

HONEYVILLE CITY
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2025

**Davis
& Bott**
Certified Public Accountants, L.C.

50 West Forest Street, STE 101
Brigham City, UT 84302
435-723-5224

36 W 100 N
Tremonton, UT 84337
435-257-7898

HONEYVILLE CITY
JUNE 30, 2025

Table of Contents

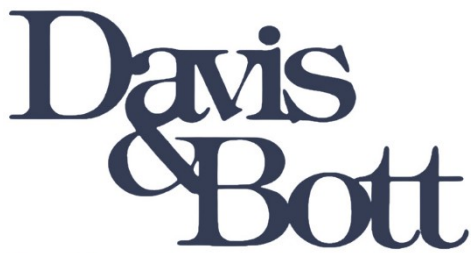
	<u>Page</u>
Independent Auditors' Report	1 - 4
Management's Discussion and Analysis (Unaudited)	5 - 11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12 - 13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Fund	19
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	20
Statement of Cash Flows - Proprietary Fund	21 - 22
Notes to Financial Statements	23 - 44
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Unaudited): General Fund	45
Schedule of the Proportionate Share of the Net Pension Liability	46
Schedule of Contributions	47
Supplementary Information:	
Independent Auditors' 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	48 - 50
Schedule of Findings	51

HONEYVILLE CITY
JUNE 30, 2025

Table of Contents (Continued)

Supplementary Information (Continued):

Independent Auditors' Report in Accordance with the State <i>Compliance Audit Guide</i> on Compliance with General State Compliance Requirements and on Internal Control over Compliance.....	52 - 55
Schedule of Findings for State Compliance.....	56



Certified Public Accountants, L.C.

50 West Forest Street, STE 101
Brigham City, UT 84302
435-723-5224

36 W 100 N
Tremonton, UT 84337
435-257-7898

INDEPENDENT AUDITORS' REPORT

The Mayor and City Council
Honeyville City
Honeyville City, Utah 84314-0142

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of Honeyville 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 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 Honeyville City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITORS' REPORT
Continued

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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, 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.

INDEPENDENT AUDITORS' REPORT

Continued

- 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 Honeyville 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 Honeyville 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, schedule of the proportionate share of the net pension liability and schedule of contributions on pages 5 - 11 and 45 - 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT
Continued

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Honeyville City's internal control over financial reporting and compliance.

Davis & Bott

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, UT
October 31, 2025

HONEYVILLE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

As management of the City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- A. The assets of the City exceeded liabilities by \$7,826,416. Of this amount, \$2,680,147 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- B. The City's total net position increased by \$294,019 over the prior fiscal year. The increase was due to steadily increasing tax revenues and increased charges for services.
- C. As of June 30, 2025, the City's governmental funds reported combined ending fund balances of \$2,123,274, an increase of \$234,995 in comparison with the prior fiscal year. Of this amount, \$134,134 was unassigned and available for spending and \$1,426,862 was assigned to the capital projects fund. The remaining fund balance is restricted for Class "C" roads for \$511,198, and Transit Tax (A2) for \$51,080.
- D. At June 30, 2025, the unassigned fund balance for the general fund was \$134,134 or 22 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a

HONEYVILLE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and public improvements, and parks and recreation. The business-type activities of the City consist of culinary water.

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

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

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

HONEYVILLE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital projects fund. Both are considered major funds. The City adopts a one-year budget for its governmental funds. A budgetary comparison statement has been provided for the general fund.

Proprietary Funds. The City maintains only one type of proprietary fund; namely, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented in the proprietary statement of net position and the proprietary statement of revenues, expenses and changes in fund net position for the water utility fund.

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2025, the City's assets exceeded liabilities by \$7,826,416. A large portion of the City's net position (59 percent) reflects its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

The restricted portion of the net position of \$562,278 (7 percent) represents resources that are subject to external restrictions on how they may be used, specifically for Class "C" roads and Transit Tax (A2). The balance of unrestricted net position of \$2,680,147 (34 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, 2025, the City was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its combined governmental and business-type activities.

HONEYVILLE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current assets	\$2,296,191	\$2,156,077	\$1,118,428	\$ 846,916	\$3,414,619	\$3,002,993
Capital assets	<u>1,615,456</u>	<u>1,701,448</u>	<u>2,968,535</u>	<u>3,084,114</u>	<u>4,583,991</u>	<u>4,785,562</u>
Total assets	<u>3,911,647</u>	<u>3,857,525</u>	<u>4,086,963</u>	<u>3,931,030</u>	<u>7,998,610</u>	<u>7,788,555</u>
Deferred outflows	<u>36,985</u>	<u>17,416</u>	<u>21,065</u>	<u>13,789</u>	<u>58,050</u>	<u>31,205</u>
Total assets and deferred outflows	<u>3,948,632</u>	<u>3,874,941</u>	<u>4,108,028</u>	<u>3,944,819</u>	<u>8,056,660</u>	<u>7,819,760</u>
Current liabilities	45,163	146,243	3,223	1,738	48,386	147,981
Long-term liabilities	<u>61,746</u>	<u>30,881</u>	<u>28,926</u>	<u>17,449</u>	<u>90,672</u>	<u>48,330</u>
Total liabilities	<u>106,909</u>	<u>177,124</u>	<u>32,149</u>	<u>19,187</u>	<u>139,058</u>	<u>196,311</u>
Deferred inflows	<u>91,157</u>	<u>91,017</u>	<u>29</u>	<u>35</u>	<u>91,186</u>	<u>91,052</u>
Total liabilities and deferred inflows	<u>198,066</u>	<u>268,141</u>	<u>32,178</u>	<u>19,222</u>	<u>230,244</u>	<u>287,363</u>
Net position						
Net investment in capital assets	1,615,456	1,701,448	2,968,535	3,084,114	4,583,991	4,785,562
Restricted	562,278	391,325	-	-	562,278	391,325
Unrestricted	<u>1,572,832</u>	<u>1,514,027</u>	<u>1,107,315</u>	<u>841,483</u>	<u>2,680,147</u>	<u>2,355,510</u>
Total net position	<u>3,750,566</u>	<u>3,606,800</u>	<u>4,075,850</u>	<u>3,925,597</u>	<u>7,826,416</u>	<u>7,532,397</u>
Total liabilities, deferred inflows and net position	<u>\$3,948,632</u>	<u>\$3,874,941</u>	<u>\$4,108,028</u>	<u>\$3,944,819</u>	<u>\$8,056,660</u>	<u>\$7,819,760</u>

Governmental and Business-Type Activities. Governmental activities increased the City's net position by \$143,766. When combined with the \$150,253 increase in net position from business-type activities, overall net position increased by \$294,019 or 4 percent.

The increase in governmental activities' net position is primarily attributable to steady growth in tax revenues and charges for services, coupled with the City's continued provision of core services. The increase in business-type activities reflects revenues exceeding expenses, driven largely by higher water service revenues and greater impact fee collections compared to the prior year. Operating income for business-type activities has remained positive for the past two fiscal years, demonstrating continued financial stability.

HONEYVILLE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
Program revenues:						
Charges for services	\$ 46,339	\$ 45,182	\$ 386,962	\$ 353,912	\$ 433,301	\$ 399,094
Operating grants and contributions	244,566	226,751	-	-	244,566	226,751
Capital grants and contributions	10,706	27,327	18,785	3,757	29,491	31,084
General revenues:						
Property taxes	103,609	100,419	-	-	103,609	100,419
Other taxes	390,668	388,570	-	-	390,668	388,570
Other	97,005	105,360	43,446	46,345	140,451	151,705
Income /(loss) on disposal of assets	45,651	(2,068)	-	-	45,651	(2,068)
Total revenues	<u>938,544</u>	<u>891,541</u>	<u>449,193</u>	<u>404,014</u>	<u>1,387,737</u>	<u>1,295,555</u>
Expenses:						
General government	370,901	354,212	-	-	370,901	354,212
Public safety	58,138	40,724	-	-	58,138	40,724
Highways and public works	225,093	193,644	-	-	225,093	193,644
Parks and recreation	140,646	74,577	-	-	140,646	74,577
Water utility	-	-	298,940	253,633	298,940	253,633
Total expenses	<u>794,778</u>	<u>663,157</u>	<u>298,940</u>	<u>253,633</u>	<u>1,093,718</u>	<u>916,790</u>
Increase (decrease) in net position	143,766	228,384	150,253	150,381	294,019	378,765
Net position beginning	<u>3,606,800</u>	<u>3,378,416</u>	<u>3,925,597</u>	<u>3,775,216</u>	<u>7,532,397</u>	<u>7,153,632</u>
Net position ending	<u>3,750,566</u>	<u>3,606,800</u>	<u>4,075,850</u>	<u>3,925,597</u>	<u>7,826,416</u>	<u>7,532,397</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The purpose of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**HONEYVILLE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025**

The *general fund* is the City's chief operating fund. At June 30, 2025, the unassigned fund balance of the general fund was \$134,134, which comprises 19 percent of the total fund balance. The remaining general fund balance consists of \$511,198 restricted for Class "C" road uses and \$51,080 restricted for Transit Tax (A2). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned general fund balance represents 22 percent of total general fund expenditures. The fund balance of the City's general fund increased by \$242,377 during the fiscal year ended June 30, 2025. Tax revenues continued to increase compared to the prior year, reflecting the stability of the local economy. A new source of revenue, reported under Miscellaneous, was generated from leasing a portion of City Hall to the Fire District. In addition, the City sold certain fire equipment to the Fire District, resulting in a gain of \$45,086. Overall expenses increased primarily due to park improvements and a project completed at the cemetery. Conversely, road maintenance activities were deferred during the year, resulting in lower expenditures within the Highways and Public Works function. Although a transfer to the Capital Projects Fund had been budgeted, it was not completed to stay in compliance with the State's unassigned fund balance requirements.

The *capital projects fund* balance increased due to interest earnings and decreased as resources were utilized for capital improvements to City Hall and various park facilities.

The water utility fund's net position increased by \$150,253, consistent with the increase reported in the prior year. Both revenues and expenses rose during the year, reflecting higher service activity and operating costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The originally submitted budget for fiscal year ended June 30, 2025, was amended to reflect higher projected sales tax and miscellaneous revenues. Expenditure appropriations within the governmental funds were also increased to accommodate anticipated cost increases across all departments.

**HONEYVILLE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities, amounted to \$4,583,991 (net of accumulated depreciation/amortization) at June 30, 2025. This investment in capital assets includes land, buildings, improvements, service lines, equipment, roads and similar infrastructure. The total decrease in the City's investment in capital assets for the fiscal year ended June 30, 2025, was \$201,571 (a decrease of 5.1 percent for governmental activities and a decrease of 4 percent for business-type activities). The decrease in governmental capital assets was primarily the result of depreciation on existing assets, with few new capital additions during the year. Similarly, the decrease in business-type capital assets was due to depreciation on current assets and the absence of new capital acquisitions.

Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 279,696	\$ 279,696	\$ 13,050	\$ 13,050	\$ 292,746	\$ 292,746
Buildings and improvements	570,336	543,985	2,938,305	3,045,293	3,508,641	3,589,278
Infrastructure	695,939	784,812	-	-	695,939	784,812
Machinery and equipment	<u>69,485</u>	<u>92,955</u>	<u>17,180</u>	<u>25,771</u>	<u>86,665</u>	<u>118,726</u>
Net capital assets	<u>\$1,615,456</u>	<u>\$1,701,448</u>	<u>\$2,968,535</u>	<u>\$3,084,114</u>	<u>\$4,583,991</u>	<u>\$4,785,562</u>

Additional information on the City's capital assets can be found in Note 3 on pages 33 and 34 of this report.

HONEYVILLE CITY
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$1,575,670	\$1,061,151	\$ 2,636,821
Accounts receivable - net	8,808	55,588	64,396
Intergovernmental receivables			
Property taxes	92,144	-	92,144
Sales taxes	75,218	-	75,218
Class "C" road funds	31,015	-	31,015
Other current assets	2,138	1,689	3,827
Restricted cash	<u>511,198</u>	<u>-</u>	<u>511,198</u>
Total current assets	2,296,191	1,118,428	3,414,619
Capital assets (net of accumulated depreciation/amortization)			
Land	279,696	13,050	292,746
Buildings and improvements	570,336	2,938,305	3,508,641
Infrastructure	695,939	-	695,939
Equipment	<u>69,485</u>	<u>17,180</u>	<u>86,665</u>
Net capital assets	<u>1,615,456</u>	<u>2,968,535</u>	<u>4,583,991</u>
Total assets	<u>3,911,647</u>	<u>4,086,963</u>	<u>7,998,610</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>36,985</u>	<u>21,065</u>	<u>58,050</u>
Total deferred outflows of resources	<u>36,985</u>	<u>21,065</u>	<u>58,050</u>
Total assets and deferred outflows	<u>\$3,948,632</u>	<u>\$4,108,028</u>	<u>\$ 8,056,660</u>

The accompanying notes are an integral part of these statements.

HONEYVILLE CITY
STATEMENT OF NET POSITION (Continued)
FOR THE YEAR ENDED JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable and accrued liabilities	\$ 45,163	\$ 3,223	\$ 48,386
Net pension liability	61,746	28,926	90,672
Total liabilities	<u>106,909</u>	<u>32,149</u>	<u>139,058</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	47	29	76
Unavailable revenue	<u>91,110</u>	<u>-</u>	<u>91,110</u>
Total deferred inflows of resources	<u>91,157</u>	<u>29</u>	<u>91,186</u>
Total liabilities and deferred inflows	<u>198,066</u>	<u>32,178</u>	<u>230,244</u>
NET POSITION			
Net investment in capital assets	1,615,456	2,968,535	4,583,991
Restricted for:			
Transit tax (A2)	51,080	-	51,080
Class "C" road funds	511,198	-	511,198
Unrestricted	<u>1,572,832</u>	<u>1,107,315</u>	<u>2,680,147</u>
Total net position	<u>3,750,566</u>	<u>4,075,850</u>	<u>7,826,416</u>
Total liabilities, deferred inflows and net position	<u>\$3,948,632</u>	<u>\$4,108,028</u>	<u>\$ 8,056,660</u>

The accompanying notes are an integral part of these statements.

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

					Net (Expense) Revenue and Changes in Net Position		
Program Revenue					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 370,901	\$ 2,448	\$ 40,416	\$ -	\$ (328,037)	\$ -	\$ (328,037)
Public safety	58,138	27,507	-	-	(30,631)	-	(30,631)
Highways and public works	225,093	-	204,150	8,808	(12,135)	-	(12,135)
Parks and recreation / cemetery	140,646	16,384	-	1,898	(122,364)	-	(122,364)
	<u>794,778</u>	<u>46,339</u>	<u>244,566</u>	<u>10,706</u>	<u>(493,167)</u>	<u>-</u>	<u>(493,167)</u>
Business-type activities:							
Water utility	298,940	386,962	-	18,785	-	106,807	106,807
	<u>298,940</u>	<u>386,962</u>	<u>-</u>	<u>18,785</u>	<u>-</u>	<u>106,807</u>	<u>106,807</u>
Total primary govern- ment activities	<u>\$ 1,093,718</u>	<u>\$ 433,301</u>	<u>\$ 244,566</u>	<u>\$ 29,491</u>	<u>(493,167)</u>	<u>106,807</u>	<u>(386,360)</u>
General revenues:							
Taxes:							
Property taxes					103,609	-	103,609
General sales and use taxes					387,266	-	387,266
Other taxes					3,402	-	3,402
Unrestricted investment earnings					97,005	43,446	140,451
Loss on disposal of assets					45,651	-	45,651
Total general revenues					636,933	43,446	680,379
Change in net position					143,766	150,253	294,019
Net position - beginning					3,606,800	3,925,597	7,532,397
Net position - ending					\$ 3,750,566	\$ 4,075,850	\$ 7,826,416

The accompanying notes are an integral part of these statements.

HONEYVILLE CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 97,728	\$ 1,426,862	\$ 1,524,590
Intergovernmental receivables			
Property tax	92,144	-	92,144
Sales tax	75,218	-	75,218
Class "C" road funds	31,015	-	31,015
Other receivables	8,808	-	8,808
Restricted cash	562,278	-	562,278
Other assets	2,138	-	2,138
Total assets	<u>\$ 869,329</u>	<u>\$ 1,426,862</u>	<u>\$ 2,296,191</u>
LIABILITIES			
Accounts payable	\$ 39,581	\$ -	\$ 39,581
Other payables	5,582	-	5,582
Total liabilities	<u>45,163</u>	<u>-</u>	<u>45,163</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	127,754	-	127,754
Total deferred inflows	<u>127,754</u>	<u>-</u>	<u>127,754</u>
Total liabilities and deferred inflows	<u>172,917</u>	<u>-</u>	<u>172,917</u>
FUND BALANCE			
Restricted for:			
Transit tax (A2)	51,080	-	51,080
Class "C" roads	511,198	-	511,198
Assigned	-	1,426,862	1,426,862
Unassigned	134,134	-	134,134
Total fund balance	<u>696,412</u>	<u>1,426,862</u>	<u>2,123,274</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 869,329</u>	<u>\$ 1,426,862</u>	<u>\$ 2,296,191</u>

The accompanying notes are an integral part of these statements.

HONEYVILLE CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Total fund balance - governmental fund types	\$ 2,123,274
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,615,457
Deferred inflows of resources are not reported in the governmental funds:	
Revenues not considered available are unavailable in the funds. These include \$36,644 in sales and use tax.	36,644
Deferred inflows related to pensions	(47)
Deferred outflows of resources are not reported in the governmental funds:	
Deferred outflows related to pensions	36,984
Items related to the calculation of pension assets are not reportable in the current period and therefore are not reported in the funds:	
Net pension liability	<u>(61,746)</u>
Net position of governmental activities in the Statement of Net Position	<u>\$ 3,750,566</u>

The accompanying notes are an integral part of these statements.

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

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes			
Property taxes	\$ 103,609	\$ -	\$ 103,609
Sales and use	381,220	-	381,220
Other	3,402	-	3,402
Licenses and permits	28,905	-	28,905
Intergovernmental	212,959	-	212,959
Charges for services	17,434	-	17,434
Impact fees	1,898	-	1,898
Earnings on investments	30,694	66,310	97,004
Miscellaneous	40,981	-	40,981
Total revenues	<u>821,102</u>	<u>66,310</u>	<u>887,412</u>
Expenditures:			
Current			
General government	335,145	23,417	358,562
Public safety	56,859	-	56,859
Highways and public works	108,475	-	108,475
Parks and recreation	51,840	50,275	102,115
Cemetery	71,492	-	71,492
Total expenditures	<u>623,811</u>	<u>73,692</u>	<u>697,503</u>
Excess (deficiency) of revenues over expenditures	<u>197,291</u>	<u>(7,382)</u>	<u>189,909</u>
Special items:			
Proceeds from sale of assets	<u>45,086</u>	<u>-</u>	<u>45,086</u>
Net change in fund balances	242,377	(7,382)	234,995
Fund balances - beginning	<u>454,035</u>	<u>1,434,244</u>	<u>1,888,279</u>
Fund balances - ending	<u>\$ 696,412</u>	<u>\$ 1,426,862</u>	<u>\$ 2,123,274</u>

The accompanying notes are an integral part of these statements.

HONEYVILLE 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 change in fund balances - total governmental funds:	\$ 234,995
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
This is the amount by which capital outlays of \$73,692 were less than dep- reciation of \$159,683 in the current period.	(85,991)
The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	(11,283)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	<u>6,046</u>
Change in net position of governmental activities	<u>\$ 143,766</u>

The accompanying notes are an integral part of these statements.

HONEYVILLE CITY
STATEMENT OF NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

Enterprise Fund
Water Utility

ASSETS

Current assets:

Cash and investments	\$ 1,061,151
Receivables, net	55,588
Prepaid expenses	1,688
Total current assets	<u>1,118,427</u>

Noncurrent assets:

Capital assets (net of accumulated depreciation)	
Land	13,050
Equipment, net	17,180
Water system, net	<u>2,938,306</u>
Total net capital assets	<u>2,968,536</u>
Total assets	<u>4,086,963</u>

Deferred outflows of resources:

Deferred outflows related to pensions	<u>21,065</u>
Total deferred outflows of resources	<u>21,065</u>
Total assets and deferred outflows	<u>4,108,028</u>

LIABILITIES

Current liabilities:

Accounts payable	<u>3,223</u>
Total current liabilities	<u>3,223</u>

Noncurrent liabilities:

Net pension liability	<u>28,926</u>
Total noncurrent liabilities	<u>28,926</u>
Total liabilities	<u>32,149</u>

Deferred inflows of resources:

Deferred inflows related to pensions	<u>29</u>
Total deferred inflows of resources	<u>29</u>
Total liabilities and deferred inflows	<u>32,178</u>

NET POSITION

Net investment in capital assets	2,968,536
Unrestricted	<u>1,107,314</u>
Total net position	<u>4,075,850</u>
Total liabilities, deferred inflows and net position	<u>\$ 4,108,028</u>

The accompanying notes are an integral part of these statements.

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

	Enterprise Fund <u>Water Utility</u>
OPERATING REVENUES	
Charges for services	\$ 383,597
Connection fees	<u>3,365</u>
Total operating revenues	<u>386,962</u>
OPERATING EXPENSES	
Wages and benefits	45,688
Fees and services	47,805
Materials and supplies	49,104
Utilities	40,765
Depreciation	<u>115,578</u>
Total operating expenses	<u>298,940</u>
Operating income (loss)	<u>88,022</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	43,446
Impact fees	<u>18,785</u>
Total nonoperating revenue (expenses)	<u>62,231</u>
Change in net position	150,253
Total net position beginning	<u>3,925,597</u>
Total net position ending	<u>\$ 4,075,850</u>

The accompanying notes are an integral part of these statements.

HONEYVILLE CITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Fund <u>Water Utility</u>
Cash flows from operating activities:	
Receipts from customers	\$ 363,239
Payments to suppliers	(140,909)
Payments to employees	<u>(36,836)</u>
Net cash provided by (used in) operating activities	<u>185,494</u>
Cash flows from capital and related financing activities:	
Proceeds from impact fees	<u>18,785</u>
Net cash provided by (used in) capital and related financing activities	<u>18,785</u>
Cash flows from investing activities:	
Interest and dividends received	<u>43,446</u>
Net cash provided by (used in) investing activities	<u>43,446</u>
Net increase (decrease) in cash and cash equivalents	247,725
Cash and cash equivalents - beginning	<u>813,426</u>
Cash and cash equivalents - ending	<u><u>\$ 1,061,151</u></u>

The accompanying notes are an integral part of these statements.

HONEYVILLE CITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2025

Enterprise Fund
Water Utility

Reconciliation of operating income	
(loss) to net cash provided by	
(used in) operating activities:	
Operating income (loss)	\$ 88,022
Adjustments to reconcile operating	
income to net cash provided by	
(used in) operating activities:	
Depreciation expense	115,578
Change in assets and liabilities:	
Receivables, net	(23,723)
Prepaid assets	(63)
Actuarial pension difference	4,196
Accounts payable	<u>1,484</u>
Net cash provided by (used in)	
operating activities	<u>\$ 185,494</u>

The accompanying notes are an integral part of these statements.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the financial condition of the government. The City is not a component unit of any other entity, nor does it have any component units for which the government would be considered financially accountable.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment.

Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The government has the following fund types:

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable" and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 30 days after year end. The City considers Class "C" road money to be available if collected within 60 days. Expenditures are recorded when the related fund liability is incurred.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use of accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers of the system.

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 nonoperating revenues and expenses.

Enterprise funds are used to account for those operations financed and operated in a manner similar to private business or where the City has decided the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City has only one proprietary fund, the water utility fund, which delivers culinary water to citizens of the City.

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

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity

1. *Cash and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with the original maturities of three months or less from the date of acquisition. Currently, the only investing is done with the State Treasurer's Investment Pool.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" if they are not projected to be repaid within one year, and as "interfund receivable/payable" for amounts projected to be repaid within one year.

3. *Capital Assets*

Capital assets used in governmental-fund type operations are accounted for in the governmental activities column in the statement of net position, but not in governmental funds. Governmental capital assets consisting of certain improvements other than buildings, including roads, bridges, streets, drainage systems and lighting system placed in service prior to June 30, 2003, have not been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Individual items with a cost of \$2,500 or greater are capitalized.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

Depreciation of all exhaustible capital assets is charged as an expense against its operations in the government-wide financial statements and the proprietary fund financial statements. Accumulated depreciation is reported on the government-wide and proprietary fund statements of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements..	20 - 40 years
Water system.....	40 years
Equipment.....	3 - 15 years
Infrastructure.....	20 years

E. Budget and Budgetary Accounting

The City follows the budget and budgetary accounting procedures established by Utah law and described in the Uniform Accounting Manual for Utah Cities and Towns. The current year budget was amended according to Utah law.

F. Net position/Fund Balances

The City follows the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This standard applies to governmental fund financial statements and establishes criteria for classifying fund balance amounts based on the constraints placed on their use. The provisions of GASB Statement No. 54 do not apply to government-wide or proprietary fund statements, where equity is classified in the same manner as in the government-wide financial statements. Fund balances are classified as follows:

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. *Nonspendable* - Fund balances that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. *Restricted fund balance* - Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors or contributors.
3. *Committed fund balance* - Fund balances are reported as committed when the council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City council likewise formally changes the use.
4. *Assigned fund balance* - Fund balances are reported as assigned when the City council or management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service and capital projects funds are by their nature assigned to the purpose of those respective funds.
5. *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.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the City council has provided otherwise in its commitment or assignment actions.

G. Subsequent Events

Management has made a review for events subsequent to year end, and as of our audited financial statements report date of October 31, 2025, there were no subsequent events requiring disclosure.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Property Tax

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due November 30. Property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of GASB. Property taxes received within thirty (30) days of year end are recognized as revenue at year end.

I. 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, has 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.

J. Deferred outflows/inflows of resources

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

NOTE 2. DEPOSITS AND INVESTMENTS

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

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the deposit of the City's 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.

A. 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, the entire bank balance was covered by federal depository insurance.

B. Investments

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.

These statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes and bonds; 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.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF, and details the types of authorized investments.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

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

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
State of Utah Public Treasurer's Investment Fund	<u>\$3,103,922</u>	<u>\$3,103,922</u>			

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

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

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

D. 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 had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Utah Public Treasurer's Investment Fund	<u>\$3,103,922</u>				<u>\$3,103,922</u>

E. 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, as applicable.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2025:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 279,696	\$ -	\$ -	\$ 279,696
Capital assets being depreciated/ amortized:				
Infrastructure	2,009,322	10,868	-	2,020,190
Buildings and improvements	954,547	62,824	-	1,017,371
Machinery and equipment	<u>537,900</u>	<u>-</u>	<u>227,280</u>	<u>310,620</u>
Total at historical cost	<u>3,781,465</u>	<u>73,692</u>	<u>227,280</u>	<u>3,627,877</u>
Less accumulated depreciation/ amortization for:				
Infrastructure	1,224,510	99,741	-	1,324,251
Buildings and improvements	410,562	36,473	-	447,035
Machinery and equipment	<u>444,945</u>	<u>23,470</u>	<u>227,280</u>	<u>241,135</u>
Total accumulated depreciation/ amortization	<u>2,080,017</u>	<u>159,684</u>	<u>227,280</u>	<u>2,012,421</u>
Governmental activities capital assets - net	<u>\$1,701,448</u>	<u>\$ (85,992)</u>	<u>\$ -</u>	<u>\$1,615,456</u>

Business-Type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 13,050	\$ -	\$ -	\$ 13,050
Capital assets being depreciated:				
Water system	5,579,043	-	-	5,579,043
Machinery and equipment	<u>126,211</u>	<u>-</u>	<u>-</u>	<u>126,211</u>
Total at historical cost	<u>5,718,304</u>	<u>-</u>	<u>-</u>	<u>5,718,304</u>
Less accumulated depreciation for:				
Water system	2,533,750	106,988	-	2,640,738
Machinery and equipment	<u>100,440</u>	<u>8,591</u>	<u>-</u>	<u>109,031</u>
Total accumulated depreciation	<u>2,634,190</u>	<u>115,579</u>	<u>-</u>	<u>2,749,769</u>
Business-type activities capital assets - net	<u>\$3,084,114</u>	<u>\$ (115,579)</u>	<u>\$ -</u>	<u>\$2,968,535</u>

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. CAPITAL ASSETS (Continued)

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

Governmental Activities:

General government	24,474
Public safety	1,279
Highways and public improvements	116,617
Parks and recreation	<u>17,313</u>
 Total depreciation/amortization expense governmental activities	 <u>\$ 159,683</u>

NOTE 4. DEFERRED INFLOWS OF RESOURCES

The City follows the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under this standard, deferred outflows and inflows of resources are reported as separate elements in the financial statements. Amounts previously reported as deferred revenue in the governmental fund financial statements, such as property taxes due in November and sales tax received in August, are now reported as *unavailable revenue* within the *deferred inflows of resources* section. Similarly, property taxes due in November are reported as deferred inflows of resources in the government-wide financial statements.

For the year ended June 30, 2025 unavailable revenue in the governmental fund is \$127,754 and consists of \$91,110 for property taxes due in November that aren't considered available and \$36,644 for sales tax collected in August. On the government-wide statements, only the property tax amount shows as unavailable revenue.

The City follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to pension plans. Additional information regarding the City's pension plans and related reporting can be found in Note 9.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. All general liability, real property, all vehicles, including heavy equipment, and injuries to employees are insured through a commercial policy (errors and omissions). Settled claims have not exceeded the City's insurance coverage for any of the past three years. For insured programs, there have been no significant reductions in insurance coverage.

NOTE 6. RESTRICTED NET POSITION

Governmental activities net position has been restricted for Class "C" road purposes. This amount represents funds received from the State of Utah Road Fund allotment that are required to be used for the maintenance and improvement of the City's road network. Beginning in fiscal year 2025, an additional restriction has been established for Transit Tax (A2) sales tax revenues, which must be used for public transit and road-related purposes.

NOTE 7. LEASES

On May 19, 2009, the City entered into a lease agreement with the Department of Wildlife Resources (DWR) for the land on which the City's water reservoir is located. The lease has a term of 30 years and is renewable upon expiration. Annual lease payments total \$822, with the amount subject to re-evaluation upon renewal. The lease has been evaluated under the provisions of GASB Statement No. 87, Leases, and was determined to be immaterial and therefore excluded from the capitalization and recognition requirements of that standard.

	2026	2027	2028	2029	2030	2028-2039	TOTAL
Lease payments	\$ 822	\$ 822	\$ 822	\$ 822	\$ 822	\$ 7,398	\$ 11,508

NOTE 8. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

The City is legally required to adopt an annual budget for the General Fund and each major special revenue fund. The level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the departmental level within the General Fund and by fund for other budgeted funds.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (Continued)

During the fiscal year ended June 30, 2025, expenditures exceeded appropriations in certain departments of the General Fund as shown below:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Public safety	\$ 47,000	\$ 56,859	\$ 9,859
Parks and recreation	\$ 45,000	\$ 51,840	\$ 6,840
Cemetery	\$ 45,000	\$ 71,492	\$ 26,492
Total	\$ 137,000	\$ 180,191	\$ 43,191

These over-expenditures are in violation of state budgetary compliance requirements; however, they did not result in an overall deficit in the General Fund and were funded by available resources within the fund. Management will monitor budget-to-actual activity more closely in future periods to ensure compliance.

NOTE 9. RETIREMENT

Plan description: Eligible employees of the City are provided with pensions through the Utah Retirement Systems (URS). Participation in URS is comprised of the following pension trust funds:

Defined Benefit Plans

1. Public Employees Contributory Retirement System (Contributory System); is a multiple employer, cost sharing, public employee retirement system.
2. 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 hired on or after that date who have no previous service credit with any of the Utah Retirement Systems are members of the Tier 2 Retirement System.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. RETIREMENT (Continued)

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, contained 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, and URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Contributory System	Highest 5 Years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	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	1.50% per year all years	Up to 2.5%

**with actuarial reductions*

***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.*

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. RETIREMENT (Continued)

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 URS Board. Contributions are actuarially determined as amounts that, when combined with employee contributions (where applicable), are expected to finance the cost of benefits earned by employees during the year, along with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2025, are as follows:

	Employee	Employer	Employer 401(k)
Contributory System:			
11- Local Government Div - Tier 1	6.00%	12.96%	N/A
111- Local Government Div - Tier 2	0.70%	16.95%	N/A
Tier 2 401(k) Option			
211- Local Government	N/A	6.95%	10.00%
***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.			

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

System	Employer Contributions	Employee Contributions
Contributory System	\$8,788	\$4,069
Tier 2 Public Employees System	\$6,105	\$252
Total Contributions	\$14,893	\$4,321

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.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. RETIREMENT (Continued)

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

At June 30, 2025, we reported a net pension asset of \$- and a net pension liability of \$90,672.

(Measurement Date): December 31, 2024					
	Net Pension Asset	Net Pension Liability	Propor- tionate Share	Propor- tionate Share 12/31/2023	Change (Decrease)/I ncrease
Contributory System	\$0	\$87,249	0.6961765%	0.5593126%	0.1368639%
Tier 2 Public Employee	\$0	\$3,423	0.0011477%	0.0011108%	0.0000369%
	\$0	\$90,672			

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 City's 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 \$30,371.

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	\$ 1,480	\$ 24
Changes in assumptions	1,143	-
Net difference between projected and actual earnings on pension plan investments	47,063	-
Changes in proportion and differences between contributions and proportionate share of contributions	648	51
Contributions subsequent to the measurement date	7,716	-
Total	\$ 58,050	\$ 75

The \$7,716 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.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. RETIREMENT (Continued)

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 7
2026	67,439
2027	(16,537)
2028	(2,451)
2029	779
Thereafter	1,022

Contributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$26,630.

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	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	46,844	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	4,486	-
Total	<u>\$ 51,330</u>	<u>\$ -</u>

The \$4,486 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.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. RETIREMENT (Continued)

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ (390)
2026	66,826
2027	(16,806)
2028	(2,785)
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 \$3,741.

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	\$ 1,480	\$ 24
Changes in assumptions	1,143	-
Net difference between projected and actual earnings on pension plan investments	219	-
Changes in proportion and differences between contributions and proportionate share of contributions	648	51
Contributions subsequent to the measurement date	3,230	-
Total	<u>\$ 6,720</u>	<u>\$ 75</u>

The \$3,230 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.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. RETIREMENT (Continued)

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 398
2026	613
2027	269
2028	334
2029	779
Thereafter	1,022

Actuarial assumptions: The total pension liability in 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 on gender, occupation, and age, as appropriate, with projected improvements using the ultimate rates from the MP-2020 improvement scale and a base year of 2020. The mortality assumption for active members is based on 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 experience study for the period ending December 31, 2022.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. RETIREMENT (Continued)

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected portfolio real rate of return
Equity Securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0.00%
Totals	100%		5.80%
		<u>Inflation</u>	2.50%
		<u>Expected arithmetic nominal return</u>	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 is 6.85 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at the contractually required rates, as actuarially determined and certified by the Utah Retirement Systems (URS) Board. Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make all projected future benefit payments to 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 incorporate the Municipal Bond Index Rate.

HONEYVILLE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. RETIREMENT (Continued)

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

System	1% Decrease 5.85%	Discount Rate 6.85%	1% Increase 7.85%
Contributory System	\$370,601	\$87,249	(\$154,984)
Tier 2 Public Employees System	\$10,223	\$3,423	(\$1,867)
Total	\$380,824	\$90,672	(\$156,851)

****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 sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Honeyville City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems: *401(k) Plan*.

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

401(k) Plan	2025	2024	2023
Employer Contributions	\$ -	\$ 59	\$ 42
Employee Contributions	\$ -	\$ -	\$ -

Required Supplementary Information

HONEYVILLE CITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - (UNAUDITED) GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts, Budgetary Basis	With Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 330,000	\$ 405,000	\$ 488,231	\$ 83,231
Licenses and permits	22,000	17,000	28,905	11,905
Intergovernmental	105,000	102,000	214,857	112,857
Charges for services	25,000	16,000	17,434	1,434
Investment earnings	-	-	30,695	30,695
Miscellaneous	25,000	80,000	40,981	(39,019)
Total revenues	<u>507,000</u>	<u>620,000</u>	<u>821,103</u>	<u>201,103</u>
EXPENDITURES				
Current:				
General government	262,000	340,000	335,145	4,855
Public safety	45,000	47,000	56,859	(9,859)
Highways and public improvements	140,000	143,000	108,475	34,525
Parks and recreation	30,000	45,000	51,840	(6,840)
Cemetery	30,000	45,000	71,492	(26,492)
Total expenditures	<u>507,000</u>	<u>620,000</u>	<u>623,811</u>	<u>(3,811)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>197,292</u>	<u>197,292</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>
Total other financing sources (uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>
SPECIAL ITEM				
Proceeds from sale of assets	<u>-</u>	<u>-</u>	<u>45,086</u>	<u>(45,086)</u>
Net change in fund balances	<u>(90,000)</u>	<u>(90,000)</u>	<u>242,378</u>	<u>242,378</u>
Fund balances beginning	<u>454,036</u>	<u>454,036</u>	<u>454,036</u>	<u>-</u>
Fund balances ending	<u>\$ 364,036</u>	<u>\$ 364,036</u>	<u>\$ 696,414</u>	<u>\$ 696,414</u>

See Independent Auditors' Report

HONEYVILLE CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE CALENDAR YEAR ENDED:

	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Contributory Retirement System										
Proportion of the net pension liability/(asset)	0.6961765%	0.5593126%	0.4848524%	0.4643981%	0.3336420%	0.3829298%	0.4987648%	0.4622622%	0.3854860%	0.1965940%
Proportionate share of the net pension liability/(asset)	\$ 87,249	\$ 46,168	\$ 49,866	\$ (336,198)	\$ (59,796)	\$ 25,096	\$ 202,400	\$ 37,616	\$ 126,482	\$ 138,177
Covered payroll	\$ 67,645	\$ 59,065	\$ 54,646	\$ 55,848	\$ 55,036	\$ 68,618	\$ 93,354	\$ 93,800	\$ 92,493	\$ 83,766
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	128.98%	78.16%	91.25%	-601.99%	-108.65%	36.57%	216.81%	40.10%	136.75%	164.96%
Plan fiduciary net position as a percentage of total pension liability/(asset)	97.25%	98.20%	97.70%	115.90%	103.90%	98.60%	91.20%	98.20%	92.90%	85.70%
Tier 2 Public Employees Retirement System										
Proportion of the net pension liability/(asset)	0.0011477%	0.0011108%	0.0010671%	0.0011539%	N/A	N/A	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability/(asset)	\$ 3,423	\$ 2,162	\$ 1,162	\$ (488)	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$ 34,013	\$ 28,717	\$ 23,360	\$ 21,359	N/A	N/A	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	10.06%	7.53%	4.97%	-2.28%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total pension liability/(asset)	87.44%	89.58%	92.30%	103.80%	N/A	N/A	N/A	N/A	N/A	N/A

See Independent Auditors' Report

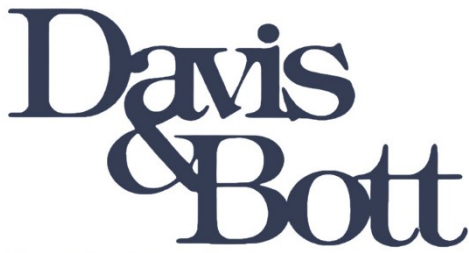
HONEYVILLE CITY
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED JUNE 30:

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Contributory System	2016	\$ 12,527	\$ 12,527	\$ -	\$ 86,631	14.46%
	2017	\$ 13,202	\$ 13,202	\$ -	\$ 91,299	14.46%
	2018	\$ 14,154	\$ 14,154	\$ -	\$ 97,886	14.46%
	2019	\$ 12,694	\$ 12,694	\$ -	\$ 87,790	14.46%
	2020	\$ 8,276	\$ 8,276	\$ -	\$ 57,233	14.46%
	2021	\$ 7,916	\$ 7,916	\$ -	\$ 54,743	14.46%
	2022	\$ 8,096	\$ 8,096	\$ -	\$ 55,991	14.46%
	2023	\$ 7,688	\$ 7,688	\$ -	\$ 55,068	13.96%
	2024	\$ 9,171	\$ 9,171	\$ -	\$ 65,692	13.96%
	2025	\$ 8,788	\$ 8,788	\$ -	\$ 67,810	12.96%
Tier 2 Public	2016	\$ -	\$ -	\$ -	\$ -	0.00%
Employees System*	2017	\$ -	\$ -	\$ -	\$ -	0.00%
	2018	\$ -	\$ -	\$ -	\$ -	0.00%
	2019	\$ -	\$ -	\$ -	\$ -	0.00%
	2020	\$ -	\$ -	\$ -	\$ -	0.00%
	2021	\$ 1,415	\$ 1,415	\$ -	\$ 8,059	17.56%
	2022	\$ 4,667	\$ 4,667	\$ -	\$ 26,175	17.83%
	2023	\$ 4,148	\$ 4,148	\$ -	\$ 23,345	17.77%
	2024	\$ 5,849	\$ 5,849	\$ -	\$ 32,912	17.77%
	2025	\$ 6,105	\$ 6,105	\$ -	\$ 36,016	16.95%

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

See Independent Auditors' Report

SUPPLEMENTARY INFORMATION



Certified Public Accountants, L.C.

50 West Forest Street, STE 101
Brigham City, UT 84302
435-723-5224

36 W 100 N
Tremonton, UT 84337
435-257-7898

**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and
Members of the City Council
Honeyville City
Honeyville, UT 84314

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Honeyville City, Utah (City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Honeyville City's basic financial statements and have issued our report thereon dated October 31, 2025.

Report on Internal Control over Financial Reporting

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

**INDEPENDENT AUDITORS' 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 (CONTINUED)**

or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2010-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honeyville City's Response to Findings

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

**INDEPENDENT AUDITORS' 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 (CONTINUED)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis & Bott

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
October 31, 2025

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

I. Findings - Financial Statements Audit

A. Material Weakness

2010-001 Internal Control System

Condition - During our audit, we noted deficiencies in the City's internal control system, including a lack of segregation of duties, inadequate control over financial records and information, insufficient controls over the preparation of financial statements, and limited oversight of financial reporting.

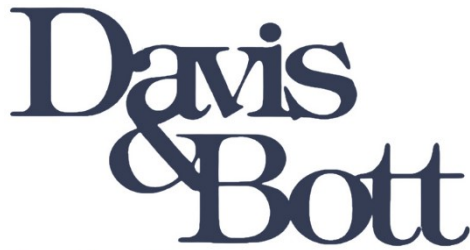
Criteria - Internal control standards established by the U.S. Government Accountability Office (GAO), as set forth in the *Standards for Internal Control in the Federal Government* (Green Book), require that those charged with governance establish an effective control environment, assess and manage internal control risks, implement appropriate control activities, document and communicate policies and procedures, and monitor the effectiveness of internal controls.

Cause - The City has not implemented internal control processes sufficient to address the deficiencies noted above, primarily due to limited staffing and resources.

Effect - Weaknesses in internal controls increase the risk of material misstatement in the financial statements, whether due to error or fraud.

Recommendation - We recommend that the City strengthen its internal control environment by implementing control activities consistent with GAO standards. This should include improved segregation of duties, enhanced oversight of financial reporting, and formalized documentation and monitoring of key financial processes.

Response - The City agrees with the finding and will continue to evaluate options to improve internal controls.



Certified Public Accountants, L.C.

50 West Forest Street, STE 101
Brigham City, UT 84302
435-723-5224

36 W 100 N
Tremonton, UT 84337
435-257-7898

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

The Honorable Mayor and
Members of the City Council
Honeyville City
Honeyville, UT 84314

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

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

- Budgetary Compliance
- Fund Balance
- Restricted taxes and other related restricted revenue
- Fraud Risk Assessment
- Governmental Fees
- Utah Retirement Systems
- Crime Insurance for Public Treasurers

Opinion on Compliance

In our opinion, Honeyville 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*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE
COMPLIANCE AUDIT GUIDE (CONTINUED)**

Compliance Audit Guide (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Auditors' Responsibilities for the Audit of Compliance

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE
COMPLIANCE AUDIT GUIDE (CONTINUED)**

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 Honeyville 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 Honeyville 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 Honeyville 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 compliance

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE
COMPLIANCE AUDIT GUIDE (CONTINUED)**

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

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

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying schedule of findings and recommendations as item 2025-001.

Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and recommendations.

Purpose of Report

The purpose of this report on internal control 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 *State Compliance Audit Guide*. Accordingly, this communication is not suitable for any other purpose.

Davis & Bott

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
October 31, 2025

HONEYVILLE CITY
SCHEDULE OF FINDINGS FOR STATE COMPLIANCE

Current Year Findings

2025-001 Budgetary Compliance - Expenditures Exceeded Budget

Condition - During the fiscal year ended June 30, 2025, expenditures exceeded the final adopted budget in three General Fund departments. Utah law prohibits expenditures by fund or department from exceeding appropriated amounts.

Criteria - Utah Code Annotated § 10-6-121 and § 10-6-123 require that expenditures not exceed the amounts appropriated by the governing body in the final adopted budget for each fund or department.

Cause - Actual expenditures in three General Fund departments were higher than the amounts appropriated in the final adopted budget. The City did not process a formal budget amendment prior to year-end to bring the budgets in line with actual expenditures.

Effect - The City is out of compliance with Utah state budgetary law, as total departmental expenditures exceeded appropriated limits.

Recommendation - We recommend that the City monitor departmental expenditures more closely throughout the year and, when necessary, process budget amendments prior to year-end to ensure compliance with state law. Management should also consider adding reasonable contingency amounts in budgeted expenditures to help avoid inadvertent budget overruns.

Response - The City agrees with the finding. City management will strengthen monitoring procedures to ensure that budget amendments are made when needed and that all expenditures remain within appropriated amounts.

Prior Year Findings

None