

Hildale City Monthly Financial Report, August 2025

Monthly Financial Reporting:

Starting in the new fiscal year, our payment processor changed. With that change, the way payments have been imported into our accounting software has also changed and it is no longer correctly recognizing different payment types (check vs credit card vs other payment types). Due to that issue, the financial information needed for council meetings was not available as soon as necessary to have the financial report included in the original Council package. Christina has been working with Caselle (our accounting software vendor) to get the current issues fixed. We anticipate this will be remedied before the next council meeting.

We have also implemented new processes where the financial consultant will receive a copy of the bank statements as soon as they are available, and account reconciliations and reports once they are completed for the prior month. This will help ensure that financial reports are completed and ready for the monthly city council meeting.

Cash and PTIF accounts: We are currently in the process of getting the new PTIF accounts set up for Impact Fees and for the various major projects and grant funds as discussed in the August City Council meeting. We anticipate these accounts will be set up by the October City Council meeting. The cash balances we are providing today are consistent with what was provided in the month of August and represent the operating cash balances. These balances do not include cash held in the current PTIF account. It is anticipated that we will begin including these restricted PTIF funds in our monthly report starting in October.

The financial consultant and the City Recorder have been meeting on a weekly basis to discuss accounting questions, roadblocks and bottlenecks the City is running into.

Audit Findings Review and Policy implementation:

In addition to meetings with the City Recorder, we have included the Utility Director and Utility Management Assistant in discussions. As part of those conversations, we are updating some of the revenue and expense coding for the utility funds, as well as helping sort through the requirements for impact fee record keeping and reporting.

The review of the City's internal controls is nearly complete. There will be several suggestions for strengthening controls and implementation of mitigating controls in a few areas. Overall, I have been impressed with the segregation of duties and don't believe any major changes will need to be implemented as long as current policies and procedures are being followed and there are no management override of controls. There may be additional safeguards added that can help strengthen overall internal controls.

Staff training needs have been a secondary priority. Once audit preparations are complete, we will begin the process of updating standard operating procedures and guides.

Joint Fund Review and Analysis:

Preliminary discussions with the Utility Director and Utility Management Assistant have helped begin painting the picture of what has transpired in the recent, and non-so-recent, past. Concerns over impact fee reporting and usage, in conjunction with Colorado City, have been discussed and plans are being developed to better coordinate with Arizona users of the utilities.

Year-end Accounting and Audit Assistance:

Several required adjustments have already been discovered by the City Recorder and Utility Management Assistant. Some of these adjustments have been recorded into the accounting software, while others we are working to accurately document and secure backup for the year-end adjustments. These adjustments will continue to be developed as we get closer to the annual audit which has been scheduled for November 17 – 21. The financial consultant will be available that week and plans to be present on-site for as much of the audit as possible.

I have begun to analyze the FY25 Trial Balance and am working on a list of potential end of year adjustments that may need to be made. As we analyze the trial balance, we are accumulating the potential adjustments and comparing them to prior year adjustments to see where additional training and guidance can be provided to the full-time staff.

Other items:

The City Recorder has noticed some inconsistencies in where some items are being coded, which we are working to improve. Among these are debt payments which were added to accounts that, based on the account name, should not be used. We are working on cleaning up the chart of accounts, meaning we are adding accounts that are more specific to the purpose of the account (such as and impact fee interest revenue account for both water and sewer impact fees) and discontinuing the use of other accounts which may have misleading naming conventions (such as debt service transfer).

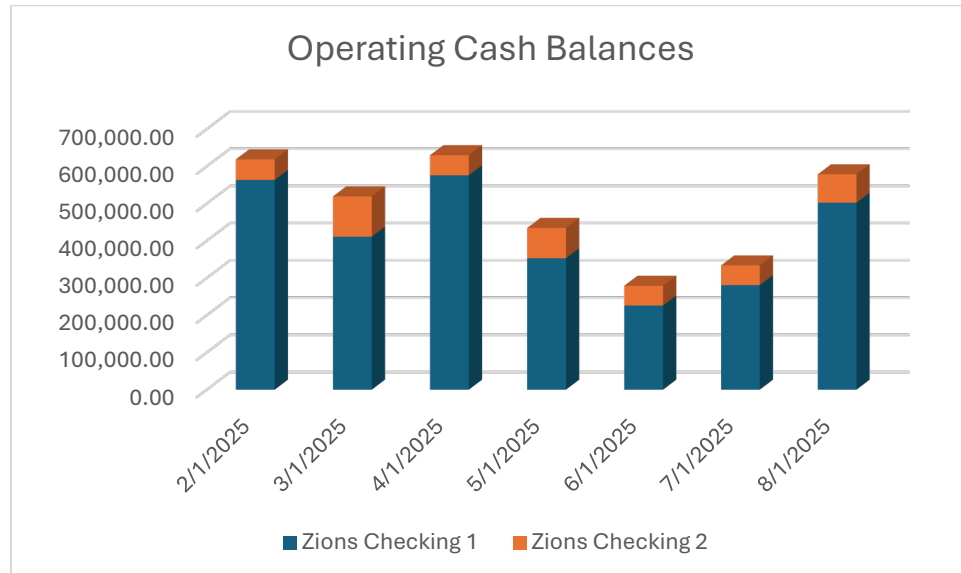
Two items that fall into this category of needing to be moved are the debt service payments on a Tahoe, and the debt service payments on an ambulance. We have found more appropriate places to code these payments and are going to implement these updated accounts going forward.

In our weekly meetings, the city recorder is bringing potential adjustments that may need to be made and asking great questions on these items. I have been helping with the

implementation and providing guidance, but most of the adjustments are being found by the recorder before I find them. This is a great sign.

We have also discussed the need for recording and tracking on-going projects using Work in Process (WIP) or Construction in Progress (CIP) accounts. These are adjustments that have primarily been discovered by the auditor in prior years' and will help us and them to accurately track the larger projects the city is currently working on. It will also be a step to resolve the recurring audit findings regarding not having a method of tracking our capital assets and infrastructure.

Cash Balances:



Date	Zions Checking 1	Zions Checking 2	Total
2/28/2025	563,389.69	55,236.77	618,626.46
3/31/2025	410,945.96	108,141.00	519,086.96
4/30/2025	575,900.21	53,795.98	629,696.19
5/30/2025	352,916.32	81,369.65	434,285.97
6/30/2025	226,103.73	52,858.78	278,962.51
7/31/2025	280,894.83	52,856.14	333,750.97
8/29/2025	502,088.78	76,228.16	578,316.94