

CITY OF MILLVILLE
FINANCIAL STATEMENTS

June 30, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Millville, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Millville, Utah (the 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, and each major fund of the City as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement 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, 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, budgetary comparison schedule, the schedule of the proportionate share of the net pension liability, and the schedule of contributions, 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 supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 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 the effectiveness of 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.



JONES SIMKINS LLC

Logan, Utah

December 23, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

CITY OF MILLVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

This document is a narrative overview and analysis of the financial activities of the City of Millville, Utah (the City) for the fiscal year ending June 30, 2025. The City's management encourages readers to consider the information presented here in conjunction with the financial statements which follow this section. To help the reader with navigation of this report, the City's activities are classified in the following manner: governmental activities refer to general administration, parks and recreation, streets and public improvements, planning, public safety, etc., while business-type activities refer to operations of the City's water, sewer, and storm water activities.

FINANCIAL HIGHLIGHTS

The total net position of the City increased during the year by \$10,739,062 totaling \$36,238,939 at year end. The governmental net position increased by \$621,976 and the business-type net position increased by \$10,117,086. The net increase in governmental net position stems from normal operations and budgeted capital outlay expenses for the 300 South road project and South Park improvements. The increase in business-type net position is a result of grant revenues for the sewer project.

OVERVIEW OF THE FINANCIAL STATEMENTS

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. These statements also include other supplementary information in addition to the basic financial statements.

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

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them 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, you would also need to consider other non-financial factors.

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.

CITY OF MILLVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, development services, and cultural and recreational programs. The business-type activities of the City include water, sewer, and storm water. The government-wide financial statements can be found on pages 15 to 16 of these statements.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, 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 and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains two governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Capital Projects funds, which are considered to be major funds. The basic governmental funds financial statements can be found on pages 17 to 20 of these statements.

Proprietary Funds – The City maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer activities as well as its storm water activities.

CITY OF MILLVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide detailed activities of the Water and Sewer Fund and the Storm Water Fund. The basic proprietary fund financial statements can be found on pages 21 to 24 of these statements.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 to 56 of these statements.

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,238,939 as of June 30, 2025.

The largest portion of the City's net position reflects its investments in capital assets (e.g., land, infrastructure, intangible assets) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide current services to residents and has planned for services with regard to a future sewer system. 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 this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MILLVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

The following table summarizes the City's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2025 and 2024:

SUMMARY SCHEDULE OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 4,348,415	3,724,437	6,853,086	4,886,132	11,201,501	8,610,569
Capital assets, net	8,996,540	8,864,974	37,415,998	28,189,555	46,412,538	37,054,529
Total assets	<u>13,344,955</u>	<u>12,589,411</u>	<u>44,269,084</u>	<u>33,075,687</u>	<u>57,614,039</u>	<u>45,665,098</u>
Deferred outflows of resources	48,702	51,443	24,348	25,717	73,050	77,160
Current liabilities	196,767	80,830	3,622,257	2,274,193	3,819,024	2,355,023
Non-current liabilities	48,597	37,581	17,412,911	17,685,972	17,461,508	17,723,553
Total liabilities	<u>245,364</u>	<u>118,411</u>	<u>21,035,168</u>	<u>19,960,165</u>	<u>21,280,532</u>	<u>20,078,576</u>
Deferred inflows of resources	167,412	163,538	206	267	167,618	163,805
Net position:						
Net investment in						
capital assets	8,996,540	8,864,974	18,349,312	10,251,572	27,345,852	19,116,546
Restricted	1,524,546	1,280,422	523,000	435,000	2,047,546	1,715,422
Unrestricted	2,459,795	2,213,509	4,385,746	2,454,400	6,845,541	4,667,909
Total net position	<u>\$ 12,980,881</u>	<u>12,358,905</u>	<u>23,258,058</u>	<u>13,140,972</u>	<u>36,238,939</u>	<u>25,499,877</u>

Restricted net position represents monies required to be maintained to satisfy third party agreements or legal requirements. Unrestricted net position may be used to meet the government's on-going obligations to residents and creditors.

As of June 30, 2025, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Analysis of the City's Operations – Overall, the City had an increase in net position of \$10,739,062, which is comprised of the following:

Governmental Activities: Net position of governmental activities increased by \$621,976. The increase is a result of normal operations and road improvements to 300 South.

Business-type Activities: Net position from business-type activities increased by \$10,117,086. The increase in business-type net position is a result of grant revenues for the sewer project.

CITY OF MILLVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

The following table provides a summary of the City's operations for the fiscal year ended June 30, 2025 with comparative totals for the fiscal year ended June 30, 2024.

SUMMARY CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program revenues						
Charges for services	\$ 333,504	354,116	1,246,152	1,010,723	1,579,656	1,364,839
Operating grants	217,341	245,919	-	-	217,341	245,919
Capital grants and contributions	319,435	121,771	9,461,198	4,604,000	9,780,633	4,725,771
General revenues						
Property taxes	178,558	173,505	-	-	178,558	173,505
Sales and use taxes	697,246	676,304	-	-	697,246	676,304
Other revenues	183,668	167,546	234,131	344,600	417,799	512,146
Total revenues	<u>1,929,752</u>	<u>1,739,161</u>	<u>10,941,481</u>	<u>5,959,323</u>	<u>12,871,233</u>	<u>7,698,484</u>
Expenses						
General government	356,803	258,863	-	-	356,803	258,863
Public safety	148,756	136,336	-	-	148,756	136,336
Streets and public improvements	565,005	646,311	-	-	565,005	646,311
Parks and recreation	237,212	232,229	-	-	237,212	232,229
Water and sewer	-	-	777,713	1,033,072	777,713	1,033,072
Storm water	-	-	46,682	51,455	46,682	51,455
Total expenses	<u>1,307,776</u>	<u>1,273,739</u>	<u>824,395</u>	<u>1,084,527</u>	<u>2,132,171</u>	<u>2,358,266</u>
Increase in net position before transfers	<u>621,976</u>	<u>465,422</u>	<u>10,117,086</u>	<u>4,874,796</u>	<u>10,739,062</u>	<u>5,340,218</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>621,976</u>	<u>465,422</u>	<u>10,117,086</u>	<u>4,874,796</u>	<u>10,739,062</u>	<u>5,340,218</u>
Net position - beginning	<u>12,358,905</u>	<u>11,893,483</u>	<u>13,140,972</u>	<u>8,266,176</u>	<u>25,499,877</u>	<u>20,159,659</u>
Net position - ending	<u>\$ 12,980,881</u>	<u>12,358,905</u>	<u>23,258,058</u>	<u>13,140,972</u>	<u>36,238,939</u>	<u>25,499,877</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental 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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF MILLVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS - continued

At the end of the current fiscal year, the City's governmental net position increased by \$621,976. Approximately 12%, or \$1,524,546, of total governmental net position constitutes restricted net position, which is restricted for: (1) class "C" roads, \$1,254,638, (2) road improvements, \$133,915, (3) park improvements, \$122,974, and (4) bridge improvements, \$13,019. Approximately 69%, or \$8,996,540, of total governmental net position constitutes net position committed for capital improvements. Approximately 19%, or \$2,459,795, of total governmental net position is unrestricted.

Proprietary funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position increased from \$13,140,972 in 2024 to \$23,258,058 in 2025, an increase of \$10,117,086, which is a result of grant revenues for the sewer project and an increase in sewer rates to finance the sewer project.

Restricted net position of \$523,000 reflects the City's commitment for reserves established by bond covenants. Unrestricted net position of the proprietary funds is \$4,385,746.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were revisions made to the original appropriations approved by the City Council. The overall general fund's budgeted revenues increased approximately 15% as a result of increases in sales taxes and grant revenues. The overall general fund budgeted expenditures increased approximately 5% due mainly to road improvements and park related expenses. Actual tax collections increased approximately 3% when compared to budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounted to \$27,345,852. This investment in capital assets includes land, buildings, equipment, improvements, infrastructure, and construction in progress net of depreciation. The total increase in the City's investment in capital assets for the current fiscal year was approximately 43%.

Major capital assets added during the current fiscal year included the following:

- Water and sewer improvements totaling approximately \$9,504,000.
- Lighting at the north and south parks totaling approximately \$129,000
- 300 South connector road totaling approximately \$140,000.
- Construction of the south park pavilion totaling approximately \$153,000.

CITY OF MILLVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION – continued

**CAPITAL ASSETS – NET OF
ACCUMULATED DEPRECIATION**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 2,393,566	2,393,566	94,131	94,131	2,487,697	2,487,697
Infrastructure	4,459,680	4,878,810	-	-	4,459,680	4,878,810
Buildings and improvements	1,011,381	934,640	-	-	1,011,381	934,640
Machinery and equipment	718,897	803,174	90,748	33,493	809,645	836,667
Water shares	-	-	263,995	263,495	263,995	263,495
Sewer improvements	-	-	936,258	890,934	936,258	890,934
Water improvements	-	-	5,121,682	5,443,476	5,121,682	5,443,476
Stormwater improvements	-	-	739,953	787,911	739,953	787,911
Construction in process	413,016	100,858	30,169,231	9,200,431	30,582,247	9,301,289
Total	<u>\$ 8,996,540</u>	<u>9,111,048</u>	<u>37,415,998</u>	<u>16,713,871</u>	<u>46,412,538</u>	<u>25,824,919</u>

Additional information on the City's capital assets can be found in Note 4 on pages 40 through 42 of these statements.

Long-term liabilities – At the end of the current fiscal year, the City had total long-term liabilities of \$17,739,508. These long-term liabilities relate primarily to the business-type activities of the water and sewer fund.

OUTSTANDING LONG-TERM LIABILITIES

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Water and sewer revenue bonds\$	-	-	17,665,615	17,937,983	17,665,615	17,937,983
Net pension liability	37,597	28,181	18,796	14,089	56,393	42,270
Compensated absences	11,000	9,400	6,500	5,900	17,500	15,300
Total	<u>\$ 48,597</u>	<u>37,581</u>	<u>17,690,911</u>	<u>17,957,972</u>	<u>17,739,508</u>	<u>17,995,553</u>

During the fiscal year, the City's total long-term liabilities decreased by \$256,045. The change was primarily due to the following:

- Payments were made which decreased the water and sewer revenue bonds by approximately \$272,000.
- Increase to net pension liability of approximately \$14,000.

CITY OF MILLVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION – continued

Additional information on the City's long-term debt can be found in Note 8 on pages 44 through 46 and in Note 10 on pages 48 through 55 of these statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Certified assessed real property valuations increased 3.1% on residential property over the preceding year.

The unemployment rate at the end of fiscal year 2025 for Cache County (of which the City is a part of) was 2.9% compared with a state unemployment rate of 3.2% and a national rate of 4.1%. Cache County's rate in 2024 was 2.9%. (Source: jobs.utah.gov).

The City Council voted to adopt the County's proposed certified tax rate for property tax at the rate of 0.000520 for 2025, which did not change from the 2024 adopted certified tax rate.

Major projects and purchases budgeted for fiscal year 2026 include: the City-wide sewer system, major road repairs and road treatments, a backhoe, the design of a new connector road between Millville 300 South and Nibley 3200 South, South Park dugout and bathroom refresh, and South Park Pavilion Phase 2.

REQUESTS FOR INFORMATION

This financial discussion and analysis is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this discussion and analysis or request for additional financial information should be addressed to the Millville City Recorder, P.O. Box 308, Millville, Utah, 84326-0308.

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BASIC FINANCIAL STATEMENTS

CITY OF MILLVILLE
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Pooled cash and cash equivalents	\$ 3,743,888	1,930,862	5,674,750
Cash and cash equivalents	-	2,817,092	2,817,092
Receivables, net	604,527	2,105,132	2,709,659
Land	2,393,566	94,131	2,487,697
Water shares	-	263,995	263,995
Construction in process	413,016	30,169,231	30,582,247
Sewer improvements	-	1,531,055	1,531,055
Stormwater improvements	-	935,942	935,942
Buildings and improvements	1,406,857	-	1,406,857
Furniture, fixtures, and equipment	1,410,129	111,394	1,521,523
Water improvements	-	8,007,134	8,007,134
Infrastructure	7,937,271	-	7,937,271
Accumulated depreciation	(4,564,299)	(3,696,884)	(8,261,183)
Total assets	13,344,955	44,269,084	57,614,039
<u>Deferred Outflows of Resources</u>			
Pensions	48,702	24,348	73,050
Total deferred outflows of resources	48,702	24,348	73,050
<u>Liabilities</u>			
Accounts payable and accrued expenses	141,317	1,911,511	2,052,828
Unearned revenue	-	1,401,071	1,401,071
Deposits	55,450	22,875	78,325
Accrued interest	-	8,800	8,800
Current portion of long-term liabilities	-	278,000	278,000
Noncurrent liabilities:			
Long-term liabilities, less current portion	11,000	17,394,115	17,405,115
Net pension liability	37,597	18,796	56,393
Total liabilities	245,364	21,035,168	21,280,532
<u>Deferred Inflows of Resources</u>			
Property taxes	167,000	-	167,000
Pensions	412	206	618
Total deferred inflows of resources	167,412	206	167,618
<u>Net Position</u>			
Net investment in capital assets	8,996,540	18,349,312	27,345,852
Restricted	1,524,546	523,000	2,047,546
Unrestricted	2,459,795	4,385,746	6,845,541
Total net position	\$ 12,980,881	23,258,058	36,238,939

The accompanying notes are an integral part of these financial statements.

CITY OF MILLVILLE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-type	Total
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	
Primary government:							
Governmental:							
General government	\$ 356,803	34,943	-	-	(321,860)	-	(321,860)
Public safety	148,756	65,718	-	-	(83,038)	-	(83,038)
Streets and public improvements	565,005	187,923	217,341	106,291	(53,450)	-	(53,450)
Parks and recreation	237,212	44,920	-	213,144	20,852	-	20,852
Total governmental activities	1,307,776	333,504	217,341	319,435	(437,496)	-	(437,496)
Business-type activities:							
Water and sewer fund	777,713	1,212,217	-	9,461,198	-	9,895,702	9,895,702
Storm water fund	46,682	33,935	-	-	-	(12,747)	(12,747)
Total business-type activities	824,395	1,246,152	-	9,461,198	-	9,882,955	9,882,955
Total primary government	\$ 2,132,171	1,579,656	217,341	9,780,633	(437,496)	9,882,955	9,445,459
General revenues:							
Taxes:							
Sales and use tax					697,246	-	697,246
Property tax					178,558	-	178,558
Total taxes					875,804	-	875,804
Miscellaneous					10,619	25,132	35,751
Interest and investment income					173,049	208,999	382,048
Total general revenues					1,059,472	234,131	1,293,603
Change in net position					621,976	10,117,086	10,739,062
Net position - beginning					12,358,905	13,140,972	25,499,877
Net position - ending					\$ 12,980,881	23,258,058	36,238,939

The accompanying notes are an integral part of these financial statements.

CITY OF MILLVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Pooled cash and cash equivalents	\$ 1,671,467	2,072,421	3,743,888
Taxes receivable	276,510	-	276,510
Accounts receivable, net	37,795	-	37,795
Due from other governmental units	290,222	-	290,222
Total assets	\$ <u>2,275,994</u>	<u>2,072,421</u>	<u>4,348,415</u>
<u>Liabilities</u>			
Accounts payable and accrued expenses	\$ 141,317	-	141,317
Contractor deposits	55,450	-	55,450
Total liabilities	196,767	-	196,767
<u>Deferred Inflows of Resources</u>			
Unavailable revenues - property taxes	167,000	-	167,000
<u>Fund Balances</u>			
Restricted	1,524,546	-	1,524,546
Committed	-	2,072,421	2,072,421
Unassigned	387,681	-	387,681
Total fund balances	1,912,227	2,072,421	3,984,648
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>2,275,994</u>	<u>2,072,421</u>	<u>4,348,415</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MILLVILLE
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2025

Total fund balances for governmental funds \$ 3,984,648

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 funds.

Land	\$ 2,393,566	
Construction in process	413,016	
Buildings and improvements	1,406,857	
Furniture, fixtures, and equipment	1,410,129	
Infrastructure	7,937,271	
Accumulated depreciation	<u>(4,564,299)</u>	
		8,996,540

Deferred outflows of resources related to pensions are not reported in the
funds. 48,702

Deferred inflows of resources related to pensions are not reported in the
funds. (412)

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

Compensated absences	\$ (11,000)	
Net pension liability	<u>(37,597)</u>	
		<u>(48,597)</u>

Total net position for governmental activities \$ 12,980,881

The accompanying notes are an integral part of these financial statements.

CITY OF MILLVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	General	Capital Projects	Total Governmental Funds
Revenues:			
Taxes	\$ 875,804	-	875,804
Licenses and permits	14,175	-	14,175
Intergovernmental	536,776	-	536,776
Charges for services	317,901	-	317,901
Fines and forfeitures	1,428	-	1,428
Miscellaneous revenues	97,364	86,304	183,668
	<u>1,843,448</u>	<u>86,304</u>	<u>1,929,752</u>
Total revenues			
Expenditures:			
General government	280,118	56,897	337,015
Public safety	148,756	-	148,756
Streets and public improvements	489,344	-	489,344
Parks and recreation	450,597	-	450,597
	<u>1,368,815</u>	<u>56,897</u>	<u>1,425,712</u>
Total expenditures			
Excess of revenues over expenditures	<u>474,633</u>	<u>29,407</u>	<u>504,040</u>
Other financing sources (uses):			
Transfer out to the capital projects fund	(283,200)	-	(283,200)
Transfer in from the general fund	-	283,200	283,200
	<u>(283,200)</u>	<u>283,200</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	191,433	312,607	504,040
Fund balance - beginning of year	<u>1,720,794</u>	<u>1,759,814</u>	<u>3,480,608</u>
Fund balance - end of year	<u>\$ 1,912,227</u>	<u>2,072,421</u>	<u>3,984,648</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MILLVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

Net change in fund balances - total governmental funds	\$ 504,040
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital acquisitions and improvements are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 514,620	
Depreciation expense	<u>(383,054)</u>	
		131,566

The net effect of transactions involving the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense is to increase net position.	(12,030)
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Changes in compensated absences do not require current financial resources and are excluded from the funds.	<u>(1,600)</u>
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Change in net position - total governmental activities	\$ <u><u>621,976</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF MILLVILLE
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
June 30, 2025

	<u>Water and Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Total Proprietary Funds</u>
<u>Assets</u>			
Pooled cash and cash equivalents	\$ 1,823,660	107,202	1,930,862
Cash and cash equivalents	2,817,092	-	2,817,092
Accounts receivable, net	163,218	4,255	167,473
Due from other governments	1,937,659	-	1,937,659
Land	73,252	20,879	94,131
Water shares	263,995	-	263,995
Furniture, fixtures and equipment	96,899	14,495	111,394
Sewer improvements	1,531,055	-	1,531,055
Water improvements	8,007,134	-	8,007,134
Storm water improvements	-	935,942	935,942
Construction in process	30,169,231	-	30,169,231
Accumulated depreciation	(3,500,895)	(195,989)	(3,696,884)
Total assets	<u>43,382,300</u>	<u>886,784</u>	<u>44,269,084</u>
<u>Deferred Outflows of Resources</u>			
Pensions	24,348	-	24,348
Total deferred outflows of resources	<u>24,348</u>	<u>-</u>	<u>24,348</u>
<u>Liabilities</u>			
Accounts payable and accrued expenses	1,911,511	-	1,911,511
Unearned revenue	1,401,071	-	1,401,071
Deposits	22,875	-	22,875
Accrued interest	8,800	-	8,800
Current portion of long-term liabilities	278,000	-	278,000
Noncurrent liabilities:			
Long-term liabilities, less current portion	17,394,115	-	17,394,115
Net pension liability	18,796	-	18,796
Total liabilities	<u>21,035,168</u>	<u>-</u>	<u>21,035,168</u>
<u>Deferred Inflows of Resources</u>			
Pensions	206	-	206
Total deferred inflows of resources	<u>206</u>	<u>-</u>	<u>206</u>
<u>Net Position</u>			
Net investment in capital assets	17,573,985	775,327	18,349,312
Restricted	523,000	-	523,000
Unrestricted	4,274,289	111,457	4,385,746
Total net position	<u>\$ 22,371,274</u>	<u>886,784</u>	<u>23,258,058</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MILLVILLE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
Year Ended June 30, 2025

	Water and Sewer Fund	Storm Water Fund	Total Proprietary Funds
Operating revenues:			
Service charges	\$ 1,141,357	33,935	1,175,292
Impact fees	70,860	-	70,860
Fees in lieu of water shares	16,500	-	16,500
Miscellaneous	8,628	4	8,632
Total operating revenues	<u>1,237,345</u>	<u>33,939</u>	<u>1,271,284</u>
Operating expenses:			
Salaries and benefits	149,646	21,250	170,896
Current expenses	171,643	1,454	173,097
Depreciation	253,946	23,978	277,924
Total operating expenses	<u>575,235</u>	<u>46,682</u>	<u>621,917</u>
Operating income (loss)	<u>662,110</u>	<u>(12,743)</u>	<u>649,367</u>
Non-operating income (expense):			
Grants	9,301,724	-	9,301,724
Interest income	202,922	6,077	208,999
Interest expense	(202,478)	-	(202,478)
Total non-operating income	<u>9,302,168</u>	<u>6,077</u>	<u>9,308,245</u>
Income (loss) before capital contributions	<u>9,964,278</u>	<u>(6,666)</u>	<u>9,957,612</u>
Capital contributions	<u>159,474</u>	<u>-</u>	<u>159,474</u>
Change in net position	<u>10,123,752</u>	<u>(6,666)</u>	<u>10,117,086</u>
Net position - beginning	<u>12,247,522</u>	<u>893,450</u>	<u>13,140,972</u>
Net position - ending	<u>\$ 22,371,274</u>	<u>886,784</u>	<u>23,258,058</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MILLVILLE
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2025

	<u>Water and Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Total Proprietary Funds</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,233,508	33,556	1,267,064
Payments to suppliers	(231,646)	(1,454)	(233,100)
Payments to employees	(141,860)	(21,250)	(163,110)
Net cash provided by operating activities	860,002	10,852	870,854
Cash flows from non-capital financing activities:	-	-	-
Cash flows from capital and related financing activities:			
Increase in due from other governments	(1,937,659)	-	(1,937,659)
Acquisition of property and equipment	(9,344,893)	-	(9,344,893)
Proceeds from capital grants	9,301,724	-	9,301,724
Proceeds from capital grants - unearned revenue	1,401,071	-	1,401,071
Principal payments on bonds	(272,368)	-	(272,368)
Interest payments	(202,478)	-	(202,478)
Net cash used in capital and related financing activities	(1,054,603)	-	(1,054,603)
Cash flows from investing activities:			
Interest received	202,922	6,077	208,999
Net cash provided by investing activities	202,922	6,077	208,999
Net increase in cash and cash equivalents	8,321	16,929	25,250
Cash and cash equivalents at beginning of year	4,632,431	90,273	4,722,704
Cash and cash equivalents at end of year	\$ 4,640,752	107,202	4,747,954

(continued)

The accompanying notes are an integral part of these financial statements.

(continued)

CITY OF MILLVILLE
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2025

	<u>Water and Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Total Proprietary Funds</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ <u>662,110</u>	<u>(12,743)</u>	<u>649,367</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	253,946	23,978	277,924
Pension expense	6,015	-	6,015
Increase in:			
Accounts receivable	(3,662)	(383)	(4,045)
Increase (decrease) in:			
Accounts payable	(58,832)	-	(58,832)
Deposits	(175)	-	(175)
Compensated absences	<u>600</u>	<u>-</u>	<u>600</u>
Total adjustments	<u>197,892</u>	<u>23,595</u>	<u>221,487</u>
Net cash provided by operating activities	\$ <u><u>860,002</u></u>	<u><u>10,852</u></u>	<u><u>870,854</u></u>
Non-cash capital and related financing activities:			
Total contribution, acquisition and construction of capital assets	\$ 9,504,367	-	9,504,367
Less capital assets acquired through contribution	<u>(159,474)</u>	<u>-</u>	<u>(159,474)</u>
Cash paid for acquisition and construction of capital assets	\$ <u><u>9,344,893</u></u>	<u><u>-</u></u>	<u><u>9,344,893</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The City of Millville, Utah (the City), operates as an incorporated governmental entity within the State of Utah. The City operates under the Council-Mayor form of government and provides the following services either directly or contractually: public safety (police and fire), highway and streets, sanitation, recreation, public improvements, planning and zoning, and general administrative services. In addition, the City owns and operates a water system, a sewer system, and a storm water system.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies established in GAAP and used by the City are discussed below.

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The accounting policies of the City conform to generally accepted accounting principles.

The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The City participates in the Cache Valley Transit District (CVTD) and the Cache Metropolitan Planning Organization (CMPO), which are separate legal entities which are not controlled or dependent upon the City. However, the City has imposed a 1/4 of 1% sales tax to fund the CVTD.

Basic Financial Statements – Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety (police and fire), highway and streets, sanitation, recreation, public improvements, planning and zoning, and general administrative services are classified as governmental activities. The City's water, sewer, and storm water services are classified as business-type activities.

The City has no fiduciary activities.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Government-Wide Statements (continued)

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general, public safety, etc.). The functions are also supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

These government-wide statements focus more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Basic Financial Statements – Fund Statements

The City's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions, or specific purposes. Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major individual funds, as defined by GASB Statement No. 34, with each displayed as a separate column. All remaining governmental and proprietary funds are aggregated and reported as non-major funds in their respective fund financial statements.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Fund Statements (continued)

The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City, both of which are considered to be major funds:

- The **General Fund** is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition of capital facilities and equipment by the City.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from non-operating 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. Revenues and expenses not meeting this definition, such as investment earnings, are reported as non-operating.

Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The City's major proprietary funds consist of the following:

- The **Water and Sewer Fund** accounts for the water and sewer operations of the City.
- The **Storm Water Fund** accounts for the operations of the storm water system of the City.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The following provides a summary of the basis of accounting used by the City:

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. 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.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service and compensated absences expenditures are recorded only when payment is due.

Financial Statement Amounts

Pooled Cash and Cash Equivalents

Wherever possible, the City's cash accounts are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein. An individual fund's equity in the pooled cash accounts is available on demand and is considered to be cash equivalents for purposes of these financial statements. Negative balances incurred in pooled cash at year-end are treated as interfund payables of the deficit account and interfund receivables in other funds with positive balances. Investments of the pool are reported at fair value.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Pooled Cash and Cash Equivalents (continued)

For the purpose of the Statement of Net Position, the term “cash and cash equivalents” includes all demand deposit accounts, savings accounts, or other short-term, highly liquid investments. For the purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Interfund Balances and Transactions

During the course of operations, transactions sometimes occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities and business-type activities are eliminated in the Statement of Net Position.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. In the government-wide Statement of Activities, transfers between governmental funds have been eliminated. In the fund financial statements, transfers are reported as other financing sources or uses.

Receivables and Due From Other Governments

Receivables consist of all revenues earned at year-end but received after year-end. Allowances for uncollectible accounts are based upon historical trends. Receivable balances for the governmental activities include sales taxes, franchise taxes, property taxes, garbage collection fees, and other fees.

Business-type activities report receivables for utility service fees.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical costs. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets has been provided over the estimated useful lives using the straight line method.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The estimated useful lives of capital assets are as follows:

Buildings and improvements	30 years
Water improvements	30 to 40 years
Equipment	3 to 15 years
Infrastructure	40 to 75 years

In the governmental fund financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the 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 and will not be recognized as an outflow of resources (expense/expenditure) until then. The following items qualify for reporting in this category:

- Pension related differences between expected and actual experience.
- Changes in pension related assumptions.
- Differences between expected and actual earnings on pension plan investments.
- Changes in proportionate share of the net pension liability.
- Pension contributions made by the City prior to the City's year-end, but subsequent to the measurement date of December 31, 2024.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the financial statements will sometimes report 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 and will not be recognized as an inflow of resources (revenue) until that time. The following items qualify for reporting in this category:

- Property taxes for future periods are reported in both the governmental funds balance sheet and the entity-wide statement of net position. Property tax revenues are not recognized prior to the period which they are intended to finance, even if an enforceable lien is in place prior to the beginning of the intended period. Thus, property taxes received or receivable as of year-end, which are intended to finance the following fiscal year, are deferred.
- Pension related differences between expected and actual experience.
- Changes in pension assumptions.
- Changes in proportionate share of the net pension liability.

Pension Related Assets, Liabilities and Deferred Outflows and Inflows of Resources

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 and 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.

Unearned Revenues

In the government-wide statements and the proprietary fund statements, unearned revenue is recognized when cash or other assets are received or recognized prior to being earned. In the governmental fund statements, unearned revenue is recorded when revenue is either unearned or unavailable.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

The City's policy in relation to sick and vacation pay benefits is that any such amounts unused at the end of the fiscal year are accrued. A maximum of 160 hours of sick leave may be carried to the next fiscal year. Any excess sick leave is converted into vacation at a factor of 20%. A maximum of 160 hours of vacation leave may be carried to the next fiscal year. Compensatory pay benefits unused at the end of the fiscal year are not accrued.

Accumulated balances of sick leave are not paid upon termination. Accumulated balances of vacation leave is paid at the time of termination at the employee's hourly compensation rate. All sick and vacation pay is accrued when incurred in the government-wide financial statements and in proprietary funds in accordance with GASB 101. A liability for these amounts is reported in governmental funds only if they have matured, for example, as result of resignation or retirements.

Long-term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities consist of bonds payable, notes payable, and accrued compensated absences.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for proprietary fund long-term liabilities is the same in the fund statements as it is in the government-wide statements.

Net Position Classifications

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

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position Classifications (continued)

- Restricted net position – Consists of net position with constraints placed on their use whether by 1) external groups such as creditors, grantors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classifications

Governmental fund equity is classified as fund balance in the fund financial statements. Fund balance is further classified based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows.

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or Mayor. No other governing body or officials have this authority delegated to them. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Classifications (continued)

Proprietary fund equity is classified the same as in the government-wide financial statements.

Revenues

Property taxes, franchise taxes, licenses, fees-in-lieu, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. Property taxes associated with future periods are deferred. All other revenue items are considered to be measurable and available only when the City receives cash. Grants are usually reimbursable grants and are thus recognized as revenue at the time the expenditures are made.

Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue. In addition, other revenues that do not result from providing services are reported as non-operating revenues.

Net Position/Fund Balance Flow Assumptions

When an expense/expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's general policy to use qualifying restricted resources first. When an expense/expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

For proprietary fund financial statements, operating expenses are those that result from providing services to customers.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Property Tax Calendar

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 must 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 2% or \$10.00, whichever is greater. After January 16 of the following year, delinquent taxes and penalties bear interest at 6% above the federal discount rate from January 1 until paid.

Change in Accounting Principle

On July 1, 2024, the City implemented GASB Statement No. 101, Compensated Absences (GASB 101), which requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The implementation of GASB 101 did not result in a change to the City's beginning net position.

Note 2 – Deposits and 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 by the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of 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 has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2 – Deposits and Investments (continued)

The City's deposits and investments consist of the following:

Deposits

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and cash equivalents:				
Cash-on-hand	\$ -	-	200	200
Demand deposits	-	-	-	-
Public Treasurer's Investment Fund	-	5,674,550	-	5,674,550
	-	5,674,550	200	5,674,750
Cash and cash equivalents:				
Demand deposits	-	-	-	-
Public Treasurer's Investment Fund	-	2,817,092	-	2,817,092
	-	2,817,092	-	2,817,092
Total all deposits and investments	\$ -	8,491,642	200	8,491,842

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. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2025, \$0 of the City's bank balances of \$88,147 were uninsured.

Investments

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

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2 – Deposits and Investments (continued)

Investments (continued)

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, one of which must be Moody’s Investor Services or Standard & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities 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 Treasurer’s Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for the investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionately in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant’s average daily balance. Twice a year, at June 30 and December 31, the investments are valued at fair value, and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value. At June 30, 2025, investments held by the City in the PTIF had a fair value of \$8,491,642 and were unrated.

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
- Level 3: Unobservable inputs

At June 30, 2025 the PTIF is measured at fair value using Level 2 inputs. The fair value of the PTIF is approximately equal to the value of the pool shares. As of June 30, 2025, all investments held by the City are in the PTIF, which has a maturity of less than 60 days.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2 – Deposits and Investments (continued)

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 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 City investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

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 exposure to credit risk is to comply with the State's Money Management Act as previously discussed. At June 30, 2025, all investments held by the City are in the PTIF, which is unrated.

Concentration of Credit Risk

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

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's policy to mitigate custodial risk is to use the PTIF whenever possible. As of June 30, 2025, all of the City's investments were in the PTIF.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 3 – Receivables

The City's receivables consist of:

Governmental Activities:

General Fund Receivables:

Taxes:

Property taxes	\$ 169,405
Sales tax	104,525
Franchise taxes	<u>2,580</u>
	<u>276,510</u>

Accounts receivable:

Garbage	25,328
911 fees	8,746
Miscellaneous	<u>3,721</u>
	<u>37,795</u>

Due from other government units:

Class "C" Roads - State of Utah	32,220
Miscellaneous	<u>1,711</u>
	<u>290,222</u>

Total general fund receivables	\$ <u><u>604,527</u></u>
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CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 3 – Receivables (continued)

Business-type Activities:

Water and Sewer Fund Receivables:

Accounts receivable:

Services and fees	\$ 164,218
Less allowance for credit losses	<u>(1,000)</u>
	<u>163,218</u>

Due from other government units:

DWQ Grant	<u>1,937,659</u>
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Total water and sewer fund receivables, net	\$ <u><u>2,100,877</u></u>
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Storm Water Fund Receivables:

Accounts receivable:

Services and fees	\$ <u><u>4,255</u></u>
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CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 4 – Capital Assets

Capital assets changes are as follows:

	July 1, 2024	Additions	Deletions	Transfers	June 30, 2025
<u>Governmental activities</u>					
Capital assets not being depreciated:					
Land	\$ 2,393,566	-	-	-	2,393,566
Construction in process	224,694	188,322	-	-	413,016
 Total capital assets not being depreciated	 2,618,260	 188,322	 -	 -	 2,806,582
Capital assets being depreciated:					
Buildings and improvements	1,277,678	129,179	-	-	1,406,857
Furniture, fixtures and equipment	1,353,231	56,898	-	-	1,410,129
Infrastructure	7,797,050	140,221	-	-	7,937,271
 Total capital assets being depreciated	 10,427,959	 326,298	 -	 -	 10,754,257
Accumulated depreciation for:					
Buildings and improvements	(362,102)	(33,374)	-	-	(395,476)
Furniture, fixtures and equipment	(620,644)	(70,588)	-	-	(691,232)
Infrastructure	(3,198,499)	(279,092)	-	-	(3,477,591)
 Total accumulated depreciation	 (4,181,245)	 (383,054)	 -	 -	 (4,564,299)
 Total capital assets being depreciated, net	 6,246,714	 (56,756)	 -	 -	 6,189,958
 Total governmental activities capital assets, net	 \$ 8,864,974	 131,566	 -	 -	 8,996,540

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 4 – Capital Assets (continued)

Depreciation expense is charged to the functions of the City as follows:

Streets and public improvements	\$ 307,059
Parks and recreation	68,238
General government	<u>7,757</u>
Total depreciation expense	\$ <u><u>383,054</u></u>

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 4 – Capital Assets (continued)

	July 1, 2024	Additions	Deletions	Transfers	June 30, 2025
<u>Business-type activities</u>					
Capital assets not being depreciated:					
Land	\$ 94,131	-	-	-	94,131
Water shares	263,495	500	-	-	263,995
Construction in process	20,902,636	9,334,566	-	(67,971)	30,169,231
 Total capital assets not being depreciated	 21,260,262	 9,335,066	 -	 (67,971)	 30,527,357
Capital assets being depreciated:					
Equipment	43,423	-	-	67,971	111,394
Sewer improvements	1,414,055	117,000	-	-	1,531,055
Water improvements	7,954,833	52,301	-	-	8,007,134
Stormwater improvements	935,942	-	-	-	935,942
 Total capital assets being depreciated	 10,348,253	 169,301	 -	 67,971	 10,585,525
Accumulated depreciation for:					
Equipment	(12,173)	(8,473)	-	-	(20,646)
Sewer improvements	(558,472)	(36,325)	-	-	(594,797)
Water improvements	(2,676,304)	(209,148)	-	-	(2,885,452)
Stormwater improvements	(172,011)	(23,978)	-	-	(195,989)
 Total accumulated depreciation	 (3,418,960)	 (277,924)	 -	 -	 (3,696,884)
 Total capital assets being depreciated, net	 6,929,293	 (108,623)	 -	 67,971	 6,888,641
 Total business-type activities capital assets, net	 \$ 28,189,555	 9,226,443	 -	 -	 37,415,998

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 5 – Accounts Payable

The City's accounts payable are as follows:

Governmental activities:

Payables and accrued expenses:

Interfund payable	\$ 87,166
Payables to vendors	43,688
Contributions to other governments	6,763
Payroll and benefits	<u>3,700</u>

Total governmental activities	\$ <u>141,317</u>
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Business-type activities:

Payables and accrued expenses:

Payroll and benefits	\$ 6,091
Payables to vendors	<u>1,905,420</u>

Total business-type activities	\$ <u>1,911,511</u>
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Note 6 – Deposits

The Water and Sewer Fund requires deposits for all new water connections. The deposit is refunded upon termination of service if no balance is owed on the customer account or after two years of current payments, whichever comes first. If an outstanding balance exists at termination, the deposit is first applied to the outstanding balance with any excess refunded. A total of the detailed list of deposits is carried as a current liability on the City's records. The Water and Sewer Fund requires deposits for construction performance. These deposits are held until the construction project has passed required specifications as directed by the City.

The General Fund requires deposits for all new residential construction. The deposit is refunded upon completion of landscaping to a specified standard. These deposits are held for up to two years until the project has passed required specifications as directed by the City. If approved landscaping is not completed within the allotted timeframe, the deposit is forfeited. A total of the detailed list of deposits is carried as a current liability on the City's records.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 7 – Interfund Transfers

During the year, the City made the following interfund transfers:

<u>Purpose</u>	<u>Amount</u>	<u>Transfer in</u>	<u>Transfer out</u>
Transfer excess funds	\$ 283,200	Capital Projects	General

Note 8 – Long-Term Liabilities

Long-term liability activity is as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2025</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Compensated absences	\$ <u>9,400</u>	<u>1,600</u> *	<u>-</u>	<u>11,000</u>	<u>-</u>
Total governmental long-term liabilities	\$ <u>9,400</u>	<u>1,600</u>	<u>-</u>	<u>11,000</u>	<u>-</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 17,937,983	-	(272,368)	17,665,615	278,000
Compensated absences	<u>5,900</u>	<u>600</u> *	<u>-</u>	<u>6,500</u>	<u>-</u>
Total business-type long-term liabilities	\$ <u>17,943,883</u>	<u>600</u>	<u>(272,368)</u>	<u>17,672,115</u>	<u>278,000</u>

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

The City has no unused lines of credit.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8 – Long-Term Liabilities (continued)

Bonds payable in the Water and Sewer Fund is comprised of the following:

\$9,720,000 Sewer Revenue Bonds, Series 2023A, issued August 28, 2023. Due in monthly installments of \$28,188, including interest at 1.75% until August 28, 2063.	\$ 9,406,947
\$5,200,000 Sewer Revenue Bonds, Series 2022, issued May 10, 2022. Due in annual installments ranging from \$20,000 to \$256,000 starting November 2026 until November 1, 2055, non-interest bearing.	5,200,000
\$1,261,000 Sewer Revenue Bonds, Series 2024A, issued April 10, 2024. Due in annual installments of \$42,033, starting September 2026 until September 1, 2055, non-interest bearing.	1,261,000
\$1,286,000 Water Revenue Bonds, Series 2022, issued February 1, 2022. Due in monthly installments of \$3,730, including interest at 1.75% until February 1, 2062.	1,209,668
\$1,741,000 Water Revenue Bonds, Series 2006, issued August 3, 2006. Due in annual installments ranging from \$77,000 to \$89,000 until February 1, 2032, plus interest at 2.23%.	<u>588,000</u>
Total bonds payable	\$ <u><u>17,665,615</u></u>

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8 – Long-Term Liabilities (continued)

The requirements to service all proprietary bonds payable outstanding are as follows:

<u>Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	278,000	197,000	475,000
2027		345,000	192,000	537,000
2028		356,000	187,000	543,000
2029		368,000	181,000	549,000
2030		384,000	176,000	560,000
Thereafter		<u>15,934,615</u>	<u>3,042,466</u>	<u>18,977,081</u>
	\$	<u>17,665,615</u>	<u>3,975,466</u>	<u>21,641,081</u>

The City has pledged all water and sewer revenues to secure water and sewer revenue bonds. Payments on these bonds are currently expected to end in 2064. These bonds were issued to make improvements to the City's water system and Nibley City's sewer system (see Note 12). Principal and interest payments on these bonds currently amount to approximately \$475,000 for fiscal year 2026 or 42% of water and sewer services revenues.

In the event of default, the Trustee of the bonds may pursue any available remedy by suit at law or in equity to enforce the payment of the principal, premium and interest on the bonds then outstanding or to enforce any obligations of the issuers.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 9 – Net Position and Fund Balances

Restricted net position and restricted fund balances represent monies required to be maintained to satisfy third party agreements or legal requirements. The following information details net position and fund balances:

Governmental Activities:

Restricted:	
Class C roads	\$ 1,254,638
Road impact fees	133,915
Park impact fees	122,974
Bridge escrows	<u>13,019</u>
	<u>1,524,546</u>
Committed:	
Capital improvement activities	<u>2,072,421</u>
Unassigned	<u>387,681</u>
Total fund balances	<u>\$ 3,984,648</u>

Net position restricted by enabling legislation include those restricted for road impact fees for \$133,915 and park impact fees for \$122,974.

Business-type Activities:

2006 water revenue bond reserves	\$ 472,000
2022 water revenue bond reserves	45,000
2022 sewer revenue bond reserves	<u>6,000</u>
Total restricted net position	<u>\$ 523,000</u>

In accordance with the terms of the 2006 Water Revenue Bonds and the 2022 Water and Sewer Revenue Bonds, the City has restricted a portion of net position to satisfy all reserves required by bond covenants.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 9 – Net Position and Fund Balances (continued)

The City requires water shares to be contributed for new developments. If water shares are not available the City requires that a fee be paid in lieu of shares. These funds are restricted to the purchase of water shares.

The City also assesses impact fees for water improvements as allowed by State law. The City has a negative memorandum amount of \$2,249,399 for costs in excess of water impact fees collected.

The City also assesses impact fees for sewer improvements as allowed by State law. The City has a negative memorandum amount of \$1,296,326 for costs in excess of sewer impact fees collected.

Note 10 – Retirement Plans

General Information about the Pension Plan

Plan Description-Defined Benefit Plans

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following pension trust funds:

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

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

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

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 10 – Retirement Plans (continued)

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 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* Actuarial reductions are applied.

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

Contributions

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

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 10 – Retirement Plans (continued)

Contribution rates as of June 30, 2025 are as follows:

	Tier 2 Fund	Employee	Employer	Employer 401(k)
Noncontributory System				
15 - Local Government				
Tier 1 - DB System	N/A	N/A	16.97%	N/A
Tier 2 - DB Hybrid System	111	0.70%	15.19%	N/A
Tier 2 - 401(k) Option	211	N/A	5.19%	10%

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 contributions to the Noncontributory System and the Tier 2 Public Employees System were \$27,283 and \$7,234, respectively. No employee contributions were made. Contributions reported are the URS Board required contributions by System. Contributions to the Teir 2 System are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2025 the City reported a net pension asset of \$0 and a net pension liability of \$56,393.

	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2023	Change (Decrease)
Noncontributory System	\$ <u>56,393</u>	0.0177834%	0.0182232%	-0.0004398%
Total Net Pension Liability	\$ <u><u>56,393</u></u>			

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 10 – Retirement Plans (continued)

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

For the year ended June 30, 2025, the City recognized pension expense of \$52,344.

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	\$ 33,602	-
Changes in assumptions	4,665	-
Net difference between projected and actual earnings on pension plan investments	16,987	-
Changes in proportion and differences between contributions and proportionate share of contributions	364	618
Contributions subsequent to the measurement date	<u>17,432</u>	<u>-</u>
Total	<u>\$ 73,050</u>	<u>618</u>

\$17,432 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.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 10 – Retirement Plans (continued)

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

Year ended June 30,	Deferred Outflows (Inflows) of Resources
2026	\$ 32,147
2027	31,068
2028	(6,876)
2029	(1,242)
2030	(23)
Thereafter	(74)

Actuarial Assumptions

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

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

Mortality rates were developed from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based on 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.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 10 – Retirement Plans (continued)

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

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

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

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

Discount Rate

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

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 10 – Retirement Plans (continued)

Sensitivity of Proportionate Share of Net Pension Asset/Liability to Changes in Discount Rate

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

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
System			
Noncontributory System	\$ 238,498	56,393	(96,333)
Total	\$ 238,498	56,393	(96,333)

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

The City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 10 – Retirement Plans (continued)

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	\$	23,689	27,509	26,247
Employee Contributions	\$	30,700	18,800	5,000
457 Plan				
Employer Contributions	\$	5,111	3,249	3,262
Employee Contributions	\$	37,001	39,076	36,248

Note 11 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Insurance Trust (the Trust), a public entity risk pool, to manage its risk of loss. The City pays an annual premium to the Trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of two million dollars for each insured event. There have been no claim settlements which exceeded the City's insurance coverage for the past four years.

Note 12 – Inter-City Sewage System Improvements and Maintenance Cost Sharing Agreements

In July 2020, the City entered into an intermunicipal agreement with Hyrum City (Hyrum) for a term of thirty years. Per the agreement, the City will participate in an expansion of Hyrum's wastewater treatment facility (the Facility). The City's participation will result in it owning twenty percent of the Facility by means of it paying \$5.00 per month per equivalent residential unit (ERU) for thirty years and \$4.50 per month per ERU for as long as necessary until the City has paid \$702,400 in principal and accompanying interest (this is the City's 20% share of the Revenue bonds being sold by Hyrum to the United States Department of Agriculture (USDA) for Facility expansion and improvements). The City must also pay 20% of the Facility's operations and maintenance expenses (O&M) in monthly installments based on an annually adopted Facility budget. The initial monthly O&M payment per ERU is set at \$22.36.

CITY OF MILLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 12 – Inter-City Sewage System Improvements and Maintenance Cost Sharing Agreements
(continued)

The City has entered into an agreement with Nibley City (Nibley) to construct and maintain certain components of Nibley's sewer collection system and to create excess capacity which may be utilized by the City. As a part of the agreement, the City is obligated for and liable to pay the City's proportional share of all costs related to maintenance, replacement, and repair of the jointly owned components. In return, the City receives the perpetual right to access and use the jointly owned components. This agreement can only be terminated by mutual agreement of the cities. The City's portion of the jointly owned assets has been included in the Water and Sewer Fund capital assets as improvements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILLVILLE
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 814,600	845,400	875,804	30,404
Licenses and permits	13,600	11,200	14,175	2,975
Intergovernmental	550,300	725,200	536,776	(188,424)
Charges for services	333,200	335,100	317,901	(17,199)
Fines and forfeitures	400	1,300	1,428	128
Miscellaneous revenues	40,500	94,300	97,364	3,064
	<u>1,752,600</u>	<u>2,012,500</u>	<u>1,843,448</u>	<u>(169,052)</u>
Expenditures:				
General government	339,900	311,500	280,118	31,382
Public safety	152,200	149,800	148,756	1,044
Streets and public improvements	583,600	659,400	489,344	170,056
Parks and recreation	431,800	458,100	450,597	7,503
	<u>1,507,500</u>	<u>1,578,800</u>	<u>1,368,815</u>	<u>209,985</u>
Excess of revenues over expenditures	245,100	433,700	474,633	40,933
Other financing uses:				
Transfer out to the capital projects fund	<u>(153,800)</u>	<u>(283,200)</u>	<u>(283,200)</u>	<u>-</u>
Total other financing uses	<u>(153,800)</u>	<u>(283,200)</u>	<u>(283,200)</u>	<u>-</u>
Net change in fund balance	\$ <u>91,300</u>	<u>150,500</u>	191,433	<u>40,933</u>
Fund balance - beginning of year			<u>1,720,794</u>	
Fund balance - end of year	\$		<u>1,912,227</u>	

CITY OF MILLVILLE
SCHEDULE OF THE PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
<u>Noncontributory System</u>										
Proportion of the net pension liability (asset)	0.017783%	0.018223%	0.016773%	0.014172%	0.012145%	0.011425%	0.015509%	0.017304%	0.018474%	0.017157%
Proportionate share of the net pension liability (asset)	\$ 56,393	42,270	28,728	(81,164)	6,230	43,058	114,203	75,812	118,626	97,083
Covered employee payroll	\$ 166,055	166,923	114,167	112,595	85,552	80,831	122,337	146,172	170,750	152,825
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.0%	25.3%	19.9%	-72.1%	7.3%	53.3%	93.4%	51.9%	69.5%	63.5%
Plan fiduciary net position as a percentage of the total pension liability	96.0%	96.9%	97.5%	108.7%	99.2%	93.7%	87.0%	91.9%	87.3%	87.8%
<u>Tier 2 Public Employees System</u>										
Proportion of the net pension liability (asset)	0.000000%	0.000000%	0.000000%	0.000825%	0.001955%	0.002130%	0.001745%	0.004119%	0.000000%	0.000000%
Proportionate share of the net pension liability (asset)	\$ -	-	-	(349)	281	479	747	363	-	-
Covered employee payroll	\$ -	-	-	15,548	31,249	29,654	20,129	40,326	-	-
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	-2.2%	0.9%	1.6%	3.7%	0.9%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	0.0%	103.8%	98.3%	96.5%	90.8%	97.4%	0.0%	0.0%

CITY OF MILLVILLE
SCHEDULE OF CONTRIBUTIONS

	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:						
2025	\$	27,283	\$ 27,283	\$ -	\$ 160,403	17.01%
2024	\$	30,784	\$ 30,784	\$ -	\$ 171,120	17.99%
2023	\$	28,117	\$ 28,117	\$ -	\$ 156,288	17.97%
2022	\$	25,879	\$ 25,879	\$ -	\$ 140,114	18.47%
2021	\$	15,884	\$ 15,884	\$ -	\$ 85,999	18.47%
2020	\$	15,324	\$ 15,324	\$ -	\$ 82,965	18.47%
2019	\$	18,044	\$ 18,044	\$ -	\$ 97,693	18.47%
2018	\$	24,578	\$ 24,578	\$ -	\$ 134,388	18.29%
2017	\$	31,291	\$ 31,291	\$ -	\$ 169,414	18.47%
2016	\$	29,746	\$ 29,746	\$ -	\$ 161,052	18.47%
Tier 2 Public Employees System:*						
2025	\$	-	\$ -	\$ -	\$ -	0.00%
2024	\$	-	\$ -	\$ -	\$ -	0.00%
2023	\$	-	\$ -	\$ -	\$ -	0.00%
2022	\$	-	\$ -	\$ -	\$ -	0.00%
2021	\$	5,046	\$ 5,046	\$ -	\$ 31,946	15.80%
2020	\$	3,946	\$ 3,946	\$ -	\$ 26,506	14.89%
2019	\$	5,431	\$ 5,431	\$ -	\$ 34,987	15.52%
2018	\$	3,706	\$ 3,706	\$ -	\$ 24,527	15.11%
2017	\$	2,883	\$ 2,883	\$ -	\$ 19,338	14.91%
2016	\$	-	\$ -	\$ -	\$ -	0.00%
Tier 2 DC Only System:*						
2025	\$	7,234	\$ 7,234	\$ -	\$ -	0.00%
2024	\$	8,114	\$ 8,114	\$ -	\$ -	0.00%
2023	\$	7,353	\$ 7,353	\$ -	\$ -	0.00%
2022	\$	5,730	\$ 5,730	\$ -	\$ -	0.00%
2021	\$	4,732	\$ 4,732	\$ -	\$ -	0.00%
2020	\$	4,124	\$ 4,124	\$ -	\$ -	0.00%
2019	\$	3,499	\$ 3,499	\$ -	\$ -	0.00%
2018	\$	1,105	\$ 1,105	\$ -	\$ 8,112	13.62%
2017	\$	-	\$ -	\$ -	\$ -	0.00%
2016	\$	-	\$ -	\$ -	\$ -	0.00%

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

CITY OF MILLVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

Note 1 – Budget Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each major special revenue fund as required by generally accepted accounting principles (GAAP). Budgets for governmental funds are adopted on a legally enacted basis, which is consistent with GAAP.

Annual appropriated budgets are adopted for all governmental and business-type funds. All annual appropriations lapse at fiscal year end. Each fund adopts a “balanced budget” in accordance with State law. As allowed by State law, the City Council may authorize increases to or uses of unassigned fund balances. In the budget presentations, authorized increases to fund balance are shown as positive changes in fund balance and authorized decreases are shown as negative changes in fund balance.

Note 2 – Budget Adoption and Monitoring and Compliance Related Matters

On or before the first scheduled City Council meeting in May, all agencies of the City submit requests for appropriation to the City's financial officers 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. The City's financial officers must, within the revenues and reserves, estimate any changes in the budget as available or revenue estimates may 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 State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22, and adoption of budgets is done similarly.

State statutes require that City officers or employees shall not incur expenditures or encumbrances in excess of total appropriations for any department or fund. In the general fund, budget integrity is measured for expenditures in each department. For all other governmental funds, budget integrity is measured for expenditures for the fund in total.

Only the City Council at a properly advertised public hearing can make increases in total fund appropriations. The final budget information presented reflects all approved amendments.

It was noted that none of the City's funds exceeded their budgeted appropriations.

CITY OF MILLVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

Note 3 – Schedule of the Proportionate Share of the Net Pension Liability (Asset)

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

SUPPLEMENTARY INFORMATION

CITY OF MILLVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>			<u>2024</u>
	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>			
Taxes:				
General property taxes	\$ 164,600	166,472	1,872	161,524
Fee in lieu of property taxes	10,900	12,086	1,186	11,981
Sales and use taxes	661,000	688,334	27,334	666,692
Franchise taxes	8,900	8,912	12	9,612
Total taxes	845,400	875,804	30,404	849,809
Licenses and permits:				
Business licenses and permits	4,100	4,213	113	3,254
Non-business licenses and permits	7,100	9,962	2,862	15,283
Total licenses and permits	11,200	14,175	2,975	18,537
Intergovernmental:				
Class "C" roads	204,000	217,341	13,341	245,213
RAPZ grant	220,200	213,144	(7,056)	7,061
Nonrecurring grants	301,000	106,291	(194,709)	115,416
Total intergovernmental	725,200	536,776	(188,424)	367,690
Charges for services:				
Sanitation	200,000	177,364	(22,636)	205,702
Impact fees	35,400	42,540	7,140	28,360
Recreation	11,300	12,940	1,640	16,054
911 fees	27,000	22,347	(4,653)	26,306
Ambulance/EMS	45,600	43,371	(2,229)	45,904
Property review fees	15,800	19,339	3,539	12,816
Total charges for services	335,100	317,901	(17,199)	335,142
Fines and forfeitures	1,300	1,428	128	437
				(continued)

CITY OF MILLVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	Actual
Miscellaneous revenues:				
Interest	85,300	86,745	1,445	83,169
Other	9,000	10,619	1,619	9,466
Total miscellaneous	94,300	97,364	3,064	92,635
Total revenues	2,012,500	1,843,448	(169,052)	1,664,250
Expenditures:				
General government:				
Elected officials payroll	21,500	20,790	710	21,480
Non-category payroll	103,000	90,048	12,952	91,662
Professional	41,500	37,743	3,757	29,801
Bonds and insurance	21,000	20,236	764	17,759
Planning and zoning	9,900	8,017	1,883	9,354
Building and grounds	14,300	13,538	762	10,353
City engineering	22,000	15,385	6,615	10,378
Elections	300	244	56	-
Non-departmental	78,000	74,117	3,883	64,941
Total general government	311,500	280,118	31,382	255,728
Public safety:				
Fire protection	35,400	35,149	251	32,791
Law enforcement	33,100	33,085	15	28,792
Animal control	4,100	4,101	(1)	3,776
EMT	47,100	47,084	16	44,207
911 dispatch	27,100	29,337	(2,237)	26,770
Disaster relief	3,000	-	3,000	-
Total public safety	149,800	148,756	1,044	136,336

(continued)

CITY OF MILLVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>			<u>2024</u>
	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>			
Streets and public improvements:				
Streets and highways	457,400	291,593	165,807	252,560
Class C roads	8,000	4,788	3,212	7,756
Sanitation	194,000	192,963	1,037	200,805
Total streets and improvements	659,400	489,344	170,056	461,121
Parks and recreation:				
Parks and recreation programs	175,600	168,174	7,426	164,938
Capital outlay	282,500	282,423	77	-
Total parks and recreation	458,100	450,597	7,503	164,938
Total expenditures	1,578,800	1,368,815	209,985	1,018,123
Excess of revenues over expenditures	433,700	474,633	40,933	646,127
Other financing uses:				
Transfer out to the capital projects fund	(283,200)	(283,200)	-	(350,000)
Total other financing uses	(283,200)	(283,200)	-	(350,000)
Net change in fund balance	\$ <u>150,500</u>	191,433	<u>40,933</u>	296,127
Fund balance - beginning of year		<u>1,720,793</u>		<u>1,424,666</u>
Fund balance - end of year	\$	<u>1,912,226</u>		<u>1,720,793</u>

CITY OF MILLVILLE
STATEMENT OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Miscellaneous revenues	\$ <u>35,000</u>	<u>85,100</u>	<u>86,304</u>	<u>1,204</u>
Total revenues	<u>35,000</u>	<u>85,100</u>	<u>86,304</u>	<u>1,204</u>
Expenditures				
Capital outlay - General	<u>115,000</u>	<u>58,500</u>	<u>56,897</u>	<u>1,603</u>
Total expenditures	<u>115,000</u>	<u>58,500</u>	<u>56,897</u>	<u>1,603</u>
Excess (deficiency) of revenues over expenditures	<u>(80,000)</u>	<u>26,600</u>	<u>29,407</u>	<u>2,807</u>
Other financing sources:				
Transfer in from the general fund	<u>153,800</u>	<u>283,200</u>	<u>283,200</u>	<u>-</u>
Total other financing sources	<u>153,800</u>	<u>283,200</u>	<u>283,200</u>	<u>-</u>
Net change in fund balance	\$ <u><u>73,800</u></u>	<u><u>309,800</u></u>	<u>312,607</u>	<u><u>2,807</u></u>
Fund balance - beginning of year			<u>1,759,814</u>	
Fund balance - end of year	\$		<u><u>2,072,421</u></u>	

CITY OF MILLVILLE
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL -
WATER AND SEWER FUND
Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	Actual
Operating revenues:				
Service charges	\$ 1,049,400	1,141,357	91,957	928,511
Impact fees	59,000	70,860	11,860	47,240
Fees in lieu of water shares	-	16,500	16,500	6,000
Miscellaneous	22,200	8,628	(13,572)	3,549
Total operating revenues	1,130,600	1,237,345	106,745	985,300
Operating expenses:				
Salaries and benefits	166,400	143,631	22,769	156,759
Current expenses	172,200	171,643	557	175,103
Total operating expenses	338,600	315,274	23,326	331,862
Operating income	792,000	922,071	130,071	653,438
Non-operating income (expense):				
Bond proceeds	-	-	-	19,877,000
Gain on loan forgiveness	-	-	-	3,750,000
Grants	9,700,000	9,301,724	(398,276)	854,000
Interest income	193,500	202,922	9,422	328,172
Bond payments - principal and interest	(475,100)	(474,846)	254	(24,189,597)
Total non-operating income	9,418,400	9,029,800	(388,600)	619,575
Capital budget expenses:				
Capital outlay	9,721,600	9,344,893	376,707	11,744,441
Net change in net position - budget basis	\$ 488,800	606,978	118,178	(10,471,428)
Adjustments from budget basis to GAAP basis:				
Developer contributions		159,474		-
Capital outlay		9,344,893		11,744,441
Bond proceeds		-		(19,877,000)
Principal payments		272,368		23,731,016
Depreciation		(253,946)		(244,776)
Pension benefit		(6,015)		2,147
Net change in net position - GAAP basis	\$	10,123,752		4,884,400

CITY OF MILLVILLE
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL -
STORM WATER FUND
Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	Actual
Operating revenues:				
Service charges	\$ 35,500	33,935	(1,565)	34,972
Miscellaneous	-	4	4	1,813
Total operating revenues	35,500	33,939	(1,561)	36,785
Operating expenses:				
Salaries and benefits	22,100	21,250	850	20,572
Current expenses	3,000	1,454	1,546	6,905
Total operating expenses	25,100	22,704	2,396	27,477
Operating income	10,400	11,235	835	9,308
Non-operating income:				
Interest income	5,500	6,077	577	5,066
Total non-operating income	5,500	6,077	577	5,066
Net change in net position - budget basis	\$ <u>15,900</u>	17,312	<u>1,412</u>	14,374
Adjustments from budget basis to GAAP basis:				
Depreciation expense		<u>(23,978)</u>		<u>(23,978)</u>
Net change in net position - GAAP basis	\$	<u>(6,666)</u>		<u>(9,604)</u>

CITY OF MILLVILLE
SUPPLEMENTAL WATER, SEWER, AND INSURANCE INFORMATION
June 30, 2025

Utility Users and Rates

The City of Millville Water and Sewer Fund serves both residential and commercial users. As of June 30, 2025, the following user connections existed:

Residential	729
Commercial	9
	738

Water rates are charged monthly by water line size as follows:

Line Size	Base Rate	Usage Rates per 1K Gallon			
		0-10K Gallons	10K - 30K Gallons	30K+ Gallons	
3/4" - 1" Line (standard)	\$ 38.00	\$ 0.80	\$ 0.95	\$ 1.05	
1 1/2" Line	\$ 50.00	\$ 0.80	\$ 0.95	\$ 1.05	
2" Line	\$ 100.00	\$ 0.80	\$ 0.95	\$ 1.05	
4" Line	\$ 400.00	\$ 0.80	\$ 0.95	\$ 1.05	

Each connection is charged \$60 monthly for sewer main debt service.

Insurance and Bond Coverage

The City has bonding policies with effective limits as follows:

Description	Issuer	Number	Policy Limits	Expiration Dates
Treasurer	Utah Local Govt. Trust	12420 2018 01	\$ 2,559,000	3/15/2026

CITY OF MILLVILLE
SUPPLEMENTAL WATER, SEWER, AND INSURANCE INFORMATION
June 30, 2025

Insurance and Bond Coverage (continued)

The City has insurance policies with effective limits as follows:

<u>Description</u>	<u>Issuer</u>	<u>Number</u>	<u>Policy Limits</u>	<u>Expiration Dates</u>
Comprehensive general liability (no deductible)	Utah Local Govt. Trust	12420	\$ 5,000,000	6/30/2026
Auto bodily injury/property damage (no deductible)	Utah Local Govt. Trust	12420	\$ 5,000,000	6/30/2026
Crime	Utah Local Govt. Trust	12420	\$ 5,000,000	6/30/2026
Buildings and contents (\$1,000 deductible)	Utah Local Govt. Trust	12420	\$ 5,257,461	6/30/2026
Boiler and machinery/equipment breakdown	Utah Local Govt. Trust	12420	\$ 2,000,000	6/30/2026
Workers compensation	Utah Local Govt. Trust	12420	\$ 500,000	6/30/2026

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GOVERNMENTAL AUDITING REPORTS

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

To the Mayor and City Council
City of Millville, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Millville, Utah (the 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 December 23, 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JONES SIMKINS LLC
Logan, Utah
December 23, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and City Council
City of Millville, Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Millville, Utah's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibility 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 Uniform Guidance 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 each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Uniform Guidance, 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



JONES SIMKINS LLC

Logan, Utah

December 23, 2025

CITY OF MILLVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>Contract Number</u>	<u>Total Federal Expenditures</u>
<u>U.S Department of Agriculture (USDA)</u>			
Water and Waste Disposal Systems for Rural Communities	10.760	None	\$ <u>7,952,795</u>
Total USDA			<u>7,952,795</u>
Total Expenditures of Federal Awards			\$ <u><u>7,952,795</u></u>

CITY OF MILLVILLE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2025

Note 1 – Purpose of the Schedule

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is provided in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 – Significant Accounting Policies

Basis of Accounting

The information in the Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

Assistance Listing Numbers

Title 2 U.S. *Code of Federal Regulations* Part 200 requires the Schedule to show the total expenditures for each of the City's federal financial assistance programs as identified by Assistance Listing number. Assistance Listing is a government-wide compendium of individual federal programs which assigns a five-digit program identification Assistance Listing number to each federal program.

Major Programs

Title 2 U.S. *Code of Federal Regulations* Part 200 establishes the levels of expenditures or expenses and other criteria to be used in defining major programs. Major programs have been noted in the Schedule of Findings and Questioned Costs in accordance with those definitions.

Indirect Costs

The City has not elected to use the 10% de minimis indirect cost rate.

Note 3 – Loan and Loan Guarantee Programs

The value of new loans and loan guarantees made during the year plus, as applicable, the beginning of the year loan balances and loan guarantees are included in the SEFA. The outstanding federal loan balances and loan guarantees at the end of the year are included in the Notes to Financial Statements (see Note 8).

CITY OF MILLVILLE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2025

Note 3 – Loan and Loan Guarantee Programs (continued)

The outstanding federal loan balances and loan guarantees as of June 30, 2025 are as follows:

- Water and Waste Disposal for Rural Communities (ALN #10.760) - \$9,406,947

Included in the Schedule as required by Uniform Guidance is the value of new loans and loan guarantees made during the year plus, as applicable, the beginning of the year loan balances and loan guarantees.

CITY OF MILLVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

A. Summary of Auditor's Results:

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| • Material weaknesses identified: | No |
| • Significant deficiencies identified that were not considered to be material weaknesses: | None reported |
| 3. Non-compliance material to financial statements noted: | No |

Federal Awards

- | | |
|---|--|
| 4. Internal control over major programs: | |
| • Material weaknesses identified: | No |
| • Significant deficiencies identified that were not considered to be material weaknesses: | None reported |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): | No |
| 7. Federal programs tested as major programs: | Water and Waste Disposal Systems for Rural Communities – #10.760 |
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. Auditee qualification as high or low risk: | Low |

CITY OF MILLVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

- B. Findings related to the financial statements required to be reported in accordance with *Government Auditing Standards*:

None

- C. Findings and Questioned Costs Related to Federal Awards Required to be reported in accordance with the Uniform Guidance.

None

STATE COMPLIANCE REPORT

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

To the Mayor and City Council
City of Millville, Utah

Report on Compliance

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

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

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Fraud Risk Assessment
- Government Fees
- Tax Levy Revenue Recognition
- Impact Fees
- Utah Retirement System

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in

Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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 *State Compliance Audit 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guide and which is described below. Our opinion on compliance is not modified with respect to this matter.

- State law (10-6-147) requires that financial reports are prepared monthly or quarterly and reviewed by the governing body. These reports should reconcile to the general ledger (revenues/expenses and expenditures) in total by fund. We reviewed the December 31, 2024 quarterly financial report that was presented to the City Council on January 9, 2025 and noted differences between said report and the amounts reflected in the general ledger as of and for the six-month period ended December 31, 2024 as it related to general fund total revenues and water and sewer fund total revenues and expenses. We recommend that management present the financial reports to the City Council after the general ledger for the month / quarter end has been properly closed out.

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described above. The City's response, included in the accompanying State Compliance Corrective Action Plan, was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance

requirement will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

A handwritten signature in cursive script that reads "Jones Simkins LLC".

JONES SIMKINS LLC

Logan, Utah

December 23, 2025

CITY OF MILLVILLE
STATE COMPLIANCE CORRECTIVE ACTION PLAN
(Client Submitted Document)
Year Ended June 30, 2025

Management will present the financial reports to the City Council after the month / quarterly general ledger has been properly closed out and ensure that the corresponding financial reports reconcile back to the general ledger.