interest rate of 4.99%. The significant event of default is a failure to pay principal or interest when due. Upon the occurrence of this event of default, the fire suppression vehicles may be repossessed and sold with or without cancellation of the agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                         |  | 298,458      |
| Total revenue bonds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  | 3,677,514    |
| Less current portion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  | (400,225)    |
| Noncurrent portion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | \$ 3,277,289 |

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6 LONG-TERM LIABILITIES (Continued)

#### Governmental Activities – Financed Purchases from Direct Borrowings (Continued)

The combined aggregate amount of debt service requirements (principal and interest) by year is as follows:

#### Governmental Activities - Financed Purchases from Direct Borrowings

| <u>Year</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-------------|---------------------|-------------------|---------------------|
| 2026        | \$ 400,225          | \$ 104,347        | \$ 504,572          |
| 2027        | 361,905             | 91,173            | 453,078             |
| 2028        | 374,082             | 78,968            | 453,050             |
| 2029        | 276,571             | 66,356            | 342,927             |
| 2030        | 283,465             | 58,737            | 342,202             |
| 2031-2035   | 961,266             | 189,134           | 1,150,400           |
| 2036-2040   | 459,000             | 99,400            | 558,400             |
| 2041-2045   | 338,000             | 53,650            | 391,650             |
| 2046-2048   | 223,000             | 11,250            | 234,250             |
|             | <u>\$ 3,677,514</u> | <u>\$ 753,015</u> | <u>\$ 4,430,529</u> |

### NOTE 7 CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2025, is as follows:

| <b>Governmental Activities</b>                     | <b>Beginning<br/>Balance</b> | <b>Increases</b>  | <b>Decreases</b>    | <b>Ending<br/>Balance</b> |
|----------------------------------------------------|------------------------------|-------------------|---------------------|---------------------------|
| <b>Capital assets not being depreciated:</b>       |                              |                   |                     |                           |
| Land                                               | \$ 284,202                   | \$ -              | \$ -                | \$ 284,202                |
| Construction in progress                           | 202,701                      | 71,250            | (202,701)           | 71,250                    |
| <b>Total capital assets not being depreciated</b>  | <b>486,903</b>               | <b>71,250</b>     | <b>(202,701)</b>    | <b>355,452</b>            |
| <b>Capital assets being depreciated:</b>           |                              |                   |                     |                           |
| Buildings                                          | 3,156,402                    | 5,283             | -                   | 3,161,685                 |
| Machinery and equipment                            | 1,917,537                    | -                 | -                   | 1,917,537                 |
| Autos and trucks                                   | 7,021,364                    | 693,667           | (201,161)           | 7,513,870                 |
| <b>Total capital assets being depreciated</b>      | <b>12,095,303</b>            | <b>698,950</b>    | <b>(201,161)</b>    | <b>12,593,092</b>         |
| <b>Less accumulated depreciation for:</b>          |                              |                   |                     |                           |
| Buildings                                          | (918,745)                    | (103,451)         | -                   | (1,022,196)               |
| Machinery and equipment                            | (1,478,145)                  | (244,648)         | -                   | (1,722,793)               |
| Autos and trucks                                   | (4,374,655)                  | (206,150)         | 196,668             | (4,384,137)               |
| <b>Total accumulated depreciation</b>              | <b>(6,771,545)</b>           | <b>(554,249)</b>  | <b>196,668</b>      | <b>(7,129,126)</b>        |
| <b>Total capital assets being depreciated, net</b> | <b>5,323,758</b>             | <b>144,701</b>    | <b>(4,493)</b>      | <b>5,463,966</b>          |
| <b>Total capital assets, net</b>                   | <b>\$ 5,810,661</b>          | <b>\$ 215,951</b> | <b>\$ (207,194)</b> | <b>\$ 5,819,418</b>       |

Depreciation expense of \$554,249 was charged to fire and emergency medical operations.

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8 PENSION PLANS

#### General Information about the Pension Plan

*Plan description:* Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems (URS) are comprised of the following pension trust funds:

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

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

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

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

#### Summary of Benefits by System

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

Retirement benefits are as follows:

| <b>System</b>          | <b>Final Average Salary</b> | <b>Years of Service required and/or age eligible for benefit</b>                                | <b>Benefit percent per year of service</b>                | <b>COLA**</b> |
|------------------------|-----------------------------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------|
| Noncontributory System | Highest 3 years             | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 2.0% per year all years                                   | Up to 4.0%    |
| Firefighters System    | Highest 3 years             | 20 years, any age<br>10 years, age 60<br>4 years, age 65                                        | 2.5% per year up to 20 years; 2.0% per year over 20 years | Up to 4.0%    |

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8 PENSION PLANS (Continued)

#### Summary of Benefits by System (Continued)

| System                                      | Final Average Salary | Years of Service required and/or age eligible for benefit                      | Benefit percent per year of service                                   | COLA**     |
|---------------------------------------------|----------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------|
| Tier 2 Public Employees System              | Highest 5 years      | 35 years any age<br>20 years age 60*<br>10 years age 62*<br>4 years age 65     | 1.5% per year all years                                               | Up to 2.5% |
| Tier 2 Public Safety and Firefighter System | Highest 5 years      | 25 years, any age<br>20 years, age 60*<br>10 years, age 62*<br>4 years, age 65 | 1.5% per year to June 30, 2020; 2.0% per year July 1, 2020 to present | Up to 2.5% |

\* Actuarial reductions are applied.

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except 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.

#### Contributory Rate Summary

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

Contribution Rates as of December 31, 2025 are as follows:

|                                                  | Employee | Employer | Employer 401(k) |
|--------------------------------------------------|----------|----------|-----------------|
| <b>Noncontributory System</b>                    |          |          |                 |
| 15 Local Government - Tier 1 - DB System         | -        | 15.97%   | -               |
| 111 Local Government - Tier 2 - DB Hybrid System | 0.81%    | 14.19%   | -               |
| 211 Local Government - Tier 2 - 401(k) Option    | -        | 4.19%    | 10.00%          |
| <b>Firefighters Retirement System</b>            |          |          |                 |
| 31 Other Division A - Tier 1 - DB System         | 15.05%   | 1.61%    | -               |
| 132 Other Division A - Tier 2 - DB Hybrid System | 4.73%    | 14.08%   | -               |
| 232 Other Division A - Tier 2 - 401(k) Option    | -        | 0.08%    | 14.00%          |

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

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8 PENSION PLANS (Continued)

#### Contributory Rate Summary (Continued)

For fiscal year ended December 31, 2025, the employer and employee contributions to the Systems were as follows:

| System                                       | Employer          | Employee          |
|----------------------------------------------|-------------------|-------------------|
| Noncontributory System                       | \$ 2,103          | \$ -              |
| Firefighters System                          | 20,209            | 188,912           |
| Tier 2 Public Employees System               | 41,962            | 2,152             |
| Tier 2 Public Safety and Firefighter         | 502,011           | 163,152           |
| Tier 2 DC Public Safety and Firefighter Plan | 750               | -                 |
| Total Contributions                          | <u>\$ 567,035</u> | <u>\$ 354,216</u> |

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

#### Combined Pension Assets, Liabilities, Expense, and

#### Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2025, we reported a net pension asset of \$384,752 and a net pension liability of \$418,316.

|                                      | Measurement Date: December 31, 2024 |                       |                     | Proportionate Share | Change      |
|--------------------------------------|-------------------------------------|-----------------------|---------------------|---------------------|-------------|
|                                      | Net Pension Asset                   | Net Pension Liability | Proportionate Share | Dec. 31, 2023       |             |
| Noncontributory System               | \$ -                                | \$ 71,652             | 0.0225954%          | 0.0276632%          | -0.0050678% |
| Firefighters System                  | 384,752                             | -                     | 2.1904143%          | 2.0616035%          | 0.1288108%  |
| Tier 2 Public Employees System       | -                                   | 27,604                | 0.0092557%          | 0.0106723%          | -0.0014166% |
| Tier 2 Public Safety and Firefighter | -                                   | 319,060               | 0.7054326%          | 0.7237474%          | -0.0183148% |
| Total Net Pension Asset / Liability  | <u>\$ 384,752</u>                   | <u>\$ 418,316</u>     |                     |                     |             |

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

For the year ended December 31, 2025, we recognized pension expense of \$597,198.

At December 31, 2025, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                      | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Differences between expected and actual experience                                                   | \$ 670,516                     | \$ 16,954                     |
| Changes in assumptions                                                                               | 224,941                        | 5,013                         |
| Net difference between projected and actual earnings on pension plan investments                     | 154,002                        | -                             |
| Changes in proportion and differences between contributions and proportionate share of contributions | 41,910                         | 106,261                       |
| Contributions subsequent to the measurement date                                                     | <u>567,035</u>                 | <u>-</u>                      |
| Total                                                                                                | <u>\$ 1,658,404</u>            | <u>\$ 128,228</u>             |

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8 PENSION PLANS (Continued)

#### Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

\$567,035 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

| <u>Year Ended December 31,</u> | <u>Deferred Outflows<br/>(Inflows) of Resources</u> |
|--------------------------------|-----------------------------------------------------|
| 2025                           | \$ 240,392                                          |
| 2026                           | 367,546                                             |
| 2027                           | 49,422                                              |
| 2028                           | 35,021                                              |
| 2029                           | 74,914                                              |
| Thereafter                     | 195,846                                             |

#### Actuarial assumptions

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

|                           |                                                                           |
|---------------------------|---------------------------------------------------------------------------|
| Inflation                 | 2.50 percent                                                              |
| Salary Increases          | 3.50 – 9.50 percent, average, including inflation                         |
| Investment Rate of Return | 6.85 percent, net of pension plan investment expense, including inflation |

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

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

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

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8 PENSION PLANS (Continued)

#### Actuarial assumptions (Continued)

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

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

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

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

*Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:* The table at the top of the following page 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.

| System                               | 1% Decrease<br>(5.85%) | Discount Rate<br>(6.85%) | 1% Increase<br>(7.85%) |
|--------------------------------------|------------------------|--------------------------|------------------------|
| Noncontributory System               | \$ 303,031             | \$ 71,652                | \$ (122,399)           |
| Firefighters System                  | 837,326                | (384,752)                | (1,381,213)            |
| Tier 2 Public Employees System       | 82,447                 | 27,604                   | (15,058)               |
| Tier 2 Public Safety and Firefighter | 1,087,962              | 319,060                  | (295,691)              |
| <b>Total</b>                         | <b>\$ 2,310,766</b>    | <b>\$ 33,564</b>         | <b>\$ (1,814,361)</b>  |

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

# HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8 PENSION PLANS (Continued)

#### Defined Contribution Savings Plans

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

The District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems: 401(k) Plan, 457(b) Plan, Roth IRA Plan, and Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31 were as follows:

| <b>401(k) Plan</b>     | <b>2025</b> | <b>2024</b> | <b>2023</b> |
|------------------------|-------------|-------------|-------------|
| Employer Contributions | \$ 92,166   | \$ 60,602   | \$ 45,252   |
| Employee Contributions | 28,289      | 28,477      | 25,343      |
| <b>457 Plan</b>        |             |             |             |
| Employer Contributions | \$ -        | \$ -        | \$ -        |
| Employee Contributions | 11,024      | 2,936       | 2,779       |
| <b>Roth IRA Plan</b>   |             |             |             |
| Employer Contributions | N/A         | N/A         | N/A         |
| Employee Contributions | \$ 4,260    | \$ 5,890    | \$ 11,050   |
| <b>Traditional IRA</b> |             |             |             |
| Employer Contributions | N/A         | N/A         | N/A         |
| Employee Contributions | \$ -        | \$ 200      | \$ -        |

### NOTE 9 TRANSACTIONS WITH PRIMARY GOVERNMENT

The District is a component unit of Washington County, Utah (the County). The District financed the purchase of two fire ladder trucks and a fire station with the County. The amount owed to the County at December 31, 2025 was \$2,154,000 and the related debt service payments for the year then ended were \$154,300.

The District has a receivable from the County for \$1,976,633 at year end for property taxes the County collected on behalf of, but has yet to remit them to, the District. The total property taxes collected by the County and paid to the District during the year were \$6,750,155.

The County has agreed to pay the District 4% of the Transient Room Taxes it collects in exchange for the District providing emergency medical services to Zion National Park. At year end, the District has a receivable from the County related to this agreement for \$172,246 and received \$592,086 in Transient Room Taxes from the County during the year.

The District leases two ambulances from the County under a no-cost leasing agreement.

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 INSURANCE AND RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, property damage, destruction of assets, errors, omissions, injuries, and natural disasters. The District and its property are insured through Bringham-Leavitt Insurance Agency, Inc. The District is subject to a minimal deductible for claims.

**NOTE 11 INTERFUND TRANSFERS**

During the year ending December 31, 2025, the general fund transferred \$1,000,000 to the capital projects fund for future capital needs.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**HURRICANE VALLEY FIRE SPECIAL SERVICES DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**For the Year Ended December 31, 2025**

|                                             | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with</u> |
|---------------------------------------------|-------------------------|---------------------|---------------------|----------------------|
|                                             | <u>Original</u>         | <u>Final</u>        | <u>Amounts</u>      | <u>final budget</u>  |
| <b>Revenues</b>                             |                         |                     |                     |                      |
| Property taxes                              | \$ 6,800,000            | \$ 6,800,000        | \$ 7,624,754        | \$ 824,754           |
| Charges for services                        | 3,727,500               | 5,037,500           | 5,138,903           | 101,403              |
| Grants                                      | 5,500                   | 9,100               | 9,037               | (63)                 |
| Interest income                             | 185,000                 | 185,000             | 26,484              | (158,516)            |
| Contributions from other governments        | 630,000                 | 630,000             | 619,823             | (10,177)             |
| Other income                                | 30,000                  | 30,000              | 15,487              | (14,513)             |
| <b>Total Revenues</b>                       | <u>11,378,000</u>       | <u>12,691,600</u>   | <u>13,434,488</u>   | <u>742,888</u>       |
| <b>Expenditures</b>                         |                         |                     |                     |                      |
| Current:                                    |                         |                     |                     |                      |
| Fire and emergency medical operations:      |                         |                     |                     |                      |
| Personnel services                          | 9,310,050               | 9,707,049           | 9,832,458           | (125,409)            |
| Supplies and utilities                      | 122,100                 | 124,100             | 114,478             | 9,622                |
| Professional services                       | 442,750                 | 493,000             | 496,560             | (3,560)              |
| Operations and maintenance                  | 1,107,500               | 1,389,500           | 1,413,865           | (24,365)             |
| Debt service                                | 164,497                 | 164,497             | 176,788             | (12,291)             |
| <b>Total Expenditures</b>                   | <u>11,146,897</u>       | <u>11,878,146</u>   | <u>12,034,149</u>   | <u>(156,003)</u>     |
| <b>Excess (Deficiency) of Revenues</b>      |                         |                     |                     |                      |
| <b>Over (Under) Expenditures</b>            | <u>\$ 231,103</u>       | <u>\$ 813,454</u>   | <u>\$ 1,400,339</u> | <u>\$ (586,885)</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                     |                     |                      |
| Transfers out                               | <u>(225,000)</u>        | <u>(1,000,000)</u>  | <u>(1,000,000)</u>  | <u>-</u>             |
| <b>Total Other Financing Sources (Uses)</b> | <u>(225,000)</u>        | <u>(1,000,000)</u>  | <u>(1,000,000)</u>  | <u>-</u>             |
| <b>Net Change in Fund Balance</b>           | <u>\$ 6,103</u>         | <u>\$ (186,546)</u> | <u>400,339</u>      | <u>\$ (586,885)</u>  |
| <b>Fund Balance, Beginning</b>              |                         |                     | <u>4,383,894</u>    |                      |
| <b>Fund Balance, Ending</b>                 |                         |                     | <u>\$ 4,784,233</u> |                      |

**HURRICANE VALLEY FIRE SPECIAL SERVICES DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – IMPACT FEE SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2025**

|                                      | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>final budget</u> |
|--------------------------------------|-------------------------|-------------------|---------------------------|---------------------------------------|
|                                      | <u>Original</u>         | <u>Final</u>      |                           |                                       |
| <b>Revenues</b>                      |                         |                   |                           |                                       |
| Impact fees                          | \$ 600,000              | \$ 675,000        | \$ 699,372                | \$ 24,372                             |
| Interest income                      | -                       | 516               | 159,083                   | 158,567                               |
| Contributions from other governments | -                       | 38,998            | 38,998                    | -                                     |
| <b>Total Revenues</b>                | <u>600,000</u>          | <u>714,514</u>    | <u>897,453</u>            | <u>182,939</u>                        |
| <b>Expenditures</b>                  |                         |                   |                           |                                       |
| Debt service                         | 365,000                 | 365,000           | 329,311                   | 35,689                                |
| Capital outlay                       | -                       | 110,000           | 105,950                   | 4,050                                 |
| <b>Total Expenditures</b>            | <u>365,000</u>          | <u>475,000</u>    | <u>435,261</u>            | <u>39,739</u>                         |
| <b>Net Change in Fund Balance</b>    | <u>\$ 235,000</u>       | <u>\$ 239,514</u> | 462,192                   | <u>\$ (222,678)</u>                   |
| <b>Fund Balance, Beginning</b>       |                         |                   | <u>3,574,164</u>          |                                       |
| <b>Fund Balance, Ending</b>          |                         |                   | <u>\$ 4,036,356</u>       |                                       |

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**December 31, 2025 – Last 10 Measurement Dates**

| <b>Measurement Date:<br/>December 31,</b>                                                              | <b>Noncontributory<br/>Retirement System</b> | <b>Firefighters<br/>Retirement System</b> | <b>Tier 2 Public<br/>Employees<br/>Retirement<br/>System</b> | <b>Tier 2 Public<br/>Safety and<br/>Firefighters<br/>Retirement<br/>System</b> |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------|
| <u>Proportion of the net pension liability (asset)</u>                                                 |                                              |                                           |                                                              |                                                                                |
| 2015                                                                                                   | 0.0049493%                                   | 1.1797390%                                | 0.0017688%                                                   | 0.0816561%                                                                     |
| 2016                                                                                                   | 0.0075955%                                   | 1.2359810%                                | 0.0000000%                                                   | 0.0971078%                                                                     |
| 2017                                                                                                   | 0.0085593%                                   | 1.2339138%                                | 0.0019730%                                                   | 0.4497034%                                                                     |
| 2018                                                                                                   | 0.0093666%                                   | 1.5895500%                                | 0.0022766%                                                   | 0.5038905%                                                                     |
| 2019                                                                                                   | 0.0099903%                                   | 1.7272487%                                | 0.0027518%                                                   | 0.5382150%                                                                     |
| 2020                                                                                                   | 0.0103378%                                   | 1.6446242%                                | 0.0020895%                                                   | 0.5082650%                                                                     |
| 2021                                                                                                   | 0.0204625%                                   | 1.6891890%                                | 0.0055247%                                                   | 0.5422954%                                                                     |
| 2022                                                                                                   | 0.0291721%                                   | 1.9714694%                                | 0.0067830%                                                   | 0.8496741%                                                                     |
| 2023                                                                                                   | 0.0276632%                                   | 2.0616035%                                | 0.0106723%                                                   | 0.7237474%                                                                     |
| 2024                                                                                                   | 0.0225954%                                   | 2.1904143%                                | 0.0092557%                                                   | 0.7054326%                                                                     |
| <u>Proportionate share of the net pension liability (asset)</u>                                        |                                              |                                           |                                                              |                                                                                |
| 2015                                                                                                   | \$ 28,006                                    | \$ (21,367)                               | \$ (4)                                                       | \$ (1,193)                                                                     |
| 2016                                                                                                   | 48,772                                       | (9,744)                                   | -                                                            | (843)                                                                          |
| 2017                                                                                                   | 37,501                                       | (77,064)                                  | 174                                                          | (55,203)                                                                       |
| 2018                                                                                                   | 68,973                                       | 206,399                                   | 975                                                          | 12,625                                                                         |
| 2019                                                                                                   | 37,652                                       | (214,213)                                 | 619                                                          | 50,627                                                                         |
| 2020                                                                                                   | 5,303                                        | (459,870)                                 | 301                                                          | 45,588                                                                         |
| 2021                                                                                                   | (117,191)                                    | (985,163)                                 | (2,338)                                                      | (27,409)                                                                       |
| 2022                                                                                                   | 49,964                                       | (511,999)                                 | 7,386                                                        | 70,884                                                                         |
| 2023                                                                                                   | 64,167                                       | (483,847)                                 | 20,772                                                       | 272,630                                                                        |
| 2024                                                                                                   | 71,652                                       | (384,752)                                 | 27,604                                                       | 319,060                                                                        |
| <u>Covered payroll</u>                                                                                 |                                              |                                           |                                                              |                                                                                |
| 2015                                                                                                   | \$ 39,998                                    | \$ 413,082                                | \$ 11,422                                                    | \$ 48,585                                                                      |
| 2016                                                                                                   | 70,203                                       | 503,377                                   | -                                                            | 80,233                                                                         |
| 2017                                                                                                   | 72,553                                       | 538,222                                   | 19,250                                                       | 474,454                                                                        |
| 2018                                                                                                   | 79,244                                       | 692,671                                   | 26,600                                                       | 672,571                                                                        |
| 2019                                                                                                   | 83,791                                       | 762,973                                   | 38,174                                                       | 887,140                                                                        |
| 2020                                                                                                   | 86,540                                       | 741,168                                   | 33,475                                                       | 1,011,966                                                                      |
| 2021                                                                                                   | 164,736                                      | 784,137                                   | 102,179                                                      | 1,296,833                                                                      |
| 2022                                                                                                   | 238,854                                      | 974,501                                   | 147,233                                                      | 2,614,334                                                                      |
| 2023                                                                                                   | 206,309                                      | 867,474                                   | 275,918                                                      | 2,742,307                                                                      |
| 2024                                                                                                   | 165,561                                      | 1,006,515                                 | 274,405                                                      | 3,220,100                                                                      |
| <u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u> |                                              |                                           |                                                              |                                                                                |
| 2015                                                                                                   | 70.02%                                       | -5.17%                                    | -0.04%                                                       | -2.46%                                                                         |
| 2016                                                                                                   | 69.47%                                       | -1.94%                                    | 0.00%                                                        | -1.05%                                                                         |
| 2017                                                                                                   | 51.69%                                       | -14.32%                                   | 0.90%                                                        | -11.64%                                                                        |
| 2018                                                                                                   | 87.04%                                       | 29.80%                                    | 3.67%                                                        | 1.88%                                                                          |
| 2019                                                                                                   | 44.94%                                       | -28.08%                                   | 1.62%                                                        | 5.71%                                                                          |
| 2020                                                                                                   | 6.13%                                        | -62.05%                                   | 0.90%                                                        | 4.50%                                                                          |
| 2021                                                                                                   | -71.14%                                      | -125.64%                                  | -2.29%                                                       | -2.11%                                                                         |
| 2022                                                                                                   | 20.92%                                       | -52.54%                                   | 5.02%                                                        | 2.71%                                                                          |
| 2023                                                                                                   | 31.10%                                       | -55.78%                                   | 7.53%                                                        | 9.94%                                                                          |
| 2024                                                                                                   | 43.28%                                       | -38.23%                                   | 10.06%                                                       | 9.91%                                                                          |
| <u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>              |                                              |                                           |                                                              |                                                                                |
| 2015                                                                                                   | 87.80%                                       | 101.00%                                   | 100.20%                                                      | 110.70%                                                                        |
| 2016                                                                                                   | 87.30%                                       | 100.40%                                   | 95.10%                                                       | 103.60%                                                                        |
| 2017                                                                                                   | 91.90%                                       | 103.00%                                   | 97.40%                                                       | 103.00%                                                                        |
| 2018                                                                                                   | 87.00%                                       | 94.30%                                    | 90.80%                                                       | 95.60%                                                                         |
| 2019                                                                                                   | 93.70%                                       | 105.00%                                   | 96.50%                                                       | 89.60%                                                                         |
| 2020                                                                                                   | 99.20%                                       | 110.50%                                   | 98.30%                                                       | 93.10%                                                                         |
| 2021                                                                                                   | 108.70%                                      | 120.10%                                   | 103.80%                                                      | 102.80%                                                                        |
| 2022                                                                                                   | 97.50%                                       | 108.40%                                   | 92.30%                                                       | 96.40%                                                                         |
| 2023                                                                                                   | 96.90%                                       | 106.79%                                   | 89.58%                                                       | 89.10%                                                                         |
| 2024                                                                                                   | 96.02%                                       | 104.64%                                   | 87.44%                                                       | 90.10%                                                                         |

**HURRICANE VALLEY FIRE SPECIAL SERVICES DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS**  
**December 31, 2025 – Last 10 Years**

| For the year ended<br>December 31,                                           | Noncontributory<br>Retirement<br>System | Firefighters<br>Retirement<br>System | Tier 2 Public<br>Employees<br>System ** | Tier 2 Public<br>Safety and<br>Firefighter<br>System ** | Tier 2 Public<br>Employees DC<br>Only System ** | Tier 2 Public<br>Safety and<br>Firefighter DC<br>Only System ** |
|------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------|-----------------------------------------|---------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------|
| <u>Actuarial Determined Contributions</u>                                    |                                         |                                      |                                         |                                                         |                                                 |                                                                 |
| 2016                                                                         | \$ 12,966                               | \$ 13,677                            | \$ -                                    | \$ 8,625                                                | \$ -                                            | \$ -                                                            |
| 2017                                                                         | 13,401                                  | 14,116                               | 2,896                                   | 51,206                                                  | -                                               | -                                                               |
| 2018                                                                         | 14,636                                  | 21,066                               | 4,078                                   | 74,798                                                  | -                                               | -                                                               |
| 2019                                                                         | 15,535                                  | 25,463                               | 5,962                                   | 100,823                                                 | -                                               | -                                                               |
| 2020                                                                         | 15,984                                  | 24,735                               | 5,438                                   | 129,136                                                 | 719                                             | 6                                                               |
| 2021                                                                         | 30,427                                  | 25,962                               | 16,324                                  | 182,594                                                 | 1,336                                           | 27                                                              |
| 2022                                                                         | 43,473                                  | 28,968                               | 24,149                                  | 368,098                                                 | 4,595                                           | 33                                                              |
| 2023                                                                         | 36,967                                  | 28,416                               | 44,174                                  | 386,300                                                 | 3,448                                           | 152                                                             |
| 2024                                                                         | 29,048                                  | 23,439                               | 42,856                                  | 454,156                                                 | 2,019                                           | 586                                                             |
| 2025                                                                         | 2,103                                   | 20,209                               | 41,962                                  | 502,011                                                 | -                                               | 750                                                             |
| <u>Contributions in relation to the contractually required Contributions</u> |                                         |                                      |                                         |                                                         |                                                 |                                                                 |
| 2016                                                                         | \$ 12,966                               | \$ 13,677                            | \$ -                                    | \$ 8,625                                                | \$ -                                            | \$ -                                                            |
| 2017                                                                         | 13,401                                  | 14,116                               | 2,896                                   | 51,206                                                  | -                                               | -                                                               |
| 2018                                                                         | 14,636                                  | 21,066                               | 4,078                                   | 74,798                                                  | -                                               | -                                                               |
| 2019                                                                         | 15,535                                  | 25,463                               | 5,962                                   | 100,823                                                 | -                                               | -                                                               |
| 2020                                                                         | 15,984                                  | 24,735                               | 5,438                                   | 129,136                                                 | 719                                             | 6                                                               |
| 2021                                                                         | 30,427                                  | 25,962                               | 16,324                                  | 182,594                                                 | 1,336                                           | 27                                                              |
| 2022                                                                         | 43,473                                  | 28,968                               | 24,149                                  | 368,098                                                 | 4,595                                           | 33                                                              |
| 2023                                                                         | 36,967                                  | 28,416                               | 44,174                                  | 386,300                                                 | 3,448                                           | 152                                                             |
| 2024                                                                         | 29,048                                  | 23,439                               | 42,856                                  | 454,156                                                 | 2,019                                           | 586                                                             |
| 2025                                                                         | 2,103                                   | 20,209                               | 41,962                                  | 502,011                                                 | -                                               | 750                                                             |
| <u>Contribution deficiency (excess)</u>                                      |                                         |                                      |                                         |                                                         |                                                 |                                                                 |
| 2016                                                                         | \$ -                                    | \$ -                                 | \$ -                                    | \$ -                                                    | \$ -                                            | \$ -                                                            |
| 2017                                                                         | -                                       | -                                    | -                                       | -                                                       | -                                               | -                                                               |
| 2018                                                                         | -                                       | -                                    | -                                       | -                                                       | -                                               | -                                                               |
| 2019                                                                         | -                                       | -                                    | -                                       | -                                                       | -                                               | -                                                               |
| 2020                                                                         | -                                       | -                                    | -                                       | -                                                       | -                                               | -                                                               |
| 2021                                                                         | -                                       | -                                    | -                                       | -                                                       | -                                               | -                                                               |
| 2022                                                                         | -                                       | -                                    | -                                       | -                                                       | -                                               | -                                                               |
| 2023                                                                         | -                                       | -                                    | -                                       | -                                                       | -                                               | -                                                               |
| 2024                                                                         | -                                       | -                                    | -                                       | -                                                       | -                                               | -                                                               |
| 2025                                                                         | -                                       | -                                    | -                                       | -                                                       | -                                               | -                                                               |
| <u>Covered payroll</u>                                                       |                                         |                                      |                                         |                                                         |                                                 |                                                                 |
| 2016                                                                         | \$ 70,203                               | \$ 503,377                           | \$ -                                    | \$ 80,233                                               | \$ -                                            | \$ -                                                            |
| 2017                                                                         | 72,553                                  | 538,222                              | 19,250                                  | 474,454                                                 | -                                               | -                                                               |
| 2018                                                                         | 79,244                                  | 692,671                              | 26,600                                  | 672,571                                                 | -                                               | -                                                               |
| 2019                                                                         | 84,111                                  | 762,286                              | 38,174                                  | 887,484                                                 | -                                               | -                                                               |
| 2020                                                                         | 86,540                                  | 741,168                              | 34,603                                  | 1,011,966                                               | 10,753                                          | 8,065                                                           |
| 2021                                                                         | 164,736                                 | 784,137                              | 102,179                                 | 1,296,833                                               | 19,963                                          | 33,281                                                          |
| 2022                                                                         | 238,704                                 | 974,501                              | 150,623                                 | 2,614,334                                               | 72,033                                          | 41,058                                                          |
| 2023                                                                         | 206,309                                 | 867,474                              | 275,918                                 | 2,743,601                                               | 55,704                                          | 189,946                                                         |
| 2024                                                                         | 165,561                                 | 938,783                              | 274,405                                 | 3,225,548                                               | 32,617                                          | 331,266                                                         |
| 2025                                                                         | 12,394                                  | 1,307,532                            | 285,608                                 | 3,565,187                                               | -                                               | 478,860                                                         |
| <u>Contributions as a percentage of covered payroll</u>                      |                                         |                                      |                                         |                                                         |                                                 |                                                                 |
| 2016                                                                         | 18.47%                                  | 2.72%                                | 0.00%                                   | 10.75%                                                  | 0.00%                                           | 0.00%                                                           |
| 2017                                                                         | 18.47%                                  | 2.62%                                | 15.04%                                  | 10.79%                                                  | 0.00%                                           | 0.00%                                                           |
| 2018                                                                         | 18.47%                                  | 3.04%                                | 15.33%                                  | 11.12%                                                  | 0.00%                                           | 0.00%                                                           |
| 2019                                                                         | 18.47%                                  | 3.34%                                | 15.62%                                  | 11.36%                                                  | 0.00%                                           | 0.00%                                                           |
| 2020                                                                         | 18.47%                                  | 3.34%                                | 15.72%                                  | 12.76%                                                  | 6.69%                                           | 0.07%                                                           |
| 2021                                                                         | 18.47%                                  | 3.31%                                | 15.98%                                  | 14.08%                                                  | 6.69%                                           | 0.08%                                                           |
| 2022                                                                         | 18.21%                                  | 2.97%                                | 16.03%                                  | 14.08%                                                  | 6.38%                                           | 0.08%                                                           |
| 2023                                                                         | 17.92%                                  | 3.28%                                | 16.01%                                  | 14.08%                                                  | 6.19%                                           | 0.08%                                                           |
| 2024                                                                         | 17.55%                                  | 2.50%                                | 15.62%                                  | 14.08%                                                  | 6.19%                                           | 0.18%                                                           |
| 2025                                                                         | 16.97%                                  | 1.55%                                | 14.69%                                  | 14.08%                                                  | 0.00%                                           | 0.16%                                                           |

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

**HURRICANE VALLEY FIRE SPECIAL SERVICES DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 EXPENDITURES IN EXCESS OF BUDGET**

Expenditures of the District's General Fund exceeded its budgeted appropriations by \$156,003 for the year ended December 31, 2025.

**NOTE 2 CHANGES IN ASSUMPTIONS – PENSION PLAN**

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

## **SUPPLEMENTARY REPORTS**



CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

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

To the Administrative Control Board  
Hurricane Valley Fire Special Service District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Hurricane Valley Fire Special Service District (the District), component unit of Washington County, Utah, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 3, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2021-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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 determination of 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*.

**Hurricane Valley Fire Special Service District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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.

**KYC, CPA**

Woods Cross, Utah  
June 3, 2026



CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

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

To the Administrative Control Board  
Hurricane Valley Fire Special Service District

**Report on Compliance with State Requirements**

***Qualified and Unmodified Opinions***

We have audited Hurricane Valley Fire Special Service District's (the District), component unit of Washington County, Utah, 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 December 31, 2025.

State compliance requirements were tested for the year ended December 31, 2025 in the following areas:

|                       |                                    |
|-----------------------|------------------------------------|
| Budgetary Compliance  | Impact Fees                        |
| Fund Balance          | Special and Local Service District |
| Fraud Risk Assessment | Board Members                      |
| Government Fees       | Open and Public Meetings Act       |
| Cash Management       |                                    |

***Qualified Opinion on Special and Local Service District Board Members***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District's compliance with applicable regulations and statutes for the year ended December 31, 2025.

***Unmodified Opinion on Each of the Other State Compliance Areas***

In our opinion, Hurricane Valley Fire Special Service District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the District's compliance with applicable regulations and statutes for the year ended December 31, 2025.

***Basis for Qualified and Unmodified Opinions***

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 the District 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 the District's compliance with the compliance requirements referred to above.

### *Matters Giving Rise to Qualified Opinion on Local Service District Board Members*

As described in the accompanying schedule of findings and recommendations, see item 2023-003, Hurricane Valley Fire Special Service District did not comply with requirements regarding the following:

#### Special and Local Service

District Board Members: Board member training not completed

Compliance with such requirements is necessary, in our opinion, for Hurricane Valley Fire Special Service District to comply with the requirements applicable to Special and Local Service District Board Members.

### ***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 the District'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 the District'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 the District'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 the District'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 District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of our auditing procedures Disclosed other instances of non compliance which are required to be reported in accordance with the guide and which are described In the accompanying schedule of findings and recommendations as item 2025-001. Our opinion on each compliance requirement referred to above is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* 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 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 general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and recommendations as item 2023-003 to be a material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and recommendations as item 2025-001 to be a significant deficiency.

Our consideration of internal control over compliance was for 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed above, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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.

### **Hurricane Valley Fire Special Service District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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 requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

**KYC, CPA**

Woods Cross, Utah  
June 3, 2026

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended December 31, 2025**

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2021-001: Financial Close Procedures – Reissued**

**Condition:** During our audit we noted several areas of the financial statements required material adjustments to bring them into compliance with generally accepted accounting principles as they relate to governmental entities.

**Criteria:** Utah Code Annotated (UCA) 17B-1-603 states: “The accounting records of each local district shall be established and maintained, and financial statements prepared from those records, in conformance with generally accepted accounting principles promulgated from time to time by authoritative bodies in the United States.”

**Cause:** Reconciliations of accounts did not consider all factors related to the significant area.

**Effect:** Several material audit adjustments were required to be made to correct the financial statements. These adjustments impacted the following significant areas:

- Accounts receivable, net (including allowance for doubtful accounts)
- Intergovernmental receivables
- Accrued Liabilities
- Unavailable revenue

**Recommendation:** We recommend District staff prepare reconciliations for all significant balance sheet accounts in preparation of closing out the fiscal year. We also recommend the District implement policies or procedures to ensure the District’s records are prepared in accordance with generally accepted accounting principles.

**Management’s Response:** Management concurs with the auditor’s findings and recommendations. It has been the district’s practice over many years to rely on auditors to help identify needed adjustments; however, the items discovered this year by the auditors show that this practice is no longer acceptable. It is management’s policy that all adjustments be reviewed by District staff monthly, and we will continue to perform monthly reconciliation of all subsidiary funds.

**HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT**  
**Schedule of Findings and Recommendations (Continued)**  
**For the Year Ended December 31, 2025**

**STATE COMPLIANCE**

**2023-003: Special and Local Service District Board Members – Proper Board Member Trainings – Reissued**

**Condition:** During our testing we noted that the District did not hold certificates for their board members' completion of the Local District and Special Service District Board Member Trainings within a year of election or re-election.

**Criteria:** UCA 17B-1-312(1)(a)(b) states, "Each member of a board of trustees of a special district shall, within one year after taking office, complete the training described in Subsection (2). For the purposes of Subsection (1)(a), a member of a board of trustees of a special district takes office each time the member is elected or appointed to a new term, including an appointment to fill a midterm vacancy in accordance with Subsection 17B-1-303(5) or (6)." This training is one developed by the State Auditor and available on their website. Additionally, UCA 17B-1-312(4) states, "The state auditor shall issue a certificate of completion to each board member that completes the training described in Subsection (2)."

**Cause:** Board members did not provide copies of training certificates to management.

**Effect:** The District did not comply with the requirements of state law related to local districts.

**Recommendation:** We recommend the District ensure all the current members receive this training and their certificates of completion are kept on file.

**Management's Response:** Management acknowledges the auditor's findings and recommendations and will revise its policies and procedures to ensure that all board members receive the required training at the beginning of each calendar year. This issue has been corrected for the 2026 calendar year, and all required training has been completed. Management will continue to monitor compliance to ensure training requirements are met on an ongoing basis.

**2025-001: Fraud Risk Assessment – Sufficient Supporting Documentation**

**Condition:** During our testing the District could not provide sufficient documentation to support certain recommended measures claimed in its 2025 Fraud Risk Assessment filed with Office of the State Auditor.

**Criteria:** Chapter 1, Part F of the 2025 *State Compliance Audit Guide* directs the auditor to "determine that the entity has sufficient documentation to support its Risk Assessment."

**Cause:** This was an oversight by management.

**Effect:** The assessment score as calculated on the District's 2025 Fraud Risk Assessment may not be accurate.

**Recommendation:** We recommend the District retain appropriate support for measures claimed on its Fraud Risk Assessment.

**Management's Response:** Management concurs with the auditor's findings and recommendations and will ensure that all documentation and records related to the District's risk assessments are properly maintained and retained in accordance with applicable policies and requirements.