

HUNTINGTON CITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

HUNTINGTON CITY
BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>PAGE</u>
<u>OPINION</u>	
Independent Auditors' Report	1-3
<u>MD&A</u>	
Management's Discussion and Analysis	4-11
 <u>BASIC FINANCIAL STATEMENTS</u>	
 Government-wide Financial Statements:	
EXHIBIT 1	12-13
Statement of Net Position	
EXHIBIT 2	14
Statement of Activities	
 Fund Financial Statements:	
EXHIBIT 3	15
Balance Sheet - Governmental Funds	
EXHIBIT 4	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	
EXHIBIT 5	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	
EXHIBIT 6	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	
EXHIBIT 7	19-20
Statement of Net Position - Proprietary Funds	
EXHIBIT 8	21
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	
EXHIBIT 9	22
Statement of Cash Flows - Proprietary Funds	
Notes to the Financial Statements	23-52

PAGE

SCHEDULE 1	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	53
SCHEDULE 2	Schedule of the Proportionate Share of the Net Pension Liability	54
SCHEDULE 3	Schedule of Contributions	55
	Notes to Required Supplementary Information	56

SCHEDULE 4	Combining Balance Sheet - Nonmajor Governmental Funds	57
SCHEDULE 5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	58

Independent Auditor's Report on Compliance and
Report on Internal Controls Over Compliance as
Required by the State Compliance Audit Guide 59-61

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	62-63
Schedule of Prior Year Findings	64

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
Huntington City
Huntington, Utah 84528

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Huntington City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Huntington City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Huntington 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 Huntington City and to meet 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Huntington City's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Huntington 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 Huntington 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 information and other required supplementary information on pages 4 through 11 and 53 through 56 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 GAAS, 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 Huntington City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements are 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 31, 2025, on our consideration of Huntington 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Huntington City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Huntington City's internal control over financial reporting and compliance.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Smuin, Rich & Marsing", written in dark ink.

Price, Utah

December 23, 2025

**HUNTINGTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

As management of the City of Huntington, we offer readers of the Huntington City Financial Statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. It is designed to provide an overview of the City's financial activity. It is also intended to assist the reader in focusing on significant financial issues. These include identifying changes in the City's financial position (its ability to address the next and subsequent year's challenges), identifying any material deviations from the approved budget, and identifying individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- ❖ Total net position is \$10,597,824 as compared to \$10,824,571 in the prior fiscal year. Net position of our governmental activities decreased \$340,217. Net position of our business-type activities increased \$113,470.
- ❖ In the City's governmental activities, program revenues of \$411,107 were \$1,272,275 less than the program expenses of \$1,683,382 for these types of governmental activities.
- ❖ In the City's business-type activities, revenues of \$575,532 were \$62,419 more than the expenses of \$513,113 for these business-type of activities.
- ❖ Property Tax revenue for the year ended June 30, 2025 was \$121,771, Sales and Franchise Tax was \$642,950 and Fee in Lieu was \$8,148, Property Tax revenue increased by \$38,114, Sales and Franchise Tax decreased by \$14,776 and Fee in Lieu decreased by \$1,585 from the previous fiscal year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The financial reports: Statement of Net Position and the Statement of Activities (on pages 12-14) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

REPORTING THE CITY AS A WHOLE

Our analysis of the City as a whole begins on page 12. The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps determine if the City is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

REPORTING THE CITY AS A WHOLE (Continued)

These two statements report the City's *net position* and changes in them. Net position equals the difference between assets and deferred outflows and liabilities and deferred inflows. This is one way to measure the City's financial position. Increases or decreases in the City's net position are one indicator of whether the financial position of the City is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's roads, water lines, sewer lines, drainage systems, and other capital assets to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the general and administration cost, contributions to other agencies, fire, animal control, public works, parks and recreation. Property taxes, franchise fees, fines, sales taxes and state and federal grants finance most of these activities.

Business-type activities - The City charges a fee to customers to help cover all or most of the cost of services it provides. The City's utility and secondary water system services are reported here.

Reporting The City's Most Significant Funds

Our analysis of the City's major funds begins on page 15. The fund financial statements begin on page 15 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City established other funds to help it control and manage money for particular purposes (special revenue and capital projects payments) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements or on a separate statement.

Proprietary funds – When the City charges customers for the services it provides – to outside customers – these services are generally reported in proprietary funds. Proprietary funds are reported the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's Enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as Trustee

The City has not acted in a trustee capacity for the year ended June 30, 2025.

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 private-sector business. The City's Statement of Net Position, which decreased during the current calendar year, presents information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. The government-wide financial statements include the City's activity and those of component units (Municipal Building Authority). The analysis shown below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 1,054,497	\$ 997,840	\$ 1,293,003	\$ 1,161,209	\$ 2,347,500	\$ 2,159,049
Capital assets	7,517,193	7,927,536	1,509,076	1,523,767	9,026,269	9,451,303
Total assets	\$ 8,571,690	\$ 8,925,376	\$ 2,802,079	\$ 2,684,976	\$ 11,373,769	\$ 11,610,352
Deferred outflows of resources	\$ 43,353	\$ 44,559	\$ 18,506	\$ 15,846	\$ 61,859	\$ 60,405
Total assets and deferred outflows of resources	\$ 8,615,043	\$ 8,969,935	\$ 2,820,585	\$ 2,700,822	\$ 11,435,628	\$ 11,670,757
Long-term liabilities	\$ 665,087	\$ 692,511	\$ 20,252	\$ 13,642	\$ 685,339	\$ 706,153
Other liabilities	71,753	58,428	588	904	72,341	59,332
Total liabilities	\$ 736,840	\$ 750,939	\$ 20,840	\$ 14,546	\$ 757,680	\$ 765,485
Deferred inflows of resources	\$ 80,067	\$ 80,643	\$ 57	\$ 58	\$ 80,124	\$ 80,701
Total liabilities and deferred inflows of resources	\$ 816,907	\$ 831,582	\$ 20,897	\$ 14,604	\$ 837,804	\$ 846,186
Net position:						
Net investment in capital assets	\$ 6,858,188	\$ 7,233,536	\$ 1,509,076	\$ 1,523,767	\$ 8,367,264	\$ 8,757,303
Restricted	628,108	617,126			628,108	617,126
Unrestricted	311,840	287,691	1,290,612	1,162,451	1,602,452	1,450,142
Total net position	\$ 7,798,136	\$ 8,138,353	\$ 2,799,688	\$ 2,686,218	\$ 10,597,824	\$ 10,824,571

Government-wide financial statements (Continued)

Net Position of the City's governmental activities decreased 4.18% (\$7,798,136 compared to \$8,138,353). *Unrestricted* net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—is \$311,840 at the end of June 30, 2025.

Net Position of our business-type activities increased 4.22% (\$2,799,688 compared to \$2,686,218). Unrestricted net position for this group amount to \$1,290,612. The City's unrestricted net position can be used to finance the continuing operations of the utility and secondary water systems funds.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
<u>Revenues</u>						
Program Revenues:						
Charges for services	\$ 88,846	\$ 79,452	\$ 575,532	\$ 523,602	\$ 664,378	\$ 603,054
Operating grants and cont.	277,961	270,944			277,961	270,944
Capital grants and cont.	44,300	6,287		228,890		235,177
General Revenues:						
Property taxes	121,771	83,657			121,771	83,657
Sales and use taxes	642,950	657,726			642,950	657,726
Fee in lieu	8,148	9,733			8,148	9,733
Fuel taxes	46,156	47,398				47,398
Grants and contribution - not restricted						
Investment earnings	8,472	7,318	51,051	66,074	59,523	73,392
Investment earnings - restricted	29,195	36,845			29,195	36,845
Miscellaneous	75,366	7,469			75,366	7,469
Total revenues	\$ 1,343,165	\$ 1,206,829	\$ 626,583	\$ 818,566	\$ 1,879,292	\$ 2,025,395
Program Expenses						
General government	\$ 352,639	\$ 287,223			\$ 352,639	\$ 287,223
Public safety	181,412	175,110			181,412	175,110
Public works	797,542	850,357			797,542	850,357
Community	345,195	364,982			345,195	364,982
Capital Outlay						
Interest on long-term debt	6,594	6,960			6,594	6,960
Utilities			\$ 482,939	\$ 466,361	482,939	466,361
Secondary water			30,174	26,213	30,174	26,213
Total expenses	\$ 1,683,382	\$ 1,684,632	\$ 513,113	\$ 492,574	\$ 2,196,495	\$ 2,177,206
Excess (deficiency) before transfers and special items	\$ (340,217)	\$ (477,803)	\$ 113,470	\$ 325,992	\$ (317,203)	\$ (151,811)

Government-wide financial statements (Continued)

Table 2
Changes in Activities
(Continued)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Excess (deficiency) before transfers and special items	\$ (340,217)	\$ (477,803)	\$ 113,470	\$ 325,992	\$ 113,470	\$ 325,992
Transfers in (out)						
Change in net position	\$ (340,217)	\$ (477,803)	\$ 113,470	\$ 325,992	\$ 113,470	\$ 325,992
Net Position - beginning	\$ 8,138,353	\$ 8,616,156	\$ 2,686,218	\$ 2,360,226	\$ 10,824,571	\$ 10,976,382
Net Position - ending	7,798,136	8,138,353	2,799,688	2,686,218	10,938,041	11,302,374
Change in net position	\$ (340,217)	\$ (477,803)	\$ 113,470	\$ 325,992	\$ 113,470	\$ 325,992

The City's operational goals for future years are to use the allotted funds in the best interest of the City and those who are served by the City's operations. As revenues increase, the funds will be used to make necessary improvements in government operations, roads and recreation improvements, utility improvements, and purchase of supplies and equipment that are appropriate and beneficial.

Governmental Activities

Revenue for the City's governmental type activities increased by \$136,336, a 11.30 percent increase. The major decrease was created from a decrease in and capital grants received this year. Total expenses using these funds decreased \$1,250, a decrease of 7.42 percent. The largest expenditures occurred in the Public works expenditure areas. The largest sources of funds are sales and franchise taxes, and operating grants. These revenues, and other special grants, enable the City the opportunity to retain current service levels to local citizens. An overall increase in the revenues of approximately 11.30 percent and a decrease of approximately 7.42 percent in expenditures has decreased the net position for governmental activities by \$340,217 in the 2025 fiscal year.

The cost of all governmental activities this year was \$1,683,382. As shown in the Statement of Activities on page 14, sales and franchise tax revenue, operating grants, charges for services and property taxes paid for are the majority of these activities.

Class "C" road revenue of \$219,304 helped pay 27.50 percent of the Public works improvement costs. Overall, the City's governmental program revenues of \$411,107 paid for 24.42 percent of the governmental activities' expenditures.

Governmental Activities (Continued)

Costs of the City are centered within several programs—General government, Public safety, Public Works, and Community. The net cost of expenditures (over) specific program revenues shows the financial burden that utilizes the Property taxes, Sales and franchise taxes and government grants.

Business-type Activities

Program revenues of the City's business-type activities decreased 23.45 percent (\$626,583 compared to \$818,566) and expenses increased 4.17 percent (\$513,113 compared to \$492,574).

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised their budget at their fiscal year end to account for budget variations. The original budget was adopted on June 18, 2024 and was amended once during the year. The general fund budget was set and amended from \$1,100,634 to \$1,300,630. The differences in the original expenditure budget and final amended budget are summarized as follows:

- ◆ increase in expenditures for General government (\$3,250)
 - ◆ increase in expenditures for Public safety (\$44,700)
 - ◆ increase in expenditures for Public Works (\$36,200)
 - ◆ increase in expenditures for Community (\$134,116)
 - ◆ increase in expenditures for Debt Service (31,730)
 - ◆ decrease in transfers out (\$50,000)
- The actual charges for expenditures and transfers were \$1,162,923. This was \$137,707 under the final adopted budget amounts. The most significant favorable variances occurred in General government and Public Works Department.

Resources for revenues were \$1,216,809. This was \$6,016 over the final budgeted amount. The most significant revenue favorable variance (\$22,896) occurred in General sales and use tax.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2025, the City had \$9,026,269 (net after depreciation) invested in a broad range of capital assets, including water stock, land, buildings, improvements other than buildings, infrastructure, machinery, and equipment (see Table 3 below). This amount represents a decrease (including additions, deletions and adjustments) of \$225,034 or a 2.43 percent decrease over the previous year. This is due to depreciation being more than the additions added this year.

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets

Table 3
Capital Assets at Year-End
(Net of Depreciation)
June 30, 2025

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2025	2024	2025	2024	2025	2024
Water rights			\$ 916,793	\$ 916,793	\$ 916,793	\$ 916,793
Land	\$ 381,032	\$ 381,032	79,420	79,420	460,452	460,452
Buildings	1,496,493	1,560,609			1,496,493	1,560,609
Improvements other than buildings	1,246,894	1,136,380	512,863	527,554	1,759,757	1,663,934
Machinery and equipment	202,058	216,463			202,058	216,463
Infrastructure	4,190,716	4,433,052			4,190,716	4,433,052
Total	\$ 7,517,193	\$ 7,727,536	\$ 1,509,076	\$ 1,523,767	\$ 9,026,269	\$ 9,251,303

This year's major additions included:

Buildings	\$ 36,250
Improvements	40,293
Infrastructure	48,668
	<u>\$ 125,211</u>

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term debt

As of June 30, 2025, the City had \$659,000 in lease revenue bonds outstanding. All of the debt represents revenue bonds secured solely by specified revenue sources. The City has a compensated absence obligation relating to accumulated sick pay. The City is also required to disclose a pension liability which has been generated over the lifetime of the operation of the City. The following table (table 4) shows the City's long-term liabilities for the current and previous year.

Table 4
Outstanding Debt as of
June 30, 2025

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2025	2024	2025	2024	2025	2024
Revenue bonds payable	\$ 659,000	\$ 694,000			\$ 659,000	\$ 694,000
Compensated absences	8,153	7,703	\$ 6,150	\$ 4,820	14,303	12,523
Net pension liability	32,934	24,808	14,102	8,822	47,036	33,630
Total Debt	<u>\$ 700,087</u>	<u>\$ 726,511</u>	<u>\$ 20,252</u>	<u>\$ 13,642</u>	<u>\$ 720,339</u>	<u>\$ 740,153</u>

More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FORECAST AND FUTURE BUDGET

Huntington City's Mayor and Council consider many factors in preparing their annual budgets. The City anticipates that revenues will stay around the same in fiscal year 2026 as in the previous year.

Huntington City's goals include improvements to streets, curb, gutters and storm drains. The City is taking progressive steps to ensure that the community is developed in the most responsible manner possible.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our community with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Recorder, at P.O. Box 126, Huntington, Utah 84528.

HUNTINGTON CITY
STATEMENT OF NET POSITION
JUNE 30, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current Assets			
Cash and cash equivalents	\$ 192,089	\$ 1,257,593	\$ 1,449,682
Cash and cash equivalents - restricted	638,893		638,893
Accounts receivable (net)		35,410	35,410
Taxes receivable	82,050		82,050
Due from other governments	141,465		141,465
Total Current Assets	\$ 1,054,497	\$ 1,293,003	\$ 2,347,500
Non-Current Assets			
Net pension asset			
Capital assets (net of accumulated depreciation):			
Water rights		\$ 916,793	\$ 916,793
Land	\$ 381,032	79,420	460,452
Buildings	1,496,493		1,496,493
Improvements other than buildings	1,246,894	512,863	1,759,757
Equipment	202,058		202,058
Infrastructure	4,190,716		4,190,716
Total Non-Current Assets	\$ 7,517,193	\$ 1,509,076	\$ 9,026,269
Deferred Outflows of Resources - related to pensions	\$ 43,353	\$ 18,506	\$ 61,859
Total Assets and Deferred Outflows of Resources	\$ 8,615,043	\$ 2,820,585	\$ 11,435,628

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

HUNTINGTON CITY
STATEMENT OF NET POSITION
JUNE 30, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
Current Liabilities			
Accounts payable	\$ 16,466	\$ 13	\$ 16,479
Accrued liabilities	17,238		17,238
Accrued interest	3,049		3,049
Customer deposits payable		575	575
Revenue bonds payable - Due within one year	35,000		35,000
Total Current Liabilities	\$ 71,753	\$ 588	\$ 72,341
Long-Term Liabilities			
Revenue bonds payable - Due in more than one year	\$ 624,000		\$ 624,000
Net pension liability	32,934	\$ 14,102	47,036
Compensated absences	8,153	6,150	14,303
Total Long-Term Liabilities	\$ 665,087	\$ 20,252	\$ 685,339
Deferred Inflows of Resources			
Related to pensions	\$ 234	\$ 57	\$ 291
Property taxes levied for future years	79,833		79,833
Total Deferred Inflows of Resources	\$ 80,067	\$ 57	\$ 80,124
Total Liabilities and Deferred Inflows of Resources	\$ 816,907	\$ 20,897	\$ 837,804
<u>NET POSITION</u>			
Net Investment in capital assets	\$ 6,858,188	\$ 1,509,076	\$ 8,367,264
Restricted for:			
Class "C" Roads	433,383		433,383
Debt obligations	58,835		58,835
Perpetual Care	135,890		135,890
Unrestricted	311,840	1,290,612	1,602,452
Total Net Position	\$ 7,798,136	\$ 2,799,688	\$ 10,597,824

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

**HUNTINGTON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

FUNCTION/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary government:							
Governmental activities:							
General government	\$ 352,639	\$ 56,001			\$ (296,638)		\$ (296,638)
Public safety	181,412	8,515			(172,897)		(172,897)
Public works	797,542	21,080	\$ 219,304		(557,158)		(557,158)
Community	345,195	3,250	58,657	\$ 44,300	(238,988)		(238,988)
Interest on long-term debt	6,594				(6,594)		(6,594)
Total governmental activities	\$ 1,683,382	\$ 88,846	\$ 277,961	\$ 44,300	\$ (1,272,275)		\$ (1,272,275)
Business-type activities:							
Utility fund	\$ 482,939	\$ 514,229				\$ 31,290	\$ 31,290
Secondary water fund	30,174	61,303				31,129	31,129
Total business-type activities	\$ 513,113	\$ 575,532	\$...	\$...	\$...	\$ 62,419	\$ 62,419
Total primary government	\$ 2,196,495	\$ 664,378	\$ 277,961	\$ 44,300	\$ (1,272,275)	\$ 62,419	\$ (1,209,856)
General revenues:							
Property taxes					\$ 121,771		\$ 121,771
Fee-In-Lieu of property taxes					8,148		8,148
Sales and franchise taxes					642,950		642,950
Fuel taxes					46,156		46,156
Unrestricted investment earnings					8,472	\$ 51,051	59,523
Restricted investment earnings					29,195		29,195
Miscellaneous					75,366		75,366
Total general revenues					\$ 932,058	\$ 51,051	\$ 983,109
Change in net position					\$ (340,217)	\$ 113,470	\$ (226,747)
Net position - beginning					8,138,353	2,686,218	10,824,571
Net position - ending					\$ 7,798,136	\$ 2,799,688	\$ 10,597,824

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

**HUNTINGTON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 43,560	\$ 148,530	\$ 192,090
Cash and cash equivalents - restricted	444,168	194,725	638,893
Receivables (net):			
Taxes	82,050		82,050
Governmental receivables	140,951	514	141,465
	<u>710,729</u>	<u>343,769</u>	<u>1,054,498</u>
Total assets	<u>\$ 710,729</u>	<u>\$ 343,769</u>	<u>\$ 1,054,498</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 15,698	\$ 769	\$ 16,467
Accrued liabilities	17,238		17,238
	<u>32,936</u>	<u>769</u>	<u>33,705</u>
Total liabilities	<u>\$ 32,936</u>	<u>\$ 769</u>	<u>\$ 33,705</u>
Deferred Inflows of Resources - Property Taxes	<u>\$ 79,833</u>		<u>\$ 79,833</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 112,769</u>	<u>\$ 769</u>	<u>\$ 113,538</u>
Fund balances:			
Restricted:			
Class "C" Roads	\$ 433,383		\$ 433,383
Perpetual Care		\$ 135,890	135,890
Debt reserves		58,835	58,835
Assigned:			
Capital projects		87,192	87,192
Community Reinvestment		5,350	5,350
Youth council	1,910		1,910
Heritage days	8,876		8,876
MBA		55,733	55,733
Unassigned	153,791		153,791
	<u>597,960</u>	<u>343,000</u>	<u>940,960</u>
Total fund balances	<u>\$ 597,960</u>	<u>\$ 343,000</u>	<u>\$ 940,960</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 710,729</u>	<u>\$ 343,769</u>	<u>\$ 1,054,498</u>

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

HUNTINGTON CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances - governmental fund types:	\$	940,960
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	381,032	
Buildings		1,496,493	
Improvements other than buildings		1,246,894	
Infrastructure		4,190,716	
Equipment		202,058	7,517,193

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

Revenue bonds payable - current portion	\$	(35,000)	
Revenue bonds payable - > one year		(624,000)	
Accrued Interest payable		(3,049)	
Net pension liability		(32,934)	
Deferred outflows of resources - pension		43,353	
Deferred inflows of resources - pension		(234)	
Compensated absences		(8,153)	(660,017)

Net position of governmental activities	\$	7,798,136
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"The notes to the financial statements are an integral part of this statement."

HUNTINGTON CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Taxes	\$ 784,049	\$ 34,975	\$ 819,024
Licenses and permits	10,996		10,996
Intergovernmental	269,212	30,000	299,212
Charges for services	28,455	47,230	75,685
Fines and forfeitures	1,660		1,660
Investment Earnings		6,653	6,653
Miscellaneous revenue	122,438	7,496	129,934
Total revenues	<u>\$ 1,216,810</u>	<u>\$ 126,354</u>	<u>\$ 1,343,164</u>
EXPENDITURES:			
Current:			
General government	\$ 244,072	\$ 54,702	\$ 298,774
Public safety	115,744		115,744
Public works	410,756	48,668	459,424
Community	300,622	40,293	340,915
Debt service:			
Principal retirement	41,730	35,000	76,730
Interest and fiscal charges		6,730	6,730
Total expenditures	<u>\$ 1,112,924</u>	<u>\$ 185,393</u>	<u>\$ 1,298,317</u>
Excess revenues over (under) expenditures	<u>\$ 103,886</u>	<u>\$ (59,039)</u>	<u>\$ 44,847</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	\$ 6,000	\$ 98,668	\$ 104,668
Transfers (out)	<u>(50,000)</u>	<u>(54,668)</u>	<u>(104,668)</u>
Total other financing sources (uses)	<u>\$ (44,000)</u>	<u>\$ 44,000</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 59,886</u>	<u>\$ (15,039)</u>	<u>\$ 44,847</u>
FUND BALANCES - beginning of year	<u>538,074</u>	<u>358,039</u>	<u>896,113</u>
FUND BALANCES - end of year	<u><u>\$ 597,960</u></u>	<u><u>\$ 343,000</u></u>	<u><u>\$ 940,960</u></u>

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

HUNTINGTON CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

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

Net changes in fund balances - total governmental funds	\$ 44,847
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(410,344)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	35,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absences	(449)
Change in bond interest payable	136
Pension expense	(9,407)
Change in net position of governmental activities	<u><u>\$ (340,217)</u></u>

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

HUNTINGTON CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	UTILITY FUND	SECONDARY WATER SYSTEM FUND	TOTAL
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 574,435	\$ 683,158	\$ 1,257,593
Receivables - net			
Utilities	32,053	3,357	35,410
Total current assets	\$ 606,488	\$ 686,515	\$ 1,293,003
Noncurrent assets:			
Net pension asset	\$...	\$...	\$...
Water shares	\$ 916,793		\$ 916,793
Land	79,420		79,420
Improvements other than buildings	4,439,814	\$ 383,308	4,823,122
Machinery and equipment	25,100		25,100
Less: Accumulated depreciation	(3,952,051)	(383,308)	(4,335,359)
Total noncurrent assets	\$ 1,509,076	\$...	\$ 1,509,076
Deferred outflows of resources - pension	\$ 18,506	\$...	\$ 18,506
Total assets and deferred outflows of resources	\$ 2,134,070	\$ 686,515	\$ 2,820,585
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
Current liabilities:			
Accounts payable	\$ 13		\$ 13
Customer deposits payable	575		575
Total current liabilities	\$ 588	\$...	\$ 588

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

HUNTINGTON CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	UTILITY FUND	SECONDARY WATER SYSTEM FUND	TOTAL
Noncurrent liabilities:			
Net pension liability	\$ 14,102		\$ 14,102
Compensated absences	6,150		6,150
Total noncurrent liabilities	\$ 20,252	\$...	\$ 20,252
Deferred inflows of resources - pension	\$ 57		\$ 57
Total liabilities and deferred inflows of resources	\$ 20,897	\$...	\$ 20,897
Net Position:			
Net Investment in capital assets	\$ 1,509,076		\$ 1,509,076
Unrestricted	604,097	\$ 686,515	1,290,612
Total net position	\$ 2,113,173	\$ 686,515	\$ 2,799,688

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

HUNTINGTON CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	UTILITY FUND	SECONDARY WATER SYSTEM FUND	TOTAL
Operating revenues:			
Charges for sales and services	\$ 514,229	\$ 61,303	\$ 575,532
Total operating revenues	\$ 514,229	\$ 61,303	\$ 575,532
Operating expenses:			
Employee salaries	\$ 101,161		\$ 101,161
Employee benefits	65,164		65,164
Contractual services	262,911	\$ 27,778	290,689
Supplies and maintenance	10,325	2,396	12,721
Water assessments	25,726		25,726
Office supplies	2,961		2,961
Depreciation	14,691		14,691
Total operating expenses	\$ 482,939	\$ 30,174	\$ 513,113
Operating income (loss)	\$ 31,290	\$ 31,129	\$ 62,419
Nonoperating revenues:			
Interest earned	\$ 22,904	\$ 28,147	51,051
Total nonoperating revenues	\$ 22,904	\$ 28,147	\$ 51,051
Change in net position	\$ 54,194	\$ 59,276	\$ 113,470
Total net position - beginning	2,058,979	627,239	2,686,218
Total net position - ending	\$ 2,113,173	\$ 686,515	\$ 2,799,688

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

**HUNTINGTON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	UTILITY FUND	SECONDARY WATER SYSTEM FUND	TOTAL
Cash flows from operating activities:			
Cash receipts from customers	\$ 511,139	\$ 61,404	\$ 572,543
Cash payments to suppliers	(304,570)	(30,503)	(335,073)
Cash payments to employees	(159,716)		(159,716)
Net cash provided (used) by operating activities	\$ 46,853	\$ 30,901	\$ 77,754
Cash flows from capital financing activities:			
Purchase of capital assets	\$...	\$...	\$...
Net cash provided (used) by capital financing activities	\$...	\$...	\$...
Cash flows from investing activities:			
Interest received	\$ 22,904	\$ 28,147	\$ 51,051
Net cash provided (used) by investing activities	\$ 22,904	\$ 28,147	\$ 51,051
Net increase (decrease) in cash and cash equivalents	\$ 69,757	\$ 59,048	\$ 128,805
Cash and cash equivalents, July 1	504,678	624,110	1,128,788
Cash and cash equivalents, June 30	\$ 574,435	\$ 683,158	\$ 1,257,593
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 31,290	\$ 31,129	\$ 62,419
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	\$ 14,691		\$ 14,691
(Increase) Decrease in utility receivables	(3,090)	\$ 101	(2,989)
(Increase) Decrease in Deferred Outflows of Res	(2,660)		(2,660)
Increase (Decrease) in accounts payable	13	(329)	(316)
Increase (Decrease) in compensated absences	1,330		1,330
Increase (Decrease) in Net Pension Liability	5,280		5,280
Increase (Decrease) in Deferred Inflows of Res	(1)		(1)
Total adjustments	\$ 15,563	\$ (228)	\$ 15,335
Net cash provided (used) by operating activities	\$ 46,853	\$ 30,901	\$ 77,754

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

HUNTINGTON CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Huntington City (the City) is a political subdivision of the State of Utah. An elected mayor and an elected five-member council board govern the City. The City provides the following services: public safety, public works, community, and general administrative services. In addition, the City provides culinary water, sewer and secondary water services.

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 local governmental 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 of the City are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the City's activities, including infrastructure (roads, etc.).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

A. Reporting Entity

The accompanying financial statements include the City, which is a political subdivision with corporate powers created under Utah State law. The governing body is comprised of the council (legislative powers) and the mayor (executive powers). As required by generally accepted accounting principles (GAAP), these financial statements present Huntington City (referred to as the "primary government" for reporting purposes) and its component units. The financial statements include those of separately administered organizations that are controlled by or are dependent on the City. Control or dependence is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations and financial accountability of fiscal matters. Using these criteria, one component unit is included in the City's financial statements as the Municipal Building Authority.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

A. **Reporting Entity (Continued)**

Blended Component Unit

The Huntington City Municipal Building Authority was created by the City Council as a body politic and corporate for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the City government. It is comprised of a governing body that has been appointed by the City Council and may be removed or replaced at any time according to its discretion.

B. **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. 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 revenue in the year in 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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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

Sales taxes, property taxes, franchise taxes, interest, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenue in the year for which they are levied. Amounts received or recognized as receivable at fiscal year-end are included in the financial statements as taxes receivable and deferred revenue. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

- General Fund – The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

The City also reports the following non-major governmental funds:

- Capital Projects Fund – The Capital Projects Fund accounts for financial resources to be used for the acquisition of equipment and construction of major capital facilities (other than those financed by proprietary funds and trust funds).
- The Special Revenue Funds – The Municipal Building Authority Fund accounts for the resources for the financing, owning, leasing and operation of facilities to meet the needs of the City government. Community Reinvestment Fund is used to make additional investments into the services for the Community.
- Permanent Fund – The Perpetual Care Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The City reports the following major proprietary funds:

- Utility Fund - The Utility Fund accounts for the resources and expenditures in the operation and maintenance of providing water, sewer, and sanitation services to the residents of the City.
- Secondary Water System Fund – The Secondary Water System Fund accounts for the resources and expenditures in the operation of a secondary water service to the residents of Huntington City.

The City does not report any non-major proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule might be charges between the City's water and sewer function and various other functions of the City.

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expense 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. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. All annual appropriations lapse at fiscal year-end. The following procedures are used in establishing the budgetary data reflected in the financial statements:

- 1) During May of each year, the Mayor submits to the City Council a proposed operating budget for the next fiscal year commencing July 1st. The operating budget includes proposed expenditures and the proposed sources of revenues. A final budget for the current year ending June 30 is also included.
- 2) Copies of the proposed budget are made available for public inspection and review by the citizens of the City.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

D. Budgetary Data (Continued)

- 3) If the City does not exceed the certified tax rate, a public hearing is held prior to June 18, and the budget is legally adopted through passage of a resolution. If the City exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- 4) Once adopted, the budget can be amended by subsequent City Council action. The City Council can approve reductions in appropriations, but increases in appropriations, by fund, require a public hearing prior to amending the budget. In accordance with Utah State law, interim adjustments may be made by the administrative transfer of money from one appropriation to another within any given fund.
- 5) Minor interim adjustments in estimated revenues and appropriations during the year ended June 30, 2025, have been included in the final budget approved by the City Council, as presented in the financial statements.
- 6) Expenditures may not legally exceed budgeted appropriations at the department level for the General Fund and the fund level for all other funds.

E. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

G. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, water rights, and infrastructure (streets, curb and gutters, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as any asset purchased over \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

G. Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Management of the City has elected not to report infrastructure retroactively. This is allowed by provisions of GASB 34 for all governments with less than \$10 million in revenues. The City will report infrastructure prospectively beginning July 1, 2004.

Buildings, improvements other than buildings, machinery and equipment and infrastructure assets of the City are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	10-50
Improvements	10-50
Machinery and equipment	5-10
Automotive equipment	5-20
Infrastructure	20-40

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

I. Long-Term Obligations

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

J. Net Position/Fund Balances

The difference between assets and liabilities is "Net Position" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net position is divided into net investment in capital assets, restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

K. Use of Estimates

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

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) including additions to 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.

M. Deferred outflows/inflows of resources

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

2. **DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Income from the investment of pooled cash is allocated based on each fund's portion of the pool. In addition, cash is separately held by individual funds.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2025, \$0.00 of the City's bank balances of \$132,216 was uninsured and uncollateralized.

2. DEPOSITS AND INVESTMENTS (Continued)

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the 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, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government, and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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

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

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). 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 proportionally in any realized gains or losses on investments.

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

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value of Investments

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

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

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

	Fair Value Measurements			
Investments by fair value level	6/30/2025	Level 1	Level 2	Level 3
Debt Securities				
Utah Public Treasurer's Investment Fund	\$ 1,932,458		\$ 1,934,458	
Total investments by fair value level	<u>\$ 1,932,458</u>	<u>\$...</u>	<u>\$ 1,934,458</u>	<u>\$...</u>

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

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

Debt securities classified in Level 3 are valued using consensus pricing.

At June 30, 2025, the City had no investments valued that used the net asset valuation method.

2. DEPOSITS AND INVESTMENTS (Continued)

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 Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptance, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2025, the City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Utah Public Treasurer's Investment Fund	\$ 1,932,458	\$ 1,932,458			
Total Investments	\$ 1,932,458	\$ 1,932,458	\$...	\$...	\$...

Credit Risk

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

At June 30, 2025, the City's investments had the following quality ratings:

Investment Type	Fair Value	AAA	AA	A	Unrated
Utah Public Treasurer's Investment Fund	\$ 1,932,458				\$ 1,932,458
Total Investments	\$ 1,932,458	\$...	\$...	\$...	\$ 1,932,458

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. As of June 30, 2025, the City had \$1,932,458 invested in the Public Treasurer's Investment Fund which was held by the counterparty's trust department or agent but not in the government's name.

3. RESTRICTED NET POSITION/RESTRICTED FUND BALANCES/RESTRICTED CASH

The City has restricted the governmental fund balances of Class "C" roads, Debt Service Obligations and the Perpetual Care fund as shown below. The City has also restricted the net position in Government-wide financial statements as listed below.

	Restricted Net Position/ Fund Balance
Enterprise Funds	\$...
Governmental Funds	
Class "C" Roads	\$ 433,383
Debt Service Obligations	58,835
Perpetual Care	135,890
	<u>\$ 628,108</u>

4. **PROPERTY TAXES**

The property tax revenue of the City is collected and distributed by the Emery County Treasurer as an agent of the City. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until the date paid.

As of June 30, 2025, property taxes receivable consists of taxes assessed as of January 1, 2025 but are not due and payable until November 30, 2025. It is expected that all delinquencies, plus accrued interest and penalties, will be collected within a five-year period, during which time, the county treasurer may force the sale of property to collect the delinquent portion. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Beginning January 1, 1992, there was levied, in lieu of the ad valorem tax, an annual uniform fee based on the value of motor vehicles. The uniform fee was 1.5% of the fair market statewide value of the property, as established by the State Tax Commission. On January 1, 1999, legislation became effective which made motor vehicles weighing 12,000 pounds or less subject to an "age-based" fee that is due each time the vehicle is registered. The revenues collected in each county from the uniform fee are distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The City recognizes age-based fees as revenues when collected by the county.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 381,032			\$ 381,032
Total capital assets not being depreciated	\$ 381,032	\$...	\$...	\$ 381,032
Capital assets being depreciated:				
Buildings	\$ 3,092,587	\$ 36,250		\$ 3,128,837
Improvements other than buildings	3,030,985	40,294		3,071,279
Machinery and equipment	984,833	21,500		1,006,333
Infrastructure	11,451,134	48,668		11,499,802
Total capital assets being depreciated:	\$ 18,559,539	\$ 146,712	\$...	\$ 18,706,251
Less accumulated depreciation for:				
Buildings	\$ 1,531,978	\$ 100,366		\$ 1,632,344
Improvements other than buildings	1,694,605	129,780		1,824,385
Machinery and equipment	768,370	35,905		804,275
Infrastructure	7,018,082	291,004		7,309,086
Total accumulated depreciation	\$ 11,013,035	\$ 557,055	\$...	\$ 11,570,090
Total capital assets being depreciated, net	\$ 7,546,504	\$ (410,343)	\$...	\$ 7,136,161
Governmental activities capital assets, net	\$ 7,927,536	\$ (410,343)	\$...	\$ 7,517,193

5. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 79,420			\$ 79,420
Water rights	<u>916,793</u>			<u>916,793</u>
Total capital assets not being depreciated	<u>\$ 996,213</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 996,213</u>
Capital assets being depreciated:				
Machinery and equipment	\$ 25,100			\$ 25,100
Utility Systems	<u>4,823,122</u>			<u>4,823,122</u>
Total capital assets being depreciated:	<u>\$ 4,848,222</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 4,848,222</u>
Less accumulated depreciation for:				
Machinery and equipment	\$ 25,100			\$ 25,100
Utility Systems	<u>4,295,568</u>	<u>\$ 14,691</u>		<u>4,310,259</u>
Total accumulated depreciation	<u>\$ 4,320,668</u>	<u>\$ 14,691</u>	<u>\$...</u>	<u>\$ 4,335,359</u>
Total capital assets being depreciated, net	<u>\$ 527,554</u>	<u>\$ 14,691</u>	<u>\$...</u>	<u>\$ 512,863</u>
Business-type activities capital assets, net	<u>\$ 996,213</u>	<u>\$ 14,691</u>	<u>\$...</u>	<u>\$ 1,509,076</u>

5. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General government	\$ 30,533
Public safety	64,211
Public works	336,559
Community	<u>125,752</u>
Total depreciation expense - governmental activities	<u>\$ 557,055</u>
Business-type Activities:	
Utilities	<u>\$ 14,691</u>
Total depreciation expense - business-type activities	<u>\$ 14,691</u>
Total depreciation expense	<u>\$ 571,746</u>

6. PENSION PLANS

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Participation in Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefits Plans

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

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

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

6. **PENSION PLANS (Continued)**

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/general/publications.

Summary of Benefits by System

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage 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.

Contribution Rate Summary

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

6. PENSION PLANS (Continued)

Contribution Rate Summary (continued)

Noncontributory System	Tier 1 - DB System			Tier 2 - DB Hybrid System			Tier 2 - 401(k) Option				
	Employee	Employer	ER 401(k)	Tier2			Tier 2				
				Fund	Employee	Employer	ER 401(k)	Fund	Employee	Employer	ER 401(k)
15 Local Government		16.97		111	0.70	15.19		211		5.19	10.00

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

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

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 24,043	
Tier 2 Pubic Employees System	5,374	\$ 248
Tier 2 DC Public System	2,271	
Total Contributions	<u>\$ 31,688</u>	<u>\$ 248</u>

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

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

At June 30, 2025, we reported a net pension liability of \$46,993 and a net pension asset of \$0.

(Measurement Date): December 31, 2024

	Net Pension Liability	Net Pension Asset	Proportionate Share	Proportionate Share December 31, 2023	Change (Decrease)/ Increase
Noncontributory System	\$ 43,500		0.0137176%	0.0135389%	0.0001787%
Tier 2 Public Employees System	3,493		0.0011713%	0.0011435%	0.0000277%
Total Net Pension Asset/Liability	<u>\$ 46,993</u>	<u>\$...</u>			

6. PENSION PLANS (Continued)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions (continued)

The net pension asset and liability were measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual 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, we recognized pension expense of \$43,529.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,431	\$ 24
Changes in assumptions	4,765	
Net difference between projected and actual earnings on pension plan investments	13,326	
Changes in proportion and differences between contributions and proportionate share of contributions	549	310
Contributions subsequent to the measurement date	15,788	
Total	<u>\$ 61,859</u>	<u>\$ 334</u>

\$15,788 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

6. **PENSION PLANS (Continued)**

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions (continued)

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 25,282
2026	24,474
2027	(5,077)
2028	(661)
2029	764
Thereafter	953

Noncontributory System Pension Expense, and Deferred Outflows Inflows of Resources

For the year ended June 30, 2025 we recognized pension expense of \$39,744.

At June 30, 2025 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,920	
Changes in assumptions	3,598	
Net difference between projected and actual earnings on pension plan investments	13,103	
Changes in proportion and differences between contributions and proportionate share of contributions	180	\$ 296
Contributions subsequent to the measurement date	12,039	
Total	<u>\$ 54,840</u>	<u>\$ 296</u>

\$12,039 reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

5. PENSION PLANS (Continued)

**Noncontributory System Pension Expense, and Deferred Outflows Inflows of Resources
(continued)**

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 24,910
2026	23,883
2027	(5,317)
2028	(971)
2029	
Thereafter	

**Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of
Resources**

For the year ended June 30, 2025 we recognized pension expense of \$3,784.

At June 30, 2025 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,510	\$ 24
Changes in assumptions	1,167	
Net difference between projected and actual earnings on pension plan investments	223	
Changes in proportion and differences between contributions and proportionate share of contributions	369	13
Contributions subsequent to the measurement date	<u>3,749</u>	
Total	<u>\$ 7,018</u>	<u>\$ 38</u>

\$3,749 reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

6. **PENSION PLANS (Continued)**

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources (continued)

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 372
2026	592
2027	240
2028	310
2029	764
Thereafter	953

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

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

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

6. **PENSION PLANS (Continued)**

Actuarial Assumptions (continued)

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

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

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The 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 (asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower (5.85 percent) or 1.00 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 183,970	\$ 43,500	\$ (74,309)
Tier 2 Public Employees System	10,433	3,493	(1,906)
Total	\$ 194,403	\$ 46,993	\$ (76,214)

6. **PENSION PLANS (Continued)**

Actuarial Assumptions (continued)

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

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under section 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.

Huntington City participates in the following Defined Contribution Savings Plans with

*401(k) Plan

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

<u>401(k) Plans</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Employer Contributions	\$ 4,389	\$ 7,302	\$ 7,029
Employee Contributions	16,400	13,750	12,950

6. PENSION PLANS (Continued)

Pension Beginning and Ending Values

	Beginning Values			Ending Values		
	Liability	Asset	NPL/(NPA)	Liability	Asset	NPL/(NPA)
GASB 68 schedule						
Noncontributory	\$ 31,404		\$ 31,404	\$ 43,500		\$ 43,500
Tier 2 Public Employees	2,226		2,226	3,493		3,493
Total	\$ 33,630	\$...	\$ 33,630	\$ 46,993	\$...	\$ 46,993

Retirement System	Net Pension Liability / (Asset) at 12/31/2023			Net Pension Liability / (Asset) at 12/31/2024		
	System Total NPL/(NPA)	Proportionate share	Beginning values	System Total NPL/(NPA)	Proportionate share	Ending Values
Noncontributory						
Local Government	\$ 231,956,482	0.0135389%	\$ 31,404	\$ 317,111,594	0.0137176%	\$ 43,500
Tier 2 Public Employees	194,638,109	0.0011435%	2,226	298,238,932	0.0011713%	3,493
Total	\$ 426,594,591		\$ 33,630	\$ 615,350,526		\$ 46,993

7. LONG-TERM DEBT

Governmental Long-Term Debt

On July 1, 2011 Huntington City received a grant of \$900,000 and issued \$500,000 of Lease Revenue Bonds, Series 2011 from the Community Impact Board. These funds were used for the construction of a fire station and EMS building. The bonds are interest free and are payable in annual installments over thirty years beginning July 1, 2013.

The repayment schedule is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 17,000		\$ 17,000
2027	17,000		17,000
2028	17,000		17,000
2029	17,000		17,000
2030	17,000		17,000
2031-2035	85,000		85,000
2036-2040	85,000		85,000
2041-2042	24,000		24,000
	<u>\$ 279,000</u>	<u>\$...</u>	<u>\$ 279,000</u>

7. **LONG-TERM DEBT (Continued)**

April 17, 2014, Huntington City issued \$433,000 of Lease Revenue Bonds, Series 2014 from the Community Impact Board. These funds were used for the cost of constructing improvements to the City's park system and rodeo grounds. The bonds carry a 1.5% annual interest rate and are payable in annual installments over thirty years beginning March 1, 2016. The repayment schedule is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 13,000	\$ 4,635	\$ 17,635
2027	14,000	4,440	18,440
2028	14,000	4,230	18,230
2029	14,000	4,020	18,020
2030	14,000	3,810	17,810
2031-2035	74,000	15,810	89,810
2036-2040	80,000	10,050	90,050
2041-2045	86,000	3,900	89,900
	<u>\$ 309,000</u>	<u>\$ 50,895</u>	<u>\$ 359,895</u>

On March 27, 2017, Huntington City issued \$100,000 of Lease Revenue Bonds, Series 2017 from the Community Impact Board. These funds were used for financing the cost of constructing restroom facilities, sidewalks and related improvements for the City's park and paying necessary expenses incidental thereto. The bonds carry a 2.5% annual interest rate and are payable in annual installments over twenty years beginning October 1, 2018. The repayment schedule is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 5,000	\$ 1,900	\$ 6,900
2027	5,000	1,775	6,775
2028	5,000	1,650	6,650
2029	5,000	1,525	6,525
2030	5,000	1,400	6,400
2031-2035	28,000	5,100	33,100
2036-2038	18,000	1,500	19,500
	<u>\$ 71,000</u>	<u>\$ 14,850</u>	<u>\$ 85,850</u>

7. **LONG-TERM DEBT (Continued)**

Annual debt service requirements to maturity for all revenue bonds and loans payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 35,000	\$ 6,535	\$ 41,535
2027	36,000	6,215	42,215
2028	36,000	5,880	41,880
2029	36,000	5,545	41,545
2030	36,000	5,210	41,210
2031-2035	187,000	20,910	207,910
2036-2040	183,000	11,550	194,550
2041-2045	110,000	3,900	113,900
	<u>\$ 659,000</u>	<u>\$ 65,745</u>	<u>\$ 724,745</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
2011 CIB Loan	\$ 296,000		\$ 17,000	\$ 279,000	\$ 17,000
2014 CIB Loan	322,000		13,000	309,000	13,000
2017 CIB Loan	76,000		5,000	71,000	5,000
Net pension liability	24,808	\$ 8,126		32,934	
Compensated absences	7,703	450		8,153	
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Governmental activity long-term liabilities	<u>\$ 726,511</u>	<u>\$ 8,576</u>	<u>\$ 35,000</u>	<u>\$ 700,087</u>	<u>\$ 35,000</u>

7. **LONG-TERM DEBT (Continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Net pension liability	\$ 8,822	\$ 5,280		\$ 14,102	
Compensated absences	<u>4,820</u>	<u>1,330</u>		<u>6,150</u>	
Business-type activity long-term liabilities	<u>\$ 13,642</u>	<u>\$ 6,610</u>	<u>\$...</u>	<u>\$ 20,252</u>	<u>\$...</u>

8. **CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

According to its attorney, the City has no pending lawsuits and notice of claims filed against it as of June 30, 2025.

9. **PROPERTY TAX CALENDAR**

The City adopts, by June 22, the proposed tax rates as part of its budget for the current year, which begins July 1. If the proposed rates exceed a certified tax rate, a special public hearing must be held before the final rate is adopted. The final tax rate is assessed by the county assessor on property in the county as of July 1. The taxes are payable to the County treasurer by the end of November and are remitted to the City by the county treasurer as collected.

10. RECEIVABLES

Receivables as of June 30, 2025 for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>
Receivables:		
Taxes	\$ 82,050	
Accounts		\$ 35,410
Due from other governments	<u>141,465</u>	<u></u>
Gross receivables	\$ 223,515	\$ 35,410
Less: allowance for uncollectible accounts	<u></u>	<u></u>
Net receivables	<u>\$ 223,515</u>	<u>\$ 35,410</u>

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; injuries to employees; and natural disasters. The City maintains insurance coverage for most all risks through commercial insurance carriers including general liability, errors and omissions, property damage, and other coverage. These carriers also provide medical and health coverage. At June 30, 2025, the City had no claims or judgments filed against it related to the risks mentioned above.

12. RELATED PARTY TRANSACTIONS

The City had no related party transactions during the year ended June 30, 2025

13. BUDGET VARIANCE

The City had no unfavorable budget variance during the year ended June 30, 2025.

14. WATER SHARES

The Utility Fund has a total of 5,966 water shares, which are reported at a cost of \$916,793. The current value of the water shares is greater than the original cost.

15. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

Huntington City's resolution 102002 established the following postemployment benefits for City employees. The City's policy is to pay one hundred percent (100%) of the health and dental insurance premiums of the full-time employee and his or her family. Upon retirement, at age sixty-two (62), employees may convert unused sick leave to paid-up health insurance at the rate of three (3) sick days for one (1) month paid health insurance, not to exceed thirty-six months.

Employees not covered by said conversion may purchase health insurance at their own expense, payable to the City by the first of each month and a retainer of one (1) month in advance. The medical protection provided herewith, and limits thereof, shall be set by the City Council. The clause is retroactive only to February 21, 1991.

These benefits are to be paid on a pay-as-you-go basis. There have been no benefits paid out during this fiscal year. There are presently no employees receiving this benefit and no accrued benefit determination.

16. **FUND BALANCE CLASSIFICATIONS**

In February 2009, the Governmental Accounting Standard Board (GASB), issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010. Fund balance classification changes apply only to governmental fund types; thus, only fund financial statements are affected. Below, the different classifications of fund balances have been listed with any policies or procedures that apply to them:

Nonspendable Fund Balance - Fund balances are reported as nonspendable when they cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted Fund Balance – Fund balances are reported as restricted when constraints placed on the use of resources are either (a) externally imposed through legal restrictions, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balances. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example legislation, resolution, ordinance) it employed to previously commit those amounts. As of June 30, 2025, the City had not adopted a written policy indicating what the highest level of decision-making authority is or the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment. Although no formal written policy has been adopted, it has been the procedures of the City to use the City Council as the highest level of decision-making authority. If commitments have been made this body would be the authorized body to commit, modify or rescind any action.

16. FUND BALANCE CLASSIFICATIONS (Continued)

Assigned Fund Balance – Fund balances are reported as assigned when the City intends to use funds, which are neither restricted nor committed, for a specific purpose. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds. The City has not officially adopted a policy designating the body or official authorized to assign amounts to a specific purpose. Although no formal policy has been adopted, it has been the practice of the City under the action of the City Council to assign the use of funds for specific purposes after consulting with the Mayor and finance department of the City.

Unassigned Fund Balance – Fund balances in the general fund are reported as unassigned, when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose. In other governmental funds, the unassigned classification is only used to report a negative fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the unwritten policy and practice of the City to consider restricted amounts to have been spent first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the practice of the City that committed amounts will be spent first, followed by assigned amounts, and then unassigned amounts.

The City also has not adopted a formal policy regarding a minimum fund balance but follows Utah State law which requires all City's to maintain a minimum general fund balance equal to 5% of total revenues of the general fund.

17. INTERFUND BALANCES AND TRANSFERS

Internal Balances – There are no internal balances on the financial statements of individual fund receivables and payable balances at June 30, 2025.

Interfund Transfers – There were several transfers during the year ended June 30, 2025. Funds from the General fund were transferred to the Capital Projects Fund in the amount of \$50,000, to help cover the costs of new capital purchases.

18. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports one item of deferred outflows. See Note number 6 - Pension Plans.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports two of these items. One item, property taxes, are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. These amounts are also reported on the government-wide statement of net position.

The second item relates to deferred inflows for pension plans. See Note number 6 - Pension Plans.

HUNTINGTON CITY

Required Supplementary Information

**SCHEDULE 1 Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – General Fund**

SCHEDULE 2 Schedule of the Proportionate Share of the Net Pension Liability

SCHEDULE 3 Schedule of Contributions

Notes to Required Supplementary Information

HUNTINGTON CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES:				
Taxes:				
Property taxes	\$ 87,984	\$ 87,984	\$ 89,045	\$ 1,061
General sales and use tax	450,000	485,000	507,896	22,896
Fuel tax	42,000	45,000	46,155	1,155
Franchise tax	138,000	132,000	132,805	805
Fee In Lieu	10,500	10,500	8,148	(2,352)
Licenses and permits	11,550	11,700	10,996	(704)
Intergovernmental	250,000	294,909	269,212	(25,697)
Charges for services	29,000	32,200	28,455	(3,745)
Fines and forfeitures	1,300	2,000	1,660	(340)
Investment earnings	20,800	21,500	23,518	2,018
Miscellaneous revenue	51,000	88,000	98,920	10,920
Total revenues	\$ 1,092,134	\$ 1,210,793	\$ 1,216,810	\$ 6,017
EXPENDITURES:				
Current:				
General government:				
Mayor and council	\$ 71,600	\$ 72,100	\$ 68,610	\$ 3,490
Administrative	172,800	171,400	137,960	33,440
Planning and zoning	38,800	42,950	37,502	5,448
Total general government	\$ 283,200	\$ 286,450	\$ 244,072	\$ 42,378
Public safety:				
Police	\$ 8,800	\$ 9,000	\$ 8,714	\$ 286
Fire	37,600	82,100	70,166	11,934
Animal control	46,600	46,600	36,864	9,736
Total public safety	\$ 93,000	\$ 137,700	\$ 115,744	\$ 21,956
Public works:				
Shop department	\$ 56,000	\$ 56,000	\$ 38,425	\$ 17,575
Highways	275,700	311,200	289,962	21,238
Cemetery	89,700	90,400	82,369	8,031
Total public works	\$ 421,400	\$ 457,600	\$ 410,756	\$ 46,844
Community:				
Parks	\$ 63,400	\$ 111,450	\$ 103,608	\$ 7,842
Recreation	87,734	152,000	141,285	10,715
Rodeo	15,500	38,800	35,616	3,184
Beautification	26,400	24,900	20,113	4,787
Total community	\$ 193,034	\$ 327,150	\$ 300,622	\$ 26,528
Debt service:				
Principal retirement	\$ 10,000	\$ 41,730	\$ 41,730	\$ -
Total debt service	\$ 10,000	\$ 41,730	\$ 41,730	\$ -
Total expenditures	\$ 1,000,634	\$ 1,250,630	\$ 1,112,924	\$ 137,706
Excess of revenue over (under) expenditures	\$ 91,500	\$ (39,837)	\$ 103,886	\$ 143,723
OTHER FINANCING SOURCES (USES):				
Transfer out	\$ (100,000)	\$ (50,000)	\$ (50,000)	\$ -
Transfer in	\$ 8,500	89,837	6,000	(83,837)
Total other financing sources (uses)	\$ (91,500)	\$ 39,837	\$ (44,000)	\$ (83,837)
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	\$ 59,886	\$ 59,886
Fund balances - beginning of year	538,074	538,074	538,074	538,074
Fund balances - end of year	\$ 538,074	\$ 538,074	\$ 597,960	\$ 597,960

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

HUNTINGTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2025

		Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liab (asset) as % of payroll	Plan fiduciary net position as a % of the total pension liability (asset)
Noncontributory System	2015	0.0208189%	117,803	174,184	67.63%	87.80%
	2016	0.0200771%	128,920	176,707	72.96%	87.30%
	2017	0.0212889%	93,273	190,927	48.85%	91.90%
	2018	0.0178888%	131,728	172,517	76.36%	87.00%
	2019	0.0179819%	67,771	163,220	41.52%	93.70%
	2020	0.0176655%	9,061	163,074	5.56%	99.20%
	2021	0.0174650%	(100,024)	165,545	-60.42%	108.70%
	2022	0.0167481%	28,685	165,272	17.36%	97.50%
	2023	0.0135389%	31,404	133,600	23.51%	96.90%
	2024	0.0137176%	43,500	138,047	31.51%	96.02%
Tier 2 Public Employees System	2015	0.0015011%	(3)	9,680	-0.03%	100.20%
	2016	0.0000000%			0.00%	95.10%
	2017	0.0000000%			0.00%	97.40%
	2018	0.0000000%			0.00%	90.80%
	2019	0.0000000%			0.00%	0.00%
	2020	0.0000000%			0.00%	0.00%
	2021	0.0000000%			0.00%	0.00%
	2022	0.0005414%	590	11,562	5.10%	92.30%
	2023	0.0011435%	2,226	29,564	7.53%	89.58%
	2024	0.0011713%	3,493	34,704	10.07%	87.44%

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

HUNTINGTON CITY
SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2025

	As of Fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2016	\$ 32,219	\$ 32,219		\$ 175,210	18.39%
	2017	32,643	32,643		176,733	18.47%
	2018	31,105	31,105		168,409	18.47%
	2019	31,648	31,648		171,346	18.47%
	2020	29,618	29,618		160,354	18.47%
	2021	30,408	30,408		164,634	18.47%
	2022	30,570	30,570		165,513	18.47%
	2023	26,679	26,679		148,428	17.97%
	2024	24,355	24,355		135,531	17.97%
	2025	24,043	24,043		141,606	16.98%
Tier 2 Public Employees System*	2016					0.00%
	2017					0.00%
	2018					0.00%
	2019					0.00%
	2020					0.00%
	2021					0.00%
	2022					0.00%
	2023	\$ 3,658	\$ 3,658		\$ 23,478	15.58%
	2024	5,390	5,390		33,664	16.01%
	2025	5,374	5,374		35,381	15.19%
Tier 2 Public Employees DC Only System*	2016	\$ 2,105	\$ 2,105		\$ 31,460	6.69%
	2017	2,105	2,105		31,460	6.69%
	2018	2,239	2,239		33,470	6.69%
	2019	2,331	2,331		34,841	6.69%
	2020	2,312	2,312		34,557	6.69%
	2021	2,345	2,345		35,057	6.69%
	2022	2,312	2,312		34,557	6.69%
	2023	2,198	2,198		35,517	6.19%
	2024	2,309	2,309		37,296	6.19%
	2025	2,271	2,271		40,994	5.54%

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

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

HUNTINGTON CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

CHANGES IN ASSUMPTIONS:

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

HUNTINGTON CITY

Supplementary Information

SCHEDULE 4 Combining Balance Sheet – Nonmajor Governmental Funds

**SCHEDULE 5 Combining Schedule of Revenues, Expenditures, and Changes
In Fund Balances- Governmental Funds**

**HUNTINGTON CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	PERPETUAL CARE FUND	CAPITAL PROJECTS FUND	COMMUNITY REINVESTMENT FUND	MBA FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and cash equivalents		\$ 87,192	\$ 5,605	\$ 55,733	\$ 148,530
Cash and cash equivalents - restricted	\$ 135,890			58,835	194,725
Governmental receivables			514		514
Total assets	<u>\$ 135,890</u>	<u>\$ 87,192</u>	<u>\$ 6,119</u>	<u>\$ 114,568</u>	<u>\$ 343,769</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable			\$ 769		\$ 769
Total liabilities	<u>\$...</u>	<u>\$...</u>	<u>\$ 769</u>	<u>\$...</u>	<u>\$ 769</u>
Fund balances:					
Restricted:					
Debt reserves				\$ 58,835	\$ 58,835
Perpetual Care	\$ 135,890				135,890
Assigned:					
Capital Projects		\$ 87,192			87,192
Community Reinvestment			\$ 5,350		5,350
MBA				55,733	55,733
Total fund balances	<u>\$ 135,890</u>	<u>\$ 87,192</u>	<u>\$ 5,350</u>	<u>\$ 114,568</u>	<u>\$ 343,000</u>
Total liabilities and fund balances	<u>\$ 135,890</u>	<u>\$ 87,192</u>	<u>\$ 6,119</u>	<u>\$ 114,568</u>	<u>\$ 343,769</u>

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

HUNTINGTON CITY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	PERPETUAL CARE FUND	CAPITAL PROJECTS FUND	COMMUNITY REINVESTMENT FUND	MUNICIPAL BUILDING AUTHORITY FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:					
Taxes			\$ 34,975		\$ 34,975
Intergovernmental revenue		\$ 30,000			30,000
Charges for services	\$ 5,500			\$ 41,730	47,230
Investment Earnings	6,628		25		6,653
Miscellaneous revenue		2,730		4,766	7,496
Total revenues	\$ 12,128	\$ 32,730	\$ 35,000	\$ 46,496	\$ 126,354
EXPENDITURES:					
Current:					
General government		\$ 21,500	\$ 33,159	\$ 43	\$ 54,702
Public Works		48,668			48,668
Public Safety					
Community		40,293			40,293
Capital outlay					
Debt service:					
Principal retirement				35,000	35,000
Interest and fiscal charges				6,730	6,730
Total expenditures	\$...	\$ 110,461	\$ 33,159	\$ 41,773	\$ 185,393
Excess revenues over (under) expenditures	\$ 12,128	\$ (77,731)	\$ 1,841	\$ 4,723	\$ (59,039)
OTHER FINANCING SOURCES (USES):					
Transfers in		\$ 98,668			\$ 98,668
Transfers (out)	\$ (54,668)				(54,668)
Total other financing sources (uses)	\$ (54,668)	\$ 98,668	\$...	\$...	\$ 44,000
Excess of revenues and other sources over (under) expenditures and other uses	\$ (42,540)	\$ 20,937	\$ 1,841	\$ 4,723	\$ (15,039)
FUND BALANCES - beginning of year	178,430	66,255	3,509	109,845	358,039
FUND BALANCES - end of year	\$ 135,890	\$ 87,192	\$ 5,350	\$ 114,568	\$ 343,000

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • Fax (435) 637-8708

Honorable Mayor and Members of the City Council
Huntington City
Huntington, Utah 84528

RE: Independent Auditor's Report on Compliance
and Report on Internal Controls Over
Compliance as Required by the State
Compliance Audit Guide

Report On Compliance

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

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

Budgetary Compliance
Enterprise fund Transfers
Fraud Risk Assessment
Public Treasurer's Bond

Fund Balance
Governmental Fee's
Restricted Taxes and Related Revenues
Open and Public Meetings Act

Opinion on Compliance

In our opinion, Huntington 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 the 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 Huntington City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related 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 Huntington 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 Huntington City's government 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 Huntington 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 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 Huntington 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 Huntington 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 Huntington 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 Huntington 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 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 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.

Purpose of this Report

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

SMUIN, RICH & MARSING

A handwritten signature in black ink, appearing to read "Smuin, Rich & Marsing", written in a cursive style.

Price, Utah

December 23, 2025

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • Fax (435) 637-8708

Honorable Mayor and Members of the City Council
Huntington City
Huntington, Utah 84528

RE: 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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standard issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Huntington City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Huntington 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Huntington City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control 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.

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Smuin, Rich & Marsing".

Price, Utah

December 23, 2025

**HUNTINGTON CITY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Huntington City reported the following audit findings in the previous audit report. The status of these prior audit findings are as follows:

**FINDING 2024-1 BUDGERARY COMPLIANCE – EXPENDITURES IN EXCESS
OF BUDGET**

Statement of Condition:

During the fiscal year ended June 30, 2024 the Service Center overspent its adopted budget in the General Fund.

Item has been corrected in the 2025 year.