



FINANCIAL STATEMENTS

**For the Year Ended
June 30, 2025**

HYDE PARK CITY
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INTRODUCTORY SECTION

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October 24, 2025

Hyde Park City Council
Hyde Park City, Utah

Council:

It is with great pleasure that the financial statements of Hyde Park City ("City") for the year ended June 30, 2025, are presented.

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. These financial statements are hereby issued and submitted to you for the fiscal year ended June 30, 2025, in accordance with these requirements.

This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects. This internal control structure is subject to periodic evaluation by management.

The City's financial statements have been audited by Richey, May & Co., LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2025 are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report.

The financial reporting entity includes all funds of the primary government (i.e., Hyde Park City as legally defined), as well as all of its component unit. Component units are legally separate entities for which the primary government is financially accountable. The Municipal Building Authority Component Unit is reported as an enterprise fund.

I wish to express my appreciation to all members of the City who assisted and contributed to the preparation of this report.

Respectfully submitted,

Mayor Bryan Cox
Hyde Park City

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Hyde Park City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Hyde Park City ("City"), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

Report on Summarized Comparative Information

We have previously audited the City's 2024 financial statements, and we expressed an unmodified opinion on the respective financial statements in our report dated October 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ending June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAAS and GAS, 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Richey, May & Co., LLP
North Logan, UT
October 24, 2025

HYDE PARK CITY Management's Discussion and Analysis

For the Year Ended June 30, 2025

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

FINANCIAL HIGHLIGHTS

- The total net position of the City increased 13 percent to \$47,418,670.
- The total net position of \$47,418,670 is made up of \$35,023,295 in capital assets net of related debt and \$12,395,375 in restricted and unrestricted net position.
- Total capital assets increased \$3,389,904.
- Business-type activities total net position increased \$909,743.
- Governmental activities total net position increased \$4,630,391.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

- The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, users should also consider other financial factors when evaluating the financial statements of the City.
- The Statement of Activities presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 19-21 of this report.

HYDE PARK CITY

Management's Discussion and Analysis

Continued

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

- Governmental funds – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on the flow of resources and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations included with the fund financial statements.

The major governmental funds are the General Fund, the Capital Projects – General Fund, and the Capital Projects – City Park Fund.

- Proprietary funds – the City maintains one type of proprietary fund (enterprise funds) which reports the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility, wastewater collection utility, municipal building authority, and storm water funds.

The enterprise funds that meet the criteria of major fund classification are the Water Utilities Fund and Wastewater Collection Fund.

HYDE PARK CITY

Management's Discussion and Analysis

Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceed liabilities by \$47,418,670.

The largest portion of the City's net position (74%) reflects its investment in capital assets (e.g., land, construction in process, buildings, infrastructure assets, and vehicles and equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay such debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any of the associated liabilities.

The following table summarizes the City's net position as of June 30, 2025:

	Governmental Activities		Business-type Activities	
	2025	2024	2025	2024
Current and other assets	\$ 8,760,463	\$ 6,974,727	\$ 6,156,913	\$ 5,652,472
Capital and right-of-use assets	21,771,168	18,514,980	15,522,196	15,388,480
Deferred outflow of resources	203,417	198,847	91,390	85,220
Total assets and deferred outflows	30,735,048	25,688,554	21,770,499	21,126,172
Long-term debt outstanding	98,753	27,947	2,920,000	3,119,000
Other liabilities	650,302	429,366	428,020	494,359
Deferred inflow of resources	989,577	865,216	225	302
Total liabilities and deferred inflows	1,738,632	1,322,529	3,348,245	3,613,661
Net position:				
Net invested in capital assets	21,672,415	18,514,980	13,350,880	13,269,480
Restricted for roads, capital improvements and debt	4,639,539	3,459,843	2,565,597	1,974,045
Unrestricted	2,684,462	2,391,202	2,505,777	2,268,986
Total net position	\$ 28,996,416	\$ 24,366,025	\$ 18,422,254	\$ 17,512,511

HYDE PARK CITY

Management's Discussion and Analysis

Continued

The following table summarizes the changes in the City's net position during the year ended June 30, 2025:

Changes in Net Position

	Governmental Activities		Business-type Activities	
	2025	2024	2025	2024
Revenues:				
Program revenues:				
Charges for services	\$ 1,930,521	\$ 1,729,755	\$ 2,479,152	\$ 2,728,907
Operating grants and contributions	4,287	48,832	-	-
Capital grants and contributions	4,624,046	4,710,992	759,741	1,588,150
General revenues:				
Property taxes	989,075	864,835	-	-
Other taxes	2,081,167	2,092,722	-	-
Investment income	368,950	463,800	88,924	95,235
Other revenues	228,082	41,963	-	-
Total revenues	10,226,128	9,952,899	3,327,817	4,412,292
Expenses:				
General government	1,921,133	1,027,092	-	-
Public safety	1,051,597	1,061,814	-	-
Highways/public improvements	1,984,202	1,782,641	-	-
Parks, recreation and public improvements	627,100	454,618	-	-
Intergovernmental	11,705	18,751	-	-
Water	-	-	1,035,899	1,151,114
Wastewater collection	-	-	1,295,561	1,083,167
Municipal Building Authority	-	-	21,877	21,876
Storm water	-	-	64,737	84,454
Total expenses	5,595,737	4,344,916	2,418,074	2,340,611
Change in net position	4,630,391	5,607,983	909,743	2,071,681
Net position, beginning	24,366,025	18,758,042	17,512,511	15,440,830
Net position, ending	\$ 28,996,416	\$ 24,366,025	\$ 18,422,254	\$ 17,512,511

HYDE PARK CITY
Management's Discussion and Analysis

Continued

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

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

As of June 30, 2025, the City's governmental funds (General and Capital Projects) reported combined fund balances of \$7,273,602. This represents an increase of \$1,482,231 (26%) over last year's ending balances.

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

Taxes continue to be the largest source of revenue in the General Fund and represent 48 percent of total general fund revenues. The largest element of taxes continues to be sales taxes, representing 50 percent of total tax revenues and 24 percent of total General Fund revenues. Sales taxes accounted for 26 percent of total General Fund revenues in the prior fiscal year ended June 30, 2024.

The City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the fund statements provide greater detail.

Significant changes in business-type activities include new system improvements of approximately \$700,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended from an original expenditure total of \$6,023,000 to a final total of \$5,943,000 (1%). Changes within budget categories were made for general government, public safety, highways and improvements, and parks and recreation with the overall budget slightly decreasing.

ECONOMIC OUTLOOK

The City is continuing to grow with new development and as a result is increasing the infrastructure required for that growth while maintaining the same level of service for existing citizens.

HYDE PARK CITY Management's Discussion and Analysis

Continued

CAPITAL ASSETS

Capital assets – The City's capital and right-of-use assets for its governmental and business-type activities as of June 30, 2025, amounts to \$37,293,364 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, etc.), and machinery and equipment. The total increase in the City's investment in fixed assets for the current year was 10 percent (due to new purchases exceeding depreciation).

Major capital asset events during the current fiscal year included the following:

- \$4,073,903 in streets and sidewalks improvements
- \$618,427 in water improvements
- \$64,584 in wastewater collection improvements
- \$58,550 in land acquisition
- \$127,799 for equipment
- \$19,108 for building and improvements

	Governmental Activities	Business-type Activities
Land and water shares	\$ 2,692,541	\$ 173,083
Construction in progress	71,358	1,706,548
Buildings and improvements	1,580,592	694,971
Infrastructure and improvements	25,659,427	20,188,536
Vehicles and equipment	693,779	925,114
Less: accumulated depreciation	(8,971,929)	(8,166,056)
Total	<u>\$ 21,725,768</u>	<u>\$ 15,522,196</u>
Right-of-use assets - vehicles, net	<u>\$ 45,400</u>	<u>\$ -</u>

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

HYDE PARK CITY
Management's Discussion and Analysis

Continued

DEBT ADMINISTRATION

Long-term debt – At June 30, 2025, the City had water revenue bonds, lease liabilities, and an accrual for compensated absences.

	Governmental Activities	Business-type Activities
Water revenue bonds	\$ -	\$ 2,920,000
Lease liabilities	41,768	-
Compensated absences	56,985	-
	<u>\$ 98,753</u>	<u>\$ 2,920,000</u>

Additional information on the outstanding debt obligations of the City can be found in the footnotes to this report.

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HYDE PARK CITY
Statement of Net Position

As of June 30, 2025

	Governmental Activities	Business-type Activities	Total 2025	Memorandum Total 2024
Assets				
Cash and cash equivalents	\$ 1,047,241	\$ 2,612,970	\$ 3,660,211	\$ 4,753,978
Account receivable	3,421,804	229,662	3,651,466	1,060,827
Taxes receivable	1,001,388	-	1,001,388	879,860
Restricted taxes receivable	79,515	-	79,515	63,238
Restricted cash	3,210,515	3,314,281	6,524,796	5,869,296
Capital assets				
Land and water shares	2,692,541	173,083	2,865,624	2,807,074
Construction in progress	71,358	1,706,548	1,777,906	1,741,931
Buildings and improvements	1,580,592	694,971	2,275,563	2,256,455
Infrastructure and improvements	25,659,427	20,188,536	45,847,963	41,127,024
Vehicles and equipment	693,779	925,114	1,618,893	1,560,938
Less: accumulated depreciation	(8,971,929)	(8,166,056)	(17,137,985)	(15,589,962)
Right-of-use assets - vehicles, net	45,400	-	45,400	-
Total assets	30,531,631	21,679,109	52,210,740	46,530,659
Deferred outflows of resources - pensions	203,417	91,390	294,807	284,067
Total assets and deferred outflows	\$ 30,735,048	\$ 21,770,499	\$ 52,505,547	\$ 46,814,726

See accompanying notes to the financial statements.

HYDE PARK CITY
Statement of Net Position

Continued

	Governmental Activities	Business-type Activities	Total 2025	Memorandum Total 2024
Liabilities and Deferred Inflows of Resources				
Accounts payable	\$ 149,665	\$ 229,711	\$ 379,376	\$ 499,984
Accrued liabilities	348,121	129,787	477,908	293,802
Long-term liabilities				
Net pension liability	152,516	68,522	221,038	157,886
Lease liability - vehicles due within one year	12,964	-	12,964	-
Lease liability - vehicles due in more than one year	28,804	-	28,804	-
Due within one year	28,493	205,000	233,493	199,000
Due in more than one year	28,492	2,715,000	2,743,492	2,920,000
Total liabilities	749,055	3,348,020	4,097,075	4,070,672
Deferred inflows of resources - pensions	502	225	727	1,008
Deferred inflows of resources - property taxes	989,075	-	989,075	864,510
Total liabilities and deferred inflows of resources	1,738,632	3,348,245	5,086,877	4,936,190
Net Position				
Net investment in capital assets	21,672,415	13,350,880	35,023,295	31,784,460
Restricted for:				
Roads, capital improvements, and debt	4,639,539	2,565,597	7,205,136	5,433,888
Unrestricted	2,684,462	2,505,777	5,190,239	4,660,188
Total net position	\$ 28,996,416	\$ 18,422,254	\$ 47,418,670	\$ 41,878,536

HYDE PARK CITY
Statement of Activities

For the Year Ended June 30, 2025

	Expenses	Program Revenues		Net Governmental Activities	Business-type Activities	Total 2025	Memorandum Total 2024
		Charges for Services	Operating Grants & Contributions				
Governmental activities:							
General government	\$ 1,921,133	\$ 465,690	\$ -	\$ (1,455,443)	\$ -	\$ (1,455,443)	\$ (640,571)
Public safety	1,051,597	108,173	4,287	(939,137)	-	(939,137)	(951,581)
Highways & public improvements	1,984,202	1,305,805	-	3,761,558	-	3,761,558	3,673,461
Parks, recreation & public property	627,100	17,910	-	(425,099)	-	(425,099)	30,745
Intergovernmental	11,705	32,943	-	21,238	-	21,238	32,609
Total governmental activities	5,595,737	1,930,521	4,287	963,117	-	963,117	2,144,663
Business-type activities:							
Water	1,035,899	1,219,183	-	-	538,010	538,010	1,870,093
Wastewater collection	1,295,561	1,062,713	-	-	(13,893)	(13,893)	89,837
Municipal Bldg. Authority	21,877	-	-	-	(21,877)	(21,877)	(21,876)
Storm water	64,737	197,256	-	-	318,579	318,579	38,392
Total business-type activities	\$2,418,074	\$2,479,152	\$ -	\$ 759,741	820,819	820,819	1,976,446
General revenues:							
Taxes:							
Property taxes levied for general purposes				989,075	-	989,075	864,835
Franchise and other taxes				549,279	-	549,279	557,729
General sales taxes & highway sales taxes				1,531,888	-	1,531,888	1,534,993
Business licenses				9,358	-	9,358	5,917
Investment income				368,950	88,924	457,874	559,035
Miscellaneous				218,724	-	218,724	36,046
Total general revenues				3,667,274	88,924	3,756,198	3,558,555
Change in net position				4,630,391	909,743	5,540,134	7,679,664
Net position, beginning				24,366,025	17,512,511	41,878,536	34,198,872
Net position, ending				\$28,996,416	\$ 18,422,254	\$ 47,418,670	\$ 41,878,536

See accompanying notes to the financial statements.

HYDE PARK CITY
Balance Sheet
Governmental Funds

As of June 30, 2025

	General	Capital Projects - General	Capital Projects - City Park	Total 2025	Memorandum Total 2024
Assets					
Cash and cash equivalents	\$ 1,047,241	\$ -	\$ -	\$ 1,047,241	\$ 2,405,172
Accounts/grants receivable	50,214	3,371,590	-	3,421,804	747,671
Taxes receivable	1,001,388	-	-	1,001,388	879,860
Due from other funds	1,898,907	-	-	1,898,907	-
Restricted assets:					-
Taxes receivable	79,515	-	-	79,515	63,238
Cash and cash equivalents	3,192,520	-	17,995	3,210,515	2,878,786
Total assets	<u>\$ 7,269,785</u>	<u>\$ 3,371,590</u>	<u>\$ 17,995</u>	<u>\$ 10,659,370</u>	<u>\$ 6,974,727</u>
Liabilities and deferred inflow of resources					
Liabilities:					
Accounts payable	\$ 106,006	\$ 43,659	\$ -	\$ 149,665	\$ 169,632
Accrued liabilities	348,121	-	-	348,121	149,214
Due to other funds	-	1,898,907	-	1,898,907	-
Total liabilities	454,127	1,942,566	-	2,396,693	318,846
Deferred inflow of resources-taxes	989,075	-	-	989,075	864,510
Total liabilities and deferred inflow of resources	<u>1,443,202</u>	<u>1,942,566</u>	<u>-</u>	<u>3,385,768</u>	<u>1,183,356</u>
Fund balance					
Restricted for roads	1,339,257	-	-	1,339,257	969,102
Restricted for capital projects	1,046,459	1,429,024	17,995	2,493,478	1,577,853
Restricted for impact fees	806,804	-	-	806,804	912,888
Unassigned	2,634,063	-	-	2,634,063	2,331,528
Total fund balance	<u>5,826,583</u>	<u>1,429,024</u>	<u>17,995</u>	<u>7,273,602</u>	<u>5,791,371</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 7,269,785</u>	<u>\$ 3,371,590</u>	<u>\$ 17,995</u>		

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	21,725,768	18,514,980
Right-of-use assets and related lease liabilities are not due and payable in the current period or financial resources and therefore, are not reported in the governmental funds.	3,632	-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(56,985)	(27,947)
Pension liabilities, deferred inflows, and deferred outflows are not due and payable in the current period, and therefore, are not reported in the governmental funds.	50,399	87,621
Net position of governmental activities	<u>\$ 28,996,416</u>	<u>\$ 24,366,025</u>

HYDE PARK CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2025

	General	Capital Projects - General	Capital Projects - City Park	Total 2025	Memorandum Total 2024
Revenues:					
Taxes & special assessments	\$ 3,070,242	\$ -	\$ -	\$ 3,070,242	\$ 2,957,557
Licenses and permits	466,678	-	-	466,678	297,506
Intergovernmental	532,098	3,778,416	93,744	4,404,258	4,759,824
Charges for services	1,664,333	-	-	1,664,333	1,386,806
Fines & forfeitures	32,943	-	-	32,943	51,360
Investment income	368,950	-	-	368,950	463,800
Miscellaneous	218,724	-	-	218,724	36,046
Total revenues	6,353,968	3,778,416	93,744	10,226,128	9,952,899
Expenditures:					
Current:					
General government	1,790,977	-	-	1,790,977	1,447,958
Public safety	1,144,603	-	-	1,144,603	1,061,814
Highways & public improvements	1,867,114	3,188,758	-	5,055,872	5,619,026
Parks, recreation & public property	196,245	-	544,495	740,740	964,874
Intergovernmental	11,705	-	-	11,705	18,751
Total expenditures	5,010,644	3,188,758	544,495	8,743,897	9,112,423
Excess (deficiency) of revenues over expenditures	1,343,324	589,658	(450,751)	1,482,231	840,476
Other financing sources (uses):					
Transfers in/out	(350,000)	290,000	60,000	-	-
Total other financing sources	(350,000)	290,000	60,000	-	-
Net change in fund balances	993,324	879,658	(390,751)	1,482,231	840,476
Fund balances, beginning	4,833,259	549,366	408,746	5,791,371	4,950,895
Fund balances, ending	\$ 5,826,583	\$ 1,429,024	\$ 17,995	\$ 7,273,602	\$ 5,791,371

See accompanying notes to the financial statements.

HYDE PARK CITY**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities****For the Year Ended June 30, 2025**

Amounts reported for the governmental activities in the statements of activities are different because:	2025	Memorandum 2024
Net change in fund balances - total governmental funds	\$ 1,482,231	\$ 840,476
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because:		
The issuance of long-term debt (e.g. bonds, notes) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt including compensated absences and related items.		
Change in compensated absences	(29,038)	(1,995)
Pension expense	(37,222)	19,185
Certain expenses related to right-of-use assets and related lease liabilities in the Statement of Activities are amortized over the life of the lease. This amount is the net effect of the differences of amortization and lease interest and principal payments.	3,632	-
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. Capital contributions of roads from the State increase revenues. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.	3,210,788	4,750,317
Change in net position of governmental activities	<u>\$ 4,630,391</u>	<u>\$ 5,607,983</u>

HYDE PARK CITY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund

For the Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$ 935,000	\$ 970,000	\$ 989,075	\$ 19,075
General sales & use taxes	1,530,000	1,565,000	1,531,888	(33,112)
Franchise taxes	35,000	35,000	30,853	(4,147)
Other taxes	515,000	515,000	518,426	3,426
Total taxes	3,015,000	3,085,000	3,070,242	(14,758)
Licenses & permits:				
Business licenses & permits	5,000	5,000	9,358	4,358
Non-business licenses & permits	186,000	401,000	457,320	56,320
Total licenses & permits	191,000	406,000	466,678	60,678
Intergovernmental revenues:				
Class "C" roads	500,000	500,000	407,389	(92,611)
State liquor allotment	4,000	4,000	4,287	287
Other grants	15,000	-	120,422	120,422
Total intergovernmental revenues	519,000	504,000	532,098	28,098
Charges for services:				
Sanitation	580,000	580,000	556,932	(23,068)
Impact fees	125,000	125,000	224,075	99,075
Planning and zoning	370,000	370,000	757,243	387,243
Parks & public property	16,000	16,000	17,910	1,910
Communication center	104,000	104,000	108,173	4,173
Total charges for services	1,195,000	1,195,000	1,664,333	469,333
Fines & forfeitures:				
Court fines	30,000	30,000	32,943	2,943
Miscellaneous:				
Investment income	200,000	200,000	368,950	168,950
Miscellaneous:	123,000	523,000	218,724	(304,276)
Total miscellaneous	323,000	723,000	587,674	(135,326)
Total revenues	\$ 5,273,000	\$ 5,943,000	\$ 6,353,968	\$ 410,968

See accompanying notes to the financial statements.

HYDE PARK CITY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund

Continued

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
General government:				
Mayor and council	\$ 61,000	\$ 61,000	\$ 61,682	\$ (682)
Administration	647,200	757,200	789,157	(31,957)
Court	70,000	101,000	22,330	78,670
Building & grounds	710,500	710,500	689,445	21,055
Planning and zoning	73,000	153,000	228,363	(75,363)
Total general government	1,561,700	1,782,700	1,790,977	(8,277)
Public safety:				
Police	926,000	956,000	957,100	(1,100)
Fire	192,000	192,000	187,008	4,992
Animal control	700	700	495	205
Total public safety	1,118,700	1,148,700	1,144,603	4,097
Highways & public improvements:				
Streets	2,250,600	1,850,600	1,261,743	588,857
Sanitation	600,000	560,000	605,371	(45,371)
Total highways & public improvements	2,850,600	2,410,600	1,867,114	543,486
Parks, recreation, & public property:				
Parks and open spaces	228,000	168,000	156,255	11,745
Recreation & cultural arts	64,000	64,000	39,990	24,010
Total parks, recreation, & public property	292,000	232,000	196,245	35,755
Intergovernmental expenses	-	19,000	11,705	7,295
Total expenditures	5,823,000	5,593,000	5,010,644	582,356
Excess of revenues over expenditures	(550,000)	350,000	1,343,324	993,324
Transfers	(200,000)	(350,000)	(350,000)	-
Net change in fund balance	(750,000)	-	993,324	993,324
Fund balance, beginning	4,833,259	4,833,259	4,833,259	-
Fund balance, ending	\$4,083,259	\$ 4,833,259	\$5,826,583	\$ 993,324

HYDE PARK CITY
Statement of Net Position
Proprietary Funds

As of June 30, 2025

	Water Utilities	Wastewater Collection	Other Nonmajor Proprietary Funds	Totals 2025	Memorandum Totals 2024
Assets					
Current assets:					
Cash and cash equivalents	\$ -	\$ 1,778,281	\$ 834,689	\$ 2,612,970	\$ 2,348,806
Accounts receivable	122,842	89,739	17,081	229,662	313,156
Due from other funds	-	823,495	-	823,495	896,914
Restricted cash	2,594,528	548,077	171,676	3,314,281	2,990,510
Total current assets	2,717,370	3,239,592	1,023,446	6,980,408	6,549,386
Capital assets:					
Land and water shares	125,794	47,289	-	173,083	154,333
Construction in progress	1,706,548	-	-	1,706,548	1,196,985
Buildings and improvements	18,976	14,776	661,219	694,971	694,971
Infrastructure and improvements	13,646,648	5,859,676	682,212	20,188,536	20,015,088
Vehicles and equipment	565,104	320,932	39,078	925,114	920,714
Less accumulated depreciation	(4,556,003)	(2,708,620)	(901,433)	(8,166,056)	(7,593,611)
Total capital assets	11,507,067	3,534,053	481,076	15,522,196	15,388,480
Deferred outflow of resources - pensions	47,169	44,221	-	91,390	85,220
Total assets and deferred outflows	<u>\$ 14,271,606</u>	<u>\$ 6,817,866</u>	<u>\$ 1,504,522</u>	<u>\$ 22,593,994</u>	<u>\$ 22,023,086</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 156,160	\$ 60,547	\$ 13,004	\$ 229,711	\$ 330,352
Accrued liabilities	67,615	62,172	-	129,787	116,641
Due to other funds	823,495	-	-	823,495	896,914
Current portion of debt	205,000	-	-	205,000	199,000
Total current liabilities	1,252,270	122,719	13,004	1,387,993	1,542,907
Long-term liabilities:					
Net pension liability	35,366	33,156	-	68,522	47,366
Bond payable	2,715,000	-	-	2,715,000	2,920,000
Total long-term liabilities	2,750,366	33,156	-	2,783,522	2,967,366
Deferred inflow of resources - pensions	116	109	-	225	302
Total liabilities and deferred inflows	<u>4,002,752</u>	<u>155,984</u>	<u>13,004</u>	<u>4,171,740</u>	<u>4,510,575</u>
Net Position					
Net investment in capital assets	9,335,751	3,534,053	481,076	13,350,880	13,269,480
Restricted	1,845,844	548,077	171,676	2,565,597	1,974,045
Unrestricted	(912,741)	2,579,752	838,766	2,505,777	2,268,986
Total net position	<u>\$ 10,268,854</u>	<u>\$ 6,661,882</u>	<u>\$ 1,491,518</u>	<u>\$ 18,422,254</u>	<u>\$ 17,512,511</u>

See accompanying notes to the financial statements.

HYDE PARK CITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

For the Year Ended June 30, 2025

	Water Utilities	Wastewater Collection	Other Nonmajor Proprietary Funds	Totals 2025	Memorandum Totals 2024
Operating revenues:					
Charges for services	\$ 1,036,861	\$ 1,062,713	\$ 197,236	\$ 2,296,810	\$ 2,068,530
Other operating revenues	182,322	-	20	182,342	337,824
Total operating revenues	1,219,183	1,062,713	197,256	2,479,152	2,406,354
Operating expenses:					
Salary and benefits	291,977	271,112	-	563,089	484,168
Utilities	43,062	2,427	-	45,489	39,228
Services	73,044	836,925	27,929	937,898	789,246
Supplies	144,284	38,900	5,320	188,504	373,480
Depreciation	375,181	143,899	53,365	572,445	548,325
Miscellaneous	20,522	2,298	-	22,820	12,631
Total operating expenses	948,070	1,295,561	86,614	2,330,245	2,247,078
Operating income (loss)	271,113	(232,848)	110,642	148,907	159,276
Non-operating revenues (expenses):					
Interest income	57,006	-	31,918	88,924	95,235
Interest expense	(87,829)	-	-	(87,829)	(93,533)
Total non-operating revenue (expense)	(30,823)	-	31,918	1,095	1,702
Net income (loss) before contributions	240,290	(232,848)	142,560	150,002	160,978
Grant contributions	16,465	-	15,000	31,465	1,588,150
Impact fees	338,261	218,955	171,060	728,276	322,553
Capital contributions	-	-	-	-	-
Change in net position	595,016	(13,893)	328,620	909,743	2,071,681
Net position, beginning	9,673,838	6,675,775	1,162,898	17,512,511	15,440,830
Net position, ending	\$ 10,268,854	\$ 6,661,882	\$ 1,491,518	\$ 18,422,254	\$ 17,512,511

HYDE PARK CITY
Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2025

	Water Utilities	Wastewater Collection	Other Nonmajor Proprietary Funds	Totals 2025	Memorandum Totals 2024
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 1,302,110	\$ 1,068,663	\$ 191,853	\$ 2,562,626	\$ 2,274,427
Payments to suppliers	(426,714)	(817,338)	(23,225)	(1,267,277)	(911,641)
Payments to employees	(291,977)	(271,112)	-	(563,089)	(484,168)
Net cash flows from operating activities	583,419	(19,787)	168,628	732,260	878,618
Cash Flows from Noncapital Financing Activities					
Change in due to/due from other funds	(73,419)	73,419	-	-	-
Net cash flows from noncapital financing activities	(73,419)	73,419	-	-	-
Cash Flows from Capital and Related Financing Activities					
Purchases of capital assets	(639,377)	(66,784)	-	(706,161)	(2,053,400)
Principal payments on bonds payable	(199,000)	-	-	(199,000)	(193,000)
Impact fees	338,261	218,955	171,060	728,276	322,553
Grant proceeds	16,465	-	15,000	31,465	100,000
Interest paid on bonds payable	(87,829)	-	-	(87,829)	(93,533)
Net cash flows from capital and related financing activities	(571,480)	152,171	186,060	(233,249)	(1,917,380)
Cash Flows from Investing Activities					
Interest received	57,006	-	31,918	88,924	95,235
Net cash flows from investing activities	57,006	-	31,918	88,924	95,235
Net increase (decrease) in cash, restricted cash, and cash equivalents	(4,474)	205,803	386,606	587,935	(943,527)
Cash, restricted cash, and cash equivalents, beginning of year	2,599,002	2,120,555	619,759	5,339,316	6,282,843
Cash, restricted cash, and cash equivalents, end of year	<u>\$ 2,594,528</u>	<u>\$ 2,326,358</u>	<u>\$ 1,006,365</u>	<u>\$ 5,927,251</u>	<u>\$ 5,339,316</u>
Shown in the statement of net assets as:					
Cash and cash equivalents	\$ -	\$ 1,778,281	\$ 834,689	\$ 2,612,970	\$ 2,348,806
Restricted cash	2,594,528	548,077	171,676	3,314,281	2,990,510
Total cash, restricted cash, and cash equivalents	<u>\$ 2,594,528</u>	<u>\$ 2,326,358</u>	<u>\$ 1,006,365</u>	<u>\$ 5,927,251</u>	<u>\$ 5,339,316</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$ 271,113	\$ (232,848)	110,642	\$ 148,907	\$ 159,276
Adjustments to reconcile net income from operations to net cash provided by operating activities:					
Depreciation	375,181	143,899	53,365	572,445	548,325
Changes in assets & liabilities:					
Decrease (increase) in receivables	82,927	5,950	(5,383)	83,494	(131,927)
Decrease (increase) in deferred outflows	(4,559)	(1,611)	-	(6,170)	(21,616)
Increase (decrease) in accruals	(141,208)	64,865	10,004	(66,339)	324,702
Increase (decrease) in deferred inflows	(35)	(42)	-	(77)	(142)
Net cash flows from operating activities	<u>\$ 583,419</u>	<u>\$ (19,787)</u>	<u>\$ 168,628</u>	<u>\$ 732,260</u>	<u>\$ 878,618</u>

See accompanying notes to the financial statements.

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HYDE PARK CITY
Notes to the Financial Statements

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Hyde Park City ("City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

The City operates under a council-mayor form of government. As required by GAAP, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City is also considered to be financially accountable for an organization if the organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The Municipal Building Authority is a component unit and is accounted for as a business type activity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City and its component unit. Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 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 as program revenues are reported instead as general revenues.

Fund financial statements are provided for both governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

HYDE PARK CITY

Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City applies expenses for restricted resources first when both restricted and unrestricted net position are available.

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than included as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than expenditures in the government-wide financial statements.

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

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The Capital Projects – General Fund is a capital projects fund used to account for the construction of community projects.
- The Capital Projects – City Park Fund is a capital projects fund used to account for the construction of parks.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – *continued*

The City reports the following major proprietary funds:

- The Water Utilities Fund accounts for the activities of the City's water production, treatment, and distribution operations.
- The Wastewater Collection Fund accounts for the operation and maintenance of the City-owned collection system for wastewater.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting one of these definitions are reported as nonoperating revenues and expenses.

Fixed Assets and Long-Term Liabilities

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost greater than \$2,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

HYDE PARK CITY
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Fixed Assets and Long-Term Liabilities – *continued*

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. At the time of that audit, an inventory of general fixed assets was taken and entered on the books. When actual costs were not available, the assets were recorded at estimated cost.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Accumulated depreciation is reported on the financial statements. Depreciation has been calculated over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

System improvements	40-50 years
Buildings	20-30 years
Vehicles and equipment	5-10 years
Roads and infrastructure	15 years
Improvements other than buildings	20 years

Property Tax

Cache County assesses all taxable property other than centrally assessed property, which is assessed through the state, by May 22 of each year. The City should adopt a final tax rate prior to June 22, which is then submitted to the state for approval. Property taxes are due on November 30. Delinquent taxes are subject to a penalty of two percent or \$10.00, whichever is greater. After January 16 of the following year, delinquent taxes and penalties bear interest at six percent above the federal discount rate from January 1 until paid.

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

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within 60 days after year end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the City in its governmental funds; therefore, all annual appropriations lapse at fiscal yearend. Project-length financial plans are adopted for all capital project funds.

The City can make adjustments to the adopted budget through public hearings. During the fiscal year, the City made several budget adjustments through a public hearing.

Net Position/Fund Balances

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted amounts are those portions of fund balance where constraints placed on the resources are either externally imposed by state or federal laws or by grantors or creditors. Committed fund balance represents all amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Assigned fund balance is constrained by the City Council's intent to be used for specific purposes. Unassigned fund balance accounts for all residual balances in the General Fund.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the business-type activities consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate unused vacation leave (up to 164 hours) and sick leave (up to 1,440 hours). The liability for compensated absences is recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or paid out upon termination or retirement. Sick leave payment at 25 percent is eligible for employees with at least 15 years of service. In the fund financial statements, governmental funds do not report a liability for compensated absences while proprietary funds report the liability as it is incurred. Compensated absences related to governmental activities are usually liquidated by the General Fund. In the government-wide financial statements, the liability for governmental activities compensated absences is included in long-term liabilities with the current portion estimated based on historical trends.

HYDE PARK CITY
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Deferred Inflows of Resources

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

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) including 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.

Memorandum Totals

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Certain reclassifications have been made to the June 30, 2024 balances to conform with the June 30, 2025 presentation.

HYDE PARK CITY
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Reconciliation of Government-Wide and Fund Financial Statements

- A. Explanation of certain differences between the Governmental Funds Balance Sheet and the government-wide Statement of Net Position:

The Governmental Funds Balance Sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide Statement of Net Position. These differences primarily result from the long term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Funds Balance Sheet.

Capital related items – When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 30,697,697
Accumulated depreciation	(8,971,929)
Total difference	<u>\$ 21,725,768</u>

Long-term liabilities – Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements.

Compensated absences	<u>\$ 56,985</u>
----------------------	------------------

Right-of-use assets and related lease liabilities are not due and payable in the current period or financial resources and therefore are not reported in the governmental fund financial statements.

Right-of-use assets	\$ 45,400
Lease liabilities - vehicles	(41,768)
Total	<u>\$ 3,632</u>

Pension related assets, liabilities, deferred inflows and deferred outflows were not due and payable in the current period and therefore were not reported in the governmental fund financial statements.

Net pension liability	\$ (152,516)
Deferred outflow of resources relating to pensions	203,417
Deferred inflow of resources relating to pensions	(502)
	<u>\$ 50,399</u>

HYDE PARK CITY
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Reconciliation of Government-Wide and Fund Financial Statements – *continued*

- B. Explanation of differences between governmental fund operating statements and the Statement of Net Activities:

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation of the net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide Statement of Activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of the difference are as follows:

Contributed capital	\$ -
Capital outlay	4,186,366
Depreciation expense	<u>(975,578)</u>
Net difference as reported	<u><u>\$ 3,210,788</u></u>

Another element of that reconciliation states, “Governmental funds report debt proceeds as another financing source. Debt, interest, and compensated absences are recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, compensated absences are recognized as they accrue, regardless of when they are due.” While shown in the reconciliation as the net difference, the elements of the difference are as follows:

Change in long-term debt:	
Change in compensated absences	<u>\$ 29,038</u>
Net difference	<u><u>\$ 29,038</u></u>

Certain expenses related to right-of-use assets and related lease liabilities in the Statement of Activities are amortized over the life of the lease. This amount is the net effect of the differences of amortization and lease interest and principal payments.

Change in right-of-use assets and lease liabilities:	
Proceeds from leases - vehicles	\$ 69,844
Purchase of vehicles	(69,844)
Lease principal payments	28,076
Right-of-use asset amortization	<u>(24,444)</u>
Net difference	<u><u>\$ 3,632</u></u>

HYDE PARK CITY
Notes to the Financial Statements

Continued

2. LEGAL COMPLIANCE – BUDGETS/STATUTORY

On or before the first scheduled council meeting in May, all agencies of the City submit requests for appropriation to the City's financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the city council for review at the first scheduled meeting in May. The city council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the City financial officer or the revenue estimates must be changed by an affirmative vote of a majority of the City Council. Within 30 days of adoption, the final budget must be submitted to the Office of the Utah State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 30 and adoption of budgets is accomplished similarly.

State statute requires that city officers do not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

3. INTERFUND PAYABLE/RECEIVABLE AND TRANSFERS

The composition of interfund transfers through June 30, 2025 was as follows:

<u>Purpose</u>	<u>Amount</u>	<u>Transfer in</u>	<u>Transfer out</u>
Equipment/projects	\$ 290,000	Capital Projects - City Park fund	General fund
Equipment/projects	60,000	Capital Projects - General fund	General fund

The composition of interfund payables as of June 30, 2025 are as follows:

<u>Purpose</u>	<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
Cash advance	\$ 823,495	Wastewater Collection fund	Water Utilities fund
Cash advance	1,898,907	General fund	Capital Projects - General fund

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Utah Public Treasurers' Investment Fund (PTIF).

HYDE PARK CITY

Notes to the Financial Statements

Continued

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS - *continued*

Deposits

Deposits - Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7, the “Act”) in handling its depository and investing transactions. The City considers such actions to be sufficient for adequate protection of its uninsured bank deposits. City funds are deposited in qualified depositories as defined by the Act. The City does not have a deposit policy for custodial credit risk. As of June 30, 2025, \$1,217,314 of the local government’s bank balances of \$1,467,314 was uninsured and uncollateralized. No deposits are collateralized, nor are they required to be by state statute.

Investments

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

The City follows the requirements of the Act in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the State of Utah Money Management Council.

The Act defines the types of securities authorized as appropriate investments for the City’s funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities

HYDE PARK CITY
Notes to the Financial Statements

Continued

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS – *continued*

Investments – *continued*

rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act. The Act established the State of Utah Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

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

Investments by fair value level	6/30/2025	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
Utah Public Treasurers'				
Investment Fund	\$ 9,043,263	\$ -	\$ 9,043,263	\$ -
Total investments measured at fair value	\$ 9,043,263	\$ -	\$ 9,043,263	\$ -

HYDE PARK CITY
Notes to the Financial Statements

Continued

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS – *continued*

Investments – *continued*

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

- Utah Public Treasurers' Investment Fund: application of the June 30, 2025 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund;

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	6-10
Debt Securities				
Utah Public Treasurers' Investment Fund	\$ 9,043,263	\$ 9,043,263	\$ -	\$ -
Total investments measured at fair value	<u>\$ 9,043,263</u>	<u>\$ 9,043,263</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

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

For the year ended June 30, 2025, the City had investments of \$9,043,263 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

HYDE PARK CITY
Notes to the Financial Statements

Continued

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS – *continued*

Concentration of Credit Risk

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

Custodial Credit Risk

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

5. ACCOUNTS RECEIVABLE

The City had accounts receivable as of June 30, 2025 for general, water, and sewer funds as follows:

General fund:		
Garbage	\$ 44,600	
Communication center	5,614	
Total general fund		50,214
Capital Projects:		
Grants receivable	3,371,590	
Total capital projects funds		3,371,590
Enterprise funds:		
Water:		
Utility payments	122,842	
Sewer:		
Utility payments	89,739	
Storm water:		
Utility payments	17,081	
Total enterprise fund		229,662
Total accounts receivable		\$ 3,651,466

HYDE PARK CITY
Notes to the Financial Statements

Continued

6. TAXES RECEIVABLE

The City had taxes receivable as of June 30, 2025, as follows:

Class "C" roads receivable	\$ 79,515
Property tax receivable	<u>1,001,388</u>
Total	<u><u>\$ 1,080,903</u></u>

7. RESTRICTED CASH

The total restricted cash on the balance sheet was comprised of the following cash, cash equivalents and investments:

General fund:	
Class "C" and road funds	\$ 1,339,257
Bonus density	979,637
Impact fees	806,804
Grants	<u>66,822</u>
Total general fund	3,192,520
Capital projects funds:	
Parks	<u>17,995</u>
Total capital projects funds	17,995
Proprietary funds:	
Water fund:	
Impact fees	365,486
Bond reserves	1,480,358
Unexpended bond funds	748,684
Sewer fund:	
Impact fees	548,077
Storm water fund:	
Impact fees	<u>171,676</u>
Total proprietary funds	<u>3,314,281</u>
Total restricted cash	<u><u>\$ 6,524,796</u></u>

HYDE PARK CITY
Notes to the Financial Statements

Continued

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following amounts incurred and not yet paid as of June 30, 2025:

General fund:			
Accounts payable	\$	106,006	
Wages, payroll taxes, and benefits		169,741	
Customer deposits payable		178,380	
Total general fund			454,127
Capital projects fund:			
Accounts payable		43,659	
Total capital projects fund			43,659
Enterprise funds:			
Water fund:			
Accounts payable		156,160	
Wages and payroll taxes		6,982	
Accrued interest		43,058	
Contractor retainage		12,780	
Customer deposits		4,795	
Total water fund			223,775
Sewer fund:			
Accounts payable		60,547	
Wages and payroll taxes		6,312	
Impact fee payable		55,860	
Total sewer fund			122,719
Storm water fund:			
Accounts payable		13,004	
Total storm water fund			13,004
Total enterprise funds			359,498
Total accounts payable and accrued liabilities			\$ 857,284

HYDE PARK CITY
Notes to the Financial Statements

Continued

9. RESTRICTED FUND EQUITY

The amounts reported on the combined balance sheet identified as restricted fund balance and restricted net position were comprised of the following:

General fund:		
Restricted roads	\$ 1,339,257	
Restricted bonus density	979,637	
Restricted grants	66,822	
Restricted impact fees	<u>806,804</u>	
Total general fund		3,192,520
Capital projects funds:		
Restricted city building	1,429,024	
Restricted park improvements	<u>17,995</u>	
Total capital projects funds		1,447,019
Enterprise funds:		
Water fund (retained earnings):		
Restricted impact fees	365,486	
Bond reserves	1,480,358	
Sewer fund (retained earnings):		
Restricted impact fees	548,077	
Storm water fund (retained earnings):		
Restricted impact fees	<u>171,676</u>	
Total enterprise funds		<u>2,565,597</u>
Total restricted fund equity		<u><u>\$ 7,205,136</u></u>

10. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

General government	\$ 96,004
Streets	731,814
Parks and recreation	<u>147,760</u>
Total depreciation expense	<u><u>\$ 975,578</u></u>

HYDE PARK CITY
Notes to the Financial Statements

Continued

10. CAPITAL ASSETS – *continued*

Fixed asset changes occurring for the year ended June 30, 2025 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary governmental activity				
Capital assets not being depreciated:				
Land and water shares	\$ 2,652,741	\$ 39,800	\$ -	\$ 2,692,541
Construction in progress	544,946	71,358	544,946	71,358
Total capital assets not being depreciated	3,197,687	111,158	544,946	2,763,899
Capital assets being depreciated:				
Buildings and improvements	1,561,484	19,108	-	1,580,592
Furniture and fixtures	640,224	53,555	-	693,779
Infrastructure and improvements	21,111,936	4,547,491	-	25,659,427
Total capital assets being depreciated	23,313,644	4,620,154	-	27,933,798
Less accumulated depreciation	(7,996,351)	(975,578)	-	(8,971,929)
Total capital assets being depreciated, net	15,317,293	3,644,576	-	18,961,869
Governmental activities capital assets, net	<u>\$ 18,514,980</u>	<u>\$ 3,755,734</u>	<u>\$ 544,946</u>	<u>\$ 21,725,768</u>
Business-type activities				
Capital assets not being depreciated:				
Land and water shares	\$ 154,333	\$ 18,750	\$ -	\$ 173,083
Construction in progress	1,196,985	509,563		1,706,548
Total capital assets not being depreciated	1,351,318	528,313	-	1,879,631
Capital assets being depreciated:				
Building and improvements	694,971	-	-	694,971
System improvements	20,015,088	173,448	-	20,188,536
Vehicles and equipment	920,714	4,400	-	925,114
Total capital assets being depreciated	21,630,773	177,848	-	21,808,621
Less accumulated depreciation	(7,593,611)	(572,445)	-	(8,166,056)
Total capital assets being depreciated, net	14,037,162	(394,597)	-	13,642,565
Business-type activities capital assets, net	<u>\$ 15,388,480</u>	<u>\$ 133,716</u>	<u>\$ -</u>	<u>\$ 15,522,196</u>

HYDE PARK CITY
Notes to the Financial Statements

Continued

11. CAPITAL PROJECT FUNDS

The City has established two capital project funds to account for monies set aside for the improvements of community projects and park improvements.

12. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City's proprietary and governmental fund types for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Business-type activities					
Bonds payable	\$ 3,119,000	\$ -	\$ 199,000	\$ 2,920,000	\$ 205,000
Governmental activities					
Compensated absences*	\$ 27,947	\$ 29,038	\$ -	\$ 56,985	\$ 28,493

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

Bonds payable at June 30, 2025 were comprised of the following individual issues:

Water Fund	Principal	Due within one year
\$5,000,000 Series 2021 water revenue bond due in annual installments ranging from \$188,000 to \$324,000 plus interest at 2.91%.	\$ 2,920,000	\$ 205,000
Total bond payable	\$ 2,920,000	\$ 205,000

In accordance with GASB 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, The City has reported separately below the debt obligation, including direct placements. Direct placements have terms negotiated directly with the investor or lender and are not offered for public sale. The following is a summary of debt service requirements to maturity for direct placement bonds as of June 30:

Year Ending June 30,	Principal due	Interest due	Total debt service
2026	\$ 205,000	\$ 86,115	\$ 291,115
2027	211,000	80,069	291,069
2028	217,000	73,846	290,846
2029	223,000	67,447	290,447
2030	229,000	60,870	289,870
2031-2035	1,251,000	198,918	1,449,918
2036-2039	584,000	27,280	611,280
	\$ 2,920,000	\$ 594,545	\$ 3,514,545

HYDE PARK CITY
Notes to the Financial Statements

Continued

13. FINANCING LEASES AND RIGHT-OF-USE ASSETS

The City has various financing leases for vehicles as outlined below:

Governmental activities:

Description	Amount
\$69,844 financing leases for four Toyota vehicles. Due in annual installments of \$15,984 through June 2028, bearing interest of seven percent. As of June 30, 2025 the following values were included on the government-wide financial statements: assets \$69,844; accumulated amortization \$24,444; amortization expense \$24,444.	\$ 41,768
Total financing leases	\$ 41,768

No impairments on the leases were noted as of June 30, 2025.

The future required lease payments are as follows:

	Principal	Interest	Lease payment
2026	\$ 12,964	\$ 3,020	\$ 15,984
2027	13,900	2,084	15,984
2028	14,904	1,080	15,984
	\$ 41,768	\$ 6,184	\$ 47,952

14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. These risks are covered by the City's participation in the Utah State Risk Management system for municipalities. This is a pooled arrangement where the municipalities pay experienced rated annual premiums which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool is also insured against excess losses to preserve the capital base.

Insurance coverage by major category of risk has remained relatively constant or increased as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

HYDE PARK CITY

Notes to the Financial Statements

Continued

15. PENSION PLANS

Plan description – eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

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

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

The Utah Retirement Systems (Systems or URS) are established and governed by the respective sections of Title 49 of the *Utah Code* Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of URS under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. URS are fiduciary funds defined as pension (and other employee benefit) trust funds. The Systems 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 East 200 South, Salt Lake City, Utah 84102 or visiting the website at www.urs.org/general/publications.

HYDE PARK CITY
Notes to the Financial Statements

Continued

15. PENSION PLANS – *continued*

Summary of Benefits by System

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

*Actuarial reductions are applied

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

HYDE PARK CITY
Notes to the Financial Statements

Continued

15. PENSION PLANS – *continued*

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

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Contributory System			
111- Local Governmental Division Tier 2	0.70%	15.19%	N/A
Noncontributory System			
15- Local Governmental Division Tier 1	N/A	16.97%	N/A
Tier 2 DC only			
211- Local Governmental	N/A	5.19%	10.00%

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 63,457	N/A
Tier 2 Public Employees System	82,924	3,821
Tier 2 DC Only System	15,534	N/A
Total Contributions	<u>\$ 161,915</u>	<u>\$ 3,821</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.

HYDE PARK CITY
Notes to the Financial Statements

Continued

15. PENSION PLANS – *continued*

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

At June 30, 2025, the City reported a net pension asset of \$0 and a net pension liability of \$221,038.

Measurement Date: December 31, 2024					
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2023	Change (Decrease)
Noncontributory System	\$ -	\$ 165,702	0.0522536%	0.0546958%	-0.0024422%
Tier 2 Public Employees System	-	55,336	0.0185541%	0.0159344%	0.0026197%
	<u>\$ -</u>	<u>\$ 221,038</u>			

The net pension asset and liability were 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 employer contributions to URS during the plan year over the total of all employer contributions to the Systems during the plan year.

For the year ended June 30, 2025, the City recognized pension expense of \$213,847.

HYDE PARK CITY
Notes to the Financial Statements

Continued

15. PENSION PLANS – *continued*

At June 30, 2025, the City 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	\$ 122,657	\$ 381
Changes in assumptions	32,188	6
Net difference between projected and actual earnings on pension plan investments	53,449	-
Changes in proportion and differences between contributions and proportionate share of contributions	7,524	340
Contributions subsequent to the measurement date	78,989	-
Total	<u>\$ 294,807</u>	<u>\$ 727</u>

As of June 30, 2025, \$79,989 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to 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 (Inflows) of Resources</u>
2025	\$ 101,251
2026	101,011
2027	(16,221)
2028	1,350
2029	12,235
Thereafter	15,464

HYDE PARK CITY
Notes to the Financial Statements

Continued

15. PENSION PLANS – *continued*

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 scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

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

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

Expected Return Arithmetic Basis			Long term expected portfolio real rate of return
Asset class	Target Asset Allocation	Real Return Arithmetic Basis	
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0.00%
Totals	100%		5.80%
Inflation			2.50%
Expected arithmetic nominal return			8.30%

HYDE PARK CITY

Notes to the Financial Statements

Continued

15. PENSION PLANS – *continued*

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

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate – The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 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 one percentage point lower (5.85 percent) or one percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 700,785	\$ 165,702	\$ (283,059)
Tier 2 Public Employees System	165,274	55,336	(30,186)
Total	<u>\$ 866,059</u>	<u>\$ 221,038</u>	<u>\$ (313,245)</u>

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

Defined Contribution Savings 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 URS, 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.

HYDE PARK CITY
Notes to the Financial Statements

Continued

15. PENSION PLANS – *continued*

Defined Contribution Savings Plans – *continued*

The City participates in 401(k) and Traditional IRA Defined Contribution Savings Plans with Utah Retirement Systems. Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 29,930	\$ 26,537	\$ 21,109
Employee Contributions	39,308	28,079	17,038
Traditional IRA			
Employee Contributions	300	300	125

16. RELATED PARTY TRANSACTIONS

The City receives police services from North Park Police Agency (NPPA) under the terms of an interlocal agreement with North Logan City. Two council members, the mayor, and a citizen of the City serve on the governing body of NPPA. Under the interlocal agreement, each city provides funding to NPPA based on an agreed-upon formula. Total funding provided by the City for the year ended June 30, 2025 amounted to \$860,568.

17. CHANGE IN ACCOUNTING PRINCIPLES

In 2025 the City adopted *GASB Statement No. 101– Compensated Absences*, which introduces a new model for recording obligations that arise from compensated absences. The new model focuses on recognizing liabilities for unused leave when it's more likely than not to be used or paid out. This was effective for the City as of July 1, 2025, and had no material impact on the City's financial statements.

The City also adopted *GASB Statement No. 102 – Certain Risk Disclosures*. This Statement establishes requirements to disclose certain risks faced by governments and defines concentrations and constraints. Risk disclosure under the new standard will provide timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make the City vulnerable to a substantial impact. This was effective for the city as of July 1, 2025, and had no material impact on the city's financial statements.

HYDE PARK CITY
Notes to the Financial Statements

Continued

18. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through October 24, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

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HYDE PARK CITY
Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

For the Year Ended June 30, 2025

System	As of fiscal year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of its covered-employee payroll
Noncontributory Retirement System	2016	0.0456004%	\$ 258,029	\$ 377,735	68.31%	87.80%
	2017	0.0445533%	286,087	378,118	75.66%	87.30%
	2018	0.0455463%	199,552	387,240	51.53%	91.90%
	2019	0.0499939%	368,141	461,140	79.83%	87.00%
	2020	0.0489214%	184,379	462,563	39.86%	93.70%
	2021	0.0494389%	25,358	460,005	5.51%	99.20%
	2022	0.0494981%	(283,481)	441,061	-64.27%	108.70%
	2023	0.0557215%	95,437	448,486	21.28%	97.50%
	2024	0.0546958%	126,872	438,092	28.96%	96.90%
	2025	0.0522536%	165,702	361,105	45.89%	96.02%
Tier 2 Public Employees System	2016	0.0059368%	\$ (13)	\$ 38,369	-0.03%	100.20%
	2017	0.0062004%	692	50,848	1.36%	95.10%
	2018	0.0054550%	481	53,443	0.90%	97.40%
	2019	0.0027973%	1,198	32,984	3.63%	90.80%
	2020	0.0032166%	723	44,637	1.62%	96.50%
	2021	0.0037171%	535	59,332	0.90%	98.30%
	2022	0.0070972%	(3,004)	131,616	-2.28%	103.80%
	2023	0.0159163%	17,331	346,176	5.01%	92.30%
	2024	0.0159344%	31,014	411,958	7.53%	89.58%
	2025	0.0185541%	55,336	549,548	10.07%	87.44%

Note: In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI.

HYDE PARK CITY
Schedule of Contributions
Last 10 Fiscal Years

For the Year Ended June 30, 2025

System	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
Noncontributory System	2016	\$ 69,347	\$ 69,347	\$ -	\$ 375,456	18.47%
	2017	71,240	71,240	-	385,709	18.47%
	2018	73,787	73,787	-	405,429	18.20%
	2019	83,516	83,516	-	479,061	17.43%
	2020	80,376	80,376	-	462,987	17.36%
	2021	76,404	76,404	-	442,469	17.27%
	2022	78,943	78,943	-	456,210	17.30%
	2023	73,787	73,787	-	440,378	16.76%
	2024	67,052	67,052	-	390,612	17.17%
	2025	63,457	63,457	-	373,936	16.97%
Tier 2 Public Employees System*	2016	\$ 6,965	\$ 6,965	\$ -	\$ 46,715	14.91%
	2017	8,279	8,279	-	55,530	14.91%
	2018	7,295	7,295	-	48,348	15.09%
	2019	4,593	4,593	-	29,657	15.49%
	2020	7,955	7,955	-	50,798	15.66%
	2021	15,556	15,556	-	98,504	15.79%
	2022	34,477	34,477	-	214,545	16.07%
	2023	65,775	65,775	-	410,835	16.01%
	2024	74,938	74,938	-	468,068	16.01%
	2025	82,924	82,924	-	545,909	15.19%
Tier 2 Public Employees DC	2016	\$ 2,871	\$ 2,871	\$ -	\$ 42,912	6.69%
	2017	2,932	2,932	-	43,826	6.69%
	2018	3,132	3,132	-	46,823	6.69%
	2019	4,431	4,431	-	66,235	6.69%
	2020	5,945	5,945	-	88,865	6.69%
	2021	7,463	7,463	-	111,559	6.69%
	2022	10,358	10,358	-	154,831	6.69%
	2023	12,608	12,608	-	203,691	6.19%
	2024	15,905	15,905	-	256,947	6.19%
	2025	15,534	15,534	-	299,301	5.19%

*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.

Note: Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered employee payroll may be different than the board-certified rate due to rounding and other administrative issues.

HYDE PARK CITY **Notes to the Required Supplementary Information**

For the Year Ended June 30, 2025

1. Changes in Assumptions

June 30, 2025 -There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

June 30, 2024 - Changes include updates to the mortality improvement assumption, salary increase assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

June 30, 2023 -There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

June 30, 2022 -The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

June 30, 2021 -There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be assessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and States" tab.

June 30, 2020 – As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighters Systems, except for a 10 percent load at first eligibility for unreduced retirement prior to age 65.

June 30, 2019 – The assumptions and methods used to calculate the Total Pension Liability remain unchanged from the prior year.

June 30, 2018 -As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.2 percent to 6.95 percent, a reduction in the price inflation assumption from 2.6 percent to 2.5 percent (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00 percent annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

June 30, 2017 and 2016– The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75 percent to 3.5 percent. Also, there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5 percent to 3.25 percent. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption. There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

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SUPPLEMENTAL INFORMATION

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HYDE PARK CITY
Combining Statement of Net Position
Non-Major Proprietary Funds

As of June 30, 2025

	Municipal Building Authority	Storm Water	Total 2025	Memorandum Total 2024
Assets				
Current assets:				
Cash and cash equivalents	\$ 227,586	\$ 607,103	\$ 834,689	\$ 619,759
Accounts receivable	-	17,081	17,081	11,698
Restricted cash	-	171,676	171,676	-
Total current assets	<u>227,586</u>	<u>795,860</u>	<u>1,023,446</u>	<u>631,457</u>
Capital assets				
Building and improvements	656,294	4,925	661,219	661,219
Infrastructure and improvements	-	682,212	682,212	682,212
Vehicles and equipment	-	39,078	39,078	39,078
Less accumulated depreciation	<u>(639,886)</u>	<u>(261,547)</u>	<u>(901,433)</u>	<u>(848,068)</u>
Total capital assets	<u>16,408</u>	<u>464,668</u>	<u>481,076</u>	<u>534,441</u>
Total assets	<u><u>\$ 243,994</u></u>	<u><u>\$ 1,260,528</u></u>	<u><u>\$ 1,504,522</u></u>	<u><u>\$ 1,165,898</u></u>
Liabilities				
Current liabilities:				
Accounts payable	\$ -	\$ 13,004	\$ 13,004	\$ 3,000
Total current liabilities	<u>-</u>	<u>13,004</u>	<u>13,004</u>	<u>3,000</u>
Net position:				
Net investment in capital assets	16,408	464,668	481,076	534,441
Restricted for impact fees	-	171,676	171,676	-
Unrestricted	<u>227,586</u>	<u>611,180</u>	<u>838,766</u>	<u>628,457</u>
Total net position	<u><u>\$ 243,994</u></u>	<u><u>\$ 1,247,524</u></u>	<u><u>\$ 1,491,518</u></u>	<u><u>\$ 1,162,898</u></u>

HYDE PARK CITY**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-Major Proprietary Funds****For the Year Ended June 30, 2025**

	Municipal Building Authority	Storm water	Total 2025	Memorandum Total 2024
Operating Revenues:				
Charges for services	\$ -	\$ 197,236	\$ 197,236	\$ 122,846
Other revenues	-	20	20	-
Total operating revenues	-	197,256	197,256	122,846
Operating Expenses:				
Services	-	27,929	27,929	47,856
Supplies	-	5,320	5,320	6,334
Depreciation	21,877	31,488	53,365	52,140
Total operating expenditures	21,877	64,737	86,614	106,330
Operating income (loss)	(21,877)	132,519	110,642	16,516
Non-Operating Revenues:				
Interest income	31,918	-	31,918	34,184
Total non-operating revenue	31,918	-	31,918	34,184
Net income before contributions	10,041	132,519	142,560	50,700
Grant contributions	-	15,000	15,000	-
Impact fees	-	171,060	171,060	-
Capital contributions	-	-	-	-
Change in net position	10,041	318,579	328,620	50,700
Net position, beginning	233,953	928,945	1,162,898	1,112,198
Net position, ending	\$ 243,994	\$ 1,247,524	\$ 1,491,518	\$ 1,162,898

HYDE PARK CITY
Combining Statement of Cash Flows
Non-Major Proprietary Funds

For the Year Ended June 30, 2025

	Municipal Building Authority	Storm water	Totals 2025	Memorandum Totals 2024
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ -	\$ 191,853	\$ 191,853	\$ 117,091
Payments to suppliers	-	(23,225)	(23,225)	(53,849)
Net cash flows from operating activities	-	168,628	168,628	63,242
Cash Flows From Capital and Related Financing Activities:				
Impact fees	-	171,060	171,060	-
Grant proceeds	-	15,000	15,000	
Purchases of capital assets	-	-	-	(57,467)
Net cash flows from capital and related financing activities	-	186,060	186,060	(57,467)
Cash Flows From Investing Activities:				
Interest received	31,918	-	31,918	34,184
Net cash flows from investing activities	31,918	-	31,918	34,184
Net increase (decrease) in cash, restricted cash, and cash equivalents	31,918	354,688	386,606	39,959
Cash, restricted cash, and cash equivalents, beginning	195,668	424,091	619,759	579,800
Cash, restricted cash, and cash equivalents, ending	\$ 227,586	\$ 778,779	\$ 1,006,365	\$ 619,759

HYDE PARK CITY
Combining Statement of Cash Flows
Non-Major Proprietary Funds

Continued

	<u>Muni-Bldg. Authority</u>	<u>Storm water</u>	<u>Totals 2025</u>	<u>Memorandum Totals 2024</u>
Reconciliation of operating income to net cash flows from operating activities:				
Operating income (loss)	<u>\$ (21,877)</u>	<u>\$ 132,519</u>	<u>\$ 110,642</u>	<u>\$ 16,516</u>
Adjustments to reconcile net income from operations to net cash flows from operating activities:				
Depreciation	21,877	31,488	53,365	52,140
Changes in assets & liabilities:				
Decrease (increase) in receivables	-	(5,383)	(5,383)	(5,755)
Increase (decrease) in accruals	<u>-</u>	<u>10,004</u>	<u>10,004</u>	<u>341</u>
Net cash flows from operating activities:	<u>\$ -</u>	<u>\$ 168,628</u>	<u>\$ 168,628</u>	<u>\$ 63,242</u>
Non-cash transactions:				
Capital assets donated by contractors	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets purchased through debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER REPORTS

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

Honorable Mayor and City Council
Hyde Park City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Hyde Park City (“City”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated October 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Recommendations as items 2025-01 and 2025-02.

The City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Recommendations. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Richey, May & Co., LLP
North Logan, UT
October 24, 2025

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

Honorable Mayor and City Council
Hyde Park City, Utah

Report on Compliance with State Requirements

Qualified and Unmodified Opinions

We have audited Hyde Park City (“City”)’s compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2025.

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

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Other Related Restricted Revenue
- Fraud Risk Assessment
- Governmental Fees
- Utah Retirement Systems
- Crime Insurance for Public Treasurers

Qualified Opinion on Budgetary Compliance and Fund Balance

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City’s compliance with applicable regulations and statutes for the year ended June 30, 2025.

Unmodified Opinion on Each of the Other State Compliance Requirements

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City’s compliance with applicable regulations and statutes for the year ended June 30, 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 audit requirements outlined in the *State Compliance Audit Guide* (Guide), issued by the Office of the State Auditor. Our responsibilities under those standards and the Guide are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on Budgetary Compliance and Fund Balance

As described in the accompanying Schedule of Findings and Recommendations, the City did not comply with requirements regarding budgetary compliance and fund balance and associated finding numbers matched to the type of compliance requirements (see 2025-01 and 2025-02).

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to budgetary compliance and fund balance.

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 City's government programs.

Auditor's Responsibilities for the Audit of Compliance

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

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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Recommendations as items 2025-01 and 2025-02 to be 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

Richey, May & Co., LLP
North Logan, UT
October 24, 2025

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SCHEDULES OF FINDINGS AND RECOMMENDATIONS

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HYDE PARK CITY
Schedule of Findings and Recommendations
Current Year

For the Year Ended June 30, 2025

2025-01: State Compliance – Fund Balance

Criteria: City management is responsible to determine that internal controls ensure that compliance requirements described in the *State Compliance Audit Guide* are met.

Condition: The General Fund unreserved fund balance exceeded the State required threshold of 35% of general fund revenue.

Cause: The General Fund revenues increased again during the year and even with transfers to the Capital Projects fund, the unreserved general fund balance was still too high at year end.

Effect: The City was not in compliance with State regulations on Fund Balance.

Recommendation: We recommend that the City review the General Unreserved Fund Balance during the year and make transfers to the Capital Projects Funds as needed to keep the General Fund unreserved fund balance below 35% of general fund revenue.

Views of Responsible Officials:

2025-02: State Compliance – Budgetary Compliance

Criteria: City management is responsible to determine that internal controls ensure that compliance requirements described in the *State Compliance Audit Guide* are met.

Condition: The Wastewater Collection Fund expenditures exceeded the amounts appropriated in the final budget.

Cause: More costs were incurred towards the end of the year, after the budget amendments had already been made.

Effect: The City was not in compliance with State regulations on Budgetary Compliance.

Recommendation: We recommend that the City review expenses compared to the approved budget in each fund, paying particular attention to expenses that have been incurred but not paid prior to year-end.

Views of Responsible Officials:

HYDE PARK CITY

Schedule of Findings and Recommendations – Prior Year

Continued

2024-01: State Compliance – Fund Balance

Criteria: City management is responsible to determine that internal controls ensure that compliance requirements described in the *State Compliance Audit Guide* are met.

Condition: The General Fund unreserved fund balance exceeded the State required threshold of 35% of general fund revenue.

Cause: The General Fund revenues increased during the year and some expenses utilized previously restricted resources causing the General Fund unreserved fund balance to exceed the threshold.

Effect: The City was not in compliance with State regulations on Fund Balance.

Recommendation: We recommend that the City review the General Unreserved Fund Balance during the year and make transfers to the Capital Projects Funds as needed to keep the General Fund unreserved fund balance below 35% of general fund revenue.

Views of Responsible Officials: The City will review the General Unreserved Fund Balance during the year and make transfers to the Capital Projects Funds as needed to keep the General Fund unreserved fund balance below 35% of general fund revenue.

Status: The City transferred money into both Capital Projects Funds but the general unreserved fund balance was still in excess of 35% as of June 30, 2025. See current year finding.