

Annual Comprehensive Financial Report



FARMINGTON

MORE TIME FOR LIVING

Farmington City Corporation
Farmington, Utah

Fiscal Year Ended
June 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of

FARMINGTON CITY CORPORATION
FARMINGTON, UTAH

Fiscal Year Ended
June 30, 2023

Mayor

Brett Anderson

City Council

Roger Child

Scott Isaacson

Melissa Layton

Amy Shumway

Alex Leeman

City Manager

Brigham Mellor

Finance Director

Greg Davis

Table of Contents

I. INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	5
GFOA Certificate of Achievement	8
City Officials	9
Organization Chart	10
II. FINANCIAL SECTION	
Independent Auditors' Report	12
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet - Governmental Funds	29
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	30
Statement of Revenues, Expenditures, and Changes in the Fund Balances - Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Balances of Governmental Funds to the Statement of Activities	32
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	33
Redevelopment Agency Fund - US 89	34
Redevelopment Agency Fund - Station Park	35
Statement of Net Position - Proprietary Funds	36
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	37
Statement of Cash Flows - Proprietary Funds	38
Notes to Financial Statements	40

	<u>Page</u>
Required Supplemental Information	
Schedule of the Proportionate Share of the Net Pension Liability	74
Schedule of Contributions	75
Notes to Required Supplemental Information	76
Supplemental Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	80
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Nonmajor Governmental Funds):	
RAP Sales Tax Revenue Bond - Debt Service Fund	82
Police Sales Tax Revenue Bond - Debt Service Fund	83
Building G.O. Bond - Debt Service Fund	84
G.O. Bond 2015 Park - Debt Service Fund	85
Governmental Buildings Improvement - Capital Projects	86
Fund Capital Equipment - Capital Projects Fund	87
Real Estate Property Asset - Capital Projects Fund	88
Fire Protection - Capital Projects Fund	89
Class C Roads - Capital Projects Fund	90
Cemetery Perpetual Care - Permanent Fund	91
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Major Governmental Fund)	
Street Improvement - Capital Projects Fund	92
Park Improvement - Capital Projects Fund	93

III. STATISTICAL SECTION

1 - Net Position by Component	95
2 - Changes in Net Position	96
3 - Fund Balances of Governmental Funds	98
4 - Changes in Fund Balances of Governmental Funds	99

	<u>Page</u>
5 - Assessed Value and Estimated Actual Value of Taxable	100
6 - Property Property Tax Rates - Direct and Overlapping	101
7 - Principal Taxpayers	102
8 - Governments Property Tax Levies and Collections	103
9 - Ratios of Outstanding Debt by Type	104
10 - Ratio of General Bonded Debt Outstanding	105
11 - Direct and Overlapping Governmental Activities Debt	106
12 - Legal Debt Margin Information	107
13 - Pledged Revenue Bond Coverage	108
14 - Demographic and Economic Statistics	109
15 - Principal Employers	110
16 - Full-time Equivalent City Government Employees by Function	111
17 - Operating Indicators by Function	112
18 - Capital Asset Statistics by Function	113

IV. OTHER REPORTS

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	115
Report on Compliance and on Internal Controls Over Compliance in Accordance with the State of Utah Legal Compliance Audit Guide	117

INTRODUCTORY SECTION



December 21, 2023

Honorable Mayor and Members of the City Council and
Citizens of Farmington City
Farmington City Corporation
160 S Main
Farmington, UT 84025

The Finance Department and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report (ACFR) for Farmington City, Utah, for the fiscal year ended June 30, 2023. Section 10-6-150 of the Utah Code requires local governments to publish an annual financial report within six months of the close of each fiscal year. This report is published to fulfill that requirement.

This report is also published to provide to the City's governing body, staff, citizens, the State of Utah, representatives of financial institutions, and other interested persons detailed information concerning the financial condition of Farmington City. City management is responsible for the accuracy, completeness, and fairness of the presented material, including all disclosures.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of internal control structure. Internal controls are designed to provide reasonable assurance regarding the safeguarding of assets against unauthorized use or disposition and the reliability of financial records used in preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived.

We believe the City's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

State law requires that an annual audit be conducted by an independent certified public accountant. The City has contracted with Gilbert & Stewart, CPA, PC to perform the audit. The independent audit report is included in this report beginning on page 12. Farmington City received an unqualified opinion.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of Farmington City

Farmington City, Utah was incorporated as a municipality on November 16, 1892, with a population of 1,180. Now, approximately 26,000 residents call Farmington home. Farmington is a center for local government. Davis County, Davis County School District, and Davis County Sheriff's Office are all headquartered in Farmington.

Farmington City operates under the council-mayor form of government, while delegating administrative functions and duties to a city manager by ordinance. The city council is comprised of five council members and a mayor, who are elected to four-year terms. To facilitate the continuity of the city council, elections are held every two years with overlapping terms.

The City's fiscal year begins on July 1 and ends on June 30. The city council adopts an annual budget for all funds each June – prepared by city management, department directors, and staff. During the budget process, Administration identifies which items are ongoing versus one-time to ensure ongoing sources will cover ongoing expenditures.

State statute defines the legal level of budgetary control at the department level within the General Fund and at the fund level for all other funds. By law, expenditures cannot exceed appropriations at each level. Reallocations within levels of budgetary control are permitted without council approval, but any changes affecting department or fund expenditure *totals* require city council approval. The budget is amended as unforeseen circumstances arise.

Farmington City provides an array of public services including, but not limited to, the following:

- General Government:
 - Economic development
 - Finance and Administration
 - Legislative activities and records management
- Community Development:
 - Building inspection
 - Business licensing
 - Planning and zoning, code enforcement
- Public Safety:
 - Fire protection
 - Paramedic services
 - Police protection
- Public Works:
 - Public streets and sidewalks
 - Utilities (culinary water, garbage and recycling collection, storm water, and transportation services). Farmington City also bills for sewer services on behalf of a third-party sewer district.
- Parks and Cemetery Maintenance
- Recreation and Cultural Programs

The reporting entity includes two blended component units, the Highway 89 RDA and the Station Park RDA. These funds are accounted for as special revenue funds.

Economic Condition and Long-term Financial Planning

A major economic factor that has affected Farmington City in the last decade has been the growth in sales tax because of Station Park and other stores surrounding this development. However, the growth in sales tax from this area has slowed down during the last two fiscal years. Finance and Administration will continue to carefully monitor these revenue sources.

The City has maintained its ability to meet ongoing needs and maintain service levels. As a regular practice, the City identifies items that are ongoing versus one-time in nature and ensures that ongoing resources adequately cover ongoing expenditures. Farmington City refrains from using one-time revenue sources to fund ongoing expenditures.

The City is in the process of developing a major business park north of Farmington Station. The business park will be a mix of commercial and residential development and will be a wonderful addition for Farmington City, Davis County, and northern Utah. Infrastructure and development are currently underway.

Annually, the City revises its impact fee facilities plans. Impact fees are one-time revenue sources collected from developers during the development process. Impact fees finance the capital expenditures needed to service new developments. Major items currently in the impact fee facilities plans include the construction of a new fire station, a new water well, and a new water storage tank. This plan includes five (5) years of forecasted revenues and planned expenditures and is used to assess the City's need to update its impact fees.

Awards and Acknowledgments

Farmington City has received the Certificate of Achievement for Excellence in Financial Reporting for the past 22 years.

The preparation of the annual comprehensive financial report was made possible by the dedicated service of City staff. I convey my thanks and sincere appreciation to each of them. I also wish to express appreciation to Ron Stewart and his staff, of Gilbert & Stewart, CPA, PC for conducting the independent audit and providing assistance in a very professional manner.

I express appreciation to Mayor Anderson and each member of the city council for their sincere interest and support in planning and conducting the financial affairs of the city in a responsible and progressive manner. I also thank City Manager Brigham Mellor, who is dedicated to providing quality and conscientious service to this community.

Sincerely,

A handwritten signature in cursive script that reads "Greg Davis". The signature is written in black ink and is positioned above the printed name and title.

Greg Davis,
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Farmington City Corporation
Utah**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

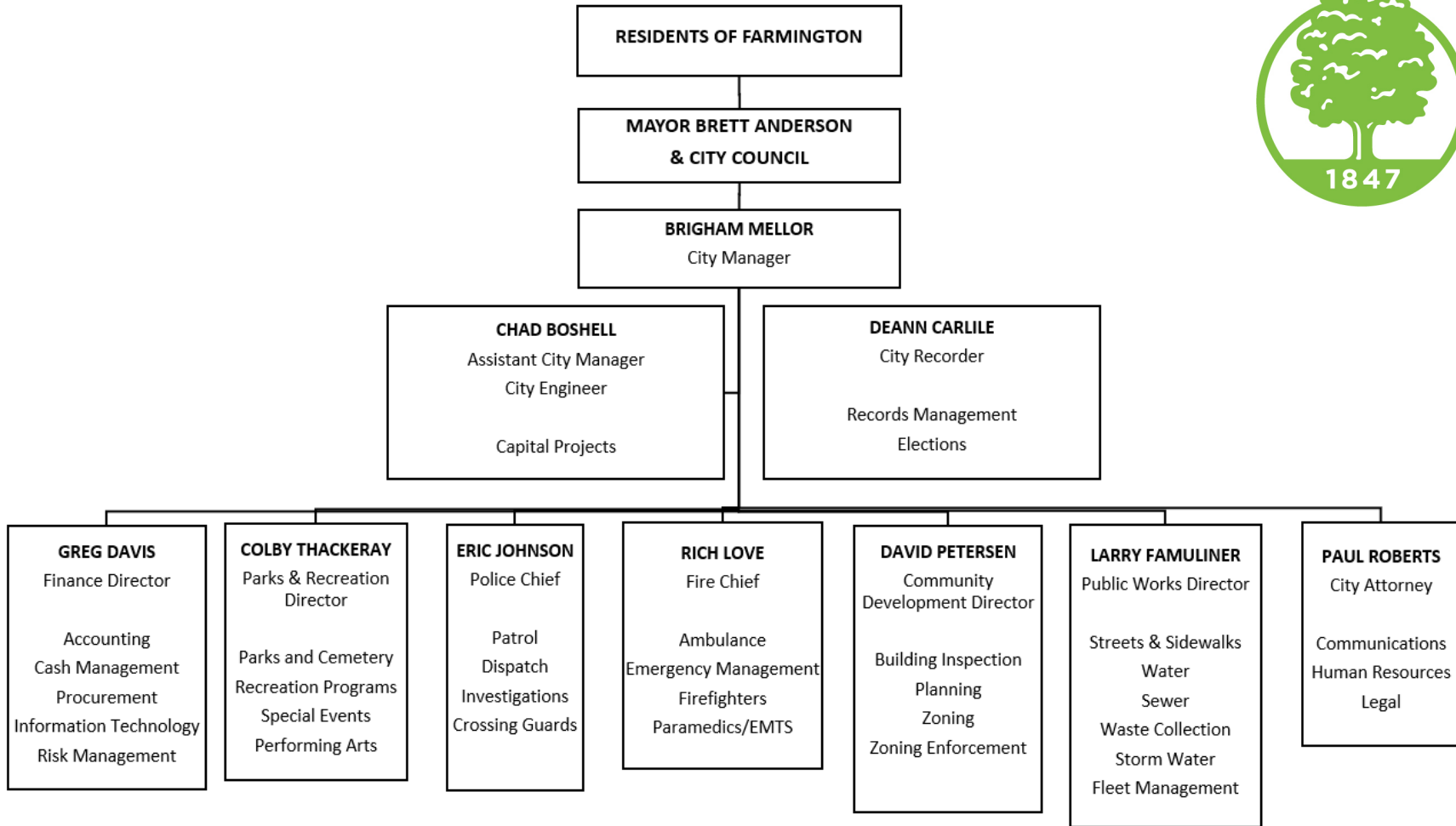
Christopher P. Morill

Executive Director/CEO

**Farmington City Officials
June 30, 2023**

Mayor	Brett Anderson
Council Members	Roger Child Melissa Layton Alex Leeman Scott Isaacson Amy Shumway
City Manager	Brigham Mellor
Assistant City Manager	Chad Boshell
Recorder	DeAnn Carlile
Treasurer	Shannon Harper
Building Official	Eric Miller
City Attorney	Paul Roberts
City Engineer	Chad Boshell
Finance Director	Greg Davis
Fire Chief	Rich Love
Human Resource Manager	Holly Gadd
Parks & Recreation Director	Colby Thackeray
Planning Director	David E. Petersen
Police Chief	Eric Johnsen
Public Works Director	Larry Famuliner

FARMINGTON CITY ORGANIZATION CHART



FINANCIAL SECTION



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A. HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
Farmington, Utah

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Farmington City, Utah (the City), as of and for the year ended June 30, 2023, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, the respective changes in financial position, and, where applicable, cash flows and the respective budgetary comparison of the general and major special revenue funds 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 Farmington City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Farmington 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 Farmington City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the required supplementary information regarding pensions, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC

Provo, Utah

November 23, 2023

Management's Discussion and Analysis **Fiscal Year ended June 30, 2023**

Management's Discussion and Analysis (MD&A) serves as an introduction to Farmington City's basic financial statements and provides an analysis of the financial activities and financial position of Farmington City. Readers should consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The City's basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of Farmington City's finances in formats similar to what private-sector businesses provide.

The statement of net position (i.e., balance sheet) presents information pertaining to Farmington City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is further categorized as net investment in capital assets, restricted net position, and unrestricted net position. Over time, increases or decreases in net position help indicate whether the financial position of Farmington City is improving.

The statement of activities (i.e., income statement) presents information showing how the City's net position changed during the most recent fiscal year. Consistent with the accrual method of accounting, all changes to net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows.

Government-wide financial statements are distinguished by two different functions: governmental activities and business-type activities. Governmental activities (e.g., administration and public safety) are those principally supported by taxes and intergovernmental revenues. Business-type activities (e.g., utilities and ambulance services) are those that recover all – or a significant portion – of their costs through user fees.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Fund financial statements.

A fund is a group of accounts used to maintain control over resources that are segregated for specific activities. Farmington City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of Farmington City are divided into two categories: governmental funds and enterprise (business-type) funds.

Governmental funds. Governmental funds report the same functions presented as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements employ the current financial resources

measurement focus and the modified accrual basis of accounting. This information is 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 in the fund financial statements with that 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 balance sheet and the statement of revenue, expenditures and changes in fund balances provide a reconciliation between governmental funds and governmental activities.

Farmington City maintains fifteen (15) individual governmental funds. Data from non-major governmental funds are combined into a single column within the governmental fund financial statements. Individual fund data for each of these non-major governmental funds is provided in the supplemental information section of the Annual Comprehensive Financial Report.

A budgetary comparison statement for Farmington City's General Fund and special revenue funds is also provided as part of the basic financial statements to demonstrate and emphasize budgetary compliance.

Enterprise funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Like the government-wide financial statements, enterprise funds employ the economic resources measurement focus and the accrual basis of accounting. Therefore, no reconciliation is needed between the enterprise funds and enterprise activities.

The proprietary fund financial statements include separate information for each of the enterprise of the City's seven (7) enterprise funds. The enterprise fund financials statements also include a statement of cash flows. Readers should note that GASB standards over the statement of cash flows have several significant differences from FASB standards.

Notes to the financial statements.

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

GOVERNMENT-WIDE COMPARATIVE FINANCIAL INFORMATION

The government-wide financial statements include the statement of net position and statement of activities for governmental activities and business-type activities. The following charts summarize and compare this reporting period's financial position and results of operations to those of the prior.

Financial Position:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$27,808,060	\$40,003,808	\$22,680,789	\$14,396,952	\$50,488,849	\$54,400,760
Capital assets	108,153,669	87,464,569	33,186,136	31,591,090	141,339,805	119,055,659
Total assets	135,961,729	127,468,377	55,866,925	45,988,042	191,828,654	173,456,419
Total deferred outflows resources	1,462,864	1,147,701	349,855	93,005	1,812,719	1,240,706
Short-term liabilities	5,963,425	3,027,840	4,038,619	2,724,648	10,002,044	5,752,488
Current Portion of Long-term liabilities	1,644,212	1,595,587	385,993	103,268	2,030,205	1,698,855
Due in More Than One Year	5,998,079	6,097,321	7,119,313	34,423	13,117,392	6,131,744
Total liabilities	13,605,716	10,720,748	11,543,924	2,862,339	25,149,640	13,583,087
Total deferred inflows of resources	5,279,121	7,520,934	23,884	601,983	5,303,005	8,122,917
Net Position:						
Net investment in capital assets	102,164,993	80,190,060	33,142,474	31,591,090	135,307,467	111,781,150
Restricted	9,550,288	11,005,442	3,382,854	3,504,518	12,933,142	14,509,960
Unrestricted	6,824,475	19,178,894	8,123,644	7,521,117	14,948,119	26,700,011
Total net position	\$118,539,756	\$110,374,396	\$44,648,972	\$42,616,725	\$163,188,728	\$152,991,121

The primary government's net position increased by \$10,197,607 during FY23. The substantial increase in the governmental net position is attributable to \$8.5M of intergovernmental contributions towards road infrastructure. For business-type activities, the increase is largely attributable to developer contributions of infrastructure. Farmington City received and assumed responsibility for approximately \$724,000 of water infrastructure and \$922,000 of storm water infrastructure during FY23.

The overall condition of the Farmington City is healthy, as net position increased, which is an indication that the City is growing and able to meet the ongoing obligations and liabilities.

Results of Operations:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$1,703,342	\$5,219,962	\$11,041,861	\$11,509,956	\$12,745,203	\$16,729,918
Operating grants and contributions	1,079,176	7,279,437	2,384	-	1,081,560	7,279,437
Capital grants and contributions	14,188,687	736,806	3,197,540	155,774	17,386,227	892,580
General revenues:						
Property taxes	4,076,209	4,624,803	-	-	4,076,209	4,624,803
Sales and use tax	8,819,178	8,220,923	-	-	8,819,178	8,220,923
Franchise tax	348,309	365,671	-	-	348,309	365,671
Energy & use tax	1,595,733	1,319,590	-	-	1,595,733	1,319,590
Interest earnings	792,746	210,079	607,030	71,657	1,399,776	281,736
Net (decrease) fair value investment	(102,601)	(338,134)	(36,206)	(140,490)	(138,807)	(478,624)
Insurance Proceeds & Rebates	157,649	-	-	-	157,649	-
Gain on sale of assets	312,543	69,825	-	-	312,543	69,825
Total revenues	32,874,458	27,708,962	14,812,609	11,596,897	47,687,067	39,305,859
Expenses:						
General government	2,418,273	2,078,696	-	-	2,418,273	2,078,696
Public safety	7,625,164	5,408,877	-	-	7,625,164	5,408,877
Highways and public works	10,064,115	3,792,299	-	-	10,064,115	3,792,299
Parks and Cemetery	2,141,020	1,801,931	-	-	2,141,020	1,801,931
Community Development	1,471,679	1,310,218	-	-	1,471,679	1,310,218
Economic Development	157,108	375,313	-	-	157,108	375,313
Interest on long-term debt	149,740	170,248	-	-	149,740	170,248
Water Utility	-	-	2,959,342	2,255,835	2,959,342	2,255,835
Sewer Utility	-	-	2,945,868	2,120,111	2,945,868	2,120,111
Garbage Utility	-	-	1,788,154	1,696,551	1,788,154	1,696,551
Storm Water Utility	-	-	1,177,221	937,124	1,177,221	937,124
Ambulance Service	-	-	2,152,468	954,559	2,152,468	954,559
Transportation Utility	-	-	417,494	337,270	417,494	337,270
Recreation	-	-	2,021,815	1,735,863	2,021,815	1,735,863
Total expenses	24,027,098	14,937,584	13,462,362	10,037,313	37,489,460	24,974,895
Excess (deficiency) before transfers	8,847,360	12,771,378	1,350,247	1,559,584	10,197,607	14,330,962
Transfers	(682,000)	(983,056)	682,000	983,056	-	-
Increase (decrease) in net position	8,165,360	11,788,322	2,032,247	2,542,640	10,197,607	14,330,962
Net position - beginning	110,374,396	97,061,802	42,616,725	40,074,084	152,991,121	137,135,886
Restatement of net position (see note 17)	-	1,524,272	-	-	-	1,524,272
Net position - ending	\$118,539,756	\$110,374,396	\$44,648,972	\$42,616,725	\$163,188,728	\$152,991,121

Governmental Activities

Revenues: Charges for services decreased by \$3.4M during FY23. This change is due to the recategorization of impact fees from charges for services to capital grants and contribution (FY22 impact fee collections were \$3.4M). Operating grants decreased by \$7.2M during FY23. However, most of this change is due to a one-time \$5.5M settlement during FY22. Capital grants and contributions increased by \$13.3M during FY23 resulting from the recategorization of impact fees and one-time contributions for the North Farmington Station infrastructure.

General government: Two additional positions were filled during FY23: a city attorney and a communications specialist.

Public safety: Several factors contribute to the increase in public safety expenditures. First three new positions were created at the beginning of FY23. In addition, three more positions were created during the latter half of FY23. The City also gave substantial market and cost-of-living adjustments to public safety personnel during the latter half of FY22 and the beginning of FY23.

Highways and public improvements: The large increase in highway and public improvement expenses comes from a \$5.4M capital contribution towards an infrastructure project. In FY20, Farmington City received \$6M of intergovernmental revenue for this project. The City spent approximately \$600,000 on engineering work. A different entity took over management of the project during FY23, thus the City was required to give the remaining funds (\$5.4M) to the new, managing entity.

Economic development: Early in FY23, the economic development director was promoted to be the city manager. The economic development director was position was not refilled, resulting in significant payroll savings.

Business-type Activities

Farmington City reports each of its business-type activities in separate enterprise funds. Please see the Analysis of Balances and Transactions of Individual Funds (below) for detailed information on the performance and position of the City's enterprise funds.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund

During FY23, the City decided to report inflows and outflows of Class C road revenue and Local Transportation Sales Tax revenue separately from the General Fund. The beginning FY23 balance (\$923,309) for the Class C Fund is shown as a transfer out of the General Fund.

The General Fund's ending unrestricted fund balance as a percentage of revenues was 32.5%. Per Utah Code 10-6-116-2, the accumulation of a fund balance may not exceed 35% of the total revenue of the City's General Fund for the fiscal period.

Special Revenue Funds

US 89 RDA Fund – No significant balances or transactions.

Station Park RDA Fund – No significant balances or transactions.

Debt Service Funds

RAP Sales Tax Revenue Bond Fund – The RAP Sales Tax Revenue Bond Fund transferred \$500,000 to the General Fund. The balance has grown over time as collections from the sales tax increment exceeded the required debt service payments.

Police Sales Tax Revenue Bond Fund – No significant balances or transactions.

Government Buildings G.O. Bond Fund – The final debt service payment on this bond was made during FY22. Farmington City transferred the remaining cash balance (\$56,513) to the General Fund during FY23.

Parks G.O. Bond Fund – No significant balances or transactions.

Capital Improvement Funds

Class C and Local Transportation Sales Tax Fund – During FY23, the City decided to report inflows and outflows of Class C road revenue and Local Transportation Sales Tax revenue separately from the General Fund. The beginning FY23 balance (\$923,309) for the Class C Fund is shown as a transfer from the General Fund.

Government Buildings Fund – The Government Buildings Fund received a large transfer from the General Fund to restore its unrestricted cash balance and fund budgeted projects. However, many of these projects were not started or completed during FY23. Thus, the Government Buildings Fund reports a large cash balance at the end of FY23.

Capital Improvement Funds *continued*

Capital Streets Fund –

Three large infrastructure projects contributed to the large cash inflows and outflows during FY23. First, Farmington City received \$6,000,000 from the Utah Department of Transportation (UDOT) during FY20 to be spent towards a new interchange. Most of this money had gone unspent as of the beginning of FY23. During FY23, Kaysville City took over management of the project, and Farmington City gave the unspent portion (\$5.4M) to Kaysville City.

Second, UDOT began construction of a new highway that passes through Farmington. UDOT set asides funding for impacted entities (like Farmington) to inspect the infrastructure that will eventually become the entities' asset and responsibility. During FY23, Farmington City spent approximately \$600,000 on these inspections and requested reimbursement from UDOT for approximately \$500,000.

Third, Farmington City is in the process of developing a major business park. As part of this development, Farmington City is building two large roads that will run through the business park. During FY23, Farmington City spent \$9.4M from its unrestricted funds and \$3.2M of restricted impact fees. Because of the anticipated regional impact of the business park, Davis County and the State of Utah agreed to help Farmington City finance the construction of the roads. Farmington City received \$6.5M from Davis County in June 2023 and requested reimbursement from UDOT for \$2M in June 2023.

These transactions resulted in a drawdown of the Fund's unrestricted cash and impact fee (restricted) cash balance, as well as the generation of large receivables and payables.

Capital Equipment Fund – No significant balances or transactions.

Real Property Fund – The Real Property Fund transferred \$1,500,000 to the Parks Improvement Fund to help finance the purchase land for a new City park.

Park Improvement Fund – During FY23, Farmington City purchased 6.5 acres of property at a cost of \$4.7M. The Park Improvement Fund used \$3M of its own cash, \$1.5M from the Real Property Fund, and \$200,000 from the General Fund. In addition, the Park Improvement Fund contributed \$510,000 towards the replacement of the cemetery's irrigation system. The rest of the cost was borne by the Cemetery Perpetual Fund.

Capital Fire Fund – No significant balances or transactions.

Permanent Fund

Cemetery Perpetual Fund – The cash balance of the City’s cemetery perpetual fund was drawn down during FY23 to help pay for the cost of replacing the cemetery’s irrigation system. The total cost of the project was \$660K. The Cemetery Perpetual Fund contributed \$150,000 and the Park Improvement Fund contributed \$510,000.

Enterprise Funds

Water Utility Fund – During FY23, Farmington City issued \$7.045M of water revenue bonds. The proceeds are restricted and will be used for major infrastructure projects including a new well, a new water tank, and larger water lines under Main Street. The City will use water impact fees to pay the debt service on the bonds. The bonds are backed by customer billings.

Farmington City received \$1,499,433 in ARPA funding in FY22 and \$1,499,443 in ARPA funding during FY23. The ARPA proceeds are restricted and will be used in conjunction with the bond proceeds to construct new water infrastructure. The ARPA proceeds are shown as restricted cash and unearned revenue in the government-wide Statement of Net Position and in the enterprise-funds’ Statement of Net Position.

Sewer Utility Fund – As part of the development of North Farmington Station, Farmington City was reimbursed \$750,000 by Central Davis Sewer District for the installation of a sewer line.

Garbage Utility Fund – No significant balances or transactions.

Storm Water Utility Fund – The increase in the Storm Water Fund’s unrestricted net position is largely due to developer contributions of infrastructure (approximately \$900,000). The restricted impact fee balance of the fund decreased by approximately \$65,000. Approximately \$475,000 of Storm Water Impact fees were used on infrastructure for North Farmington Station during FY23.

Ambulance Service Fund – During FY23, Farmington City requested aging reports from contracted collection agencies. These reports showed a significantly lower amount of receivables (that were being pursued) than the City had on its books. In order to carry a more realistic amount of net receivables, the City wrote-off many of its accounts. Bad debt expense for FY23 was \$1.6M. The FY23 ending balance of accounts receivable now reflects what the City expects to receive – based on the gross receivables given by the collection agencies and the agencies’ typical collection rates.

Transportation Utility Fund – No significant balances or transactions.

Recreation Fund – Farmington City’s Recreation Fund receives an operations subsidy (transfer) each year from the General Fund. The amount of the FY23 transfer was \$1,212,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant variations between original and final budget amounts

During FY23, as requested by Administration, the Farmington City Council adopted four budget amendments. The first, second, and fourth budget amendments contained items that affected the General Fund's budget.

The largest item affecting the General Fund's budget for FY23 was a one-time, \$275,000 transfer from the General Fund to the Government Buildings Capital Fund (Fund 37). This transfer was necessary to restore the Government Building Fund's cash balance. Additional one-time budget amendment items included an increase in the cost to replace the City's cemetery irrigation system (\$110,000), a City-wide rebranding and communication initiative (\$60,000), and an increase to the street light replacement budget (\$55,000). The City signed a multi-year (about \$60,000/year) contract with a bodycam and dashcam provider, which will affect the General Fund's ongoing financing needs.

Significant variations between final budget amounts and results of operations

Revenue Variances:

Taxes – The City benefited from a \$366,000 favorable variance in its Energy Sales & Use Tax. The amount budgeted for FY23 was \$1,230,000 and receipts were \$1,595,733 - \$275,000 (20.9%) higher than FY22's receipts. However, the City also experienced an unfavorable sales tax variance of \$363,000. The amount budgeted for FY23 was \$7,800,000, but collections were only \$7,437,417.

Licenses & Permits – The City experienced an unfavorable building permit variance of \$144,000 due to fewer-than-anticipated building permit applications. This delayed development also led to unfavorable variances in most of the City's impact fee revenues.

Interest earnings – The City benefited from a \$147,000 favorable variance. The average interest rate of the Public Treasurer's Investment Fund (where a majority of the City's idle cash is held) during FY23 was 3.78% - compared to .5% during FY22.

Expenditure Variances:

Police department – During FY23, the police department had a favorable budget variance of approximately \$395,000. This variance stems from payroll savings related to position consolidations, retirements, and vacancies. In addition, the City budgeted to provide security to businesses within the city. However, the amount of service provided was lower than expected, resulting in a favorable expenditure variance and an unfavorable revenue variance.

Other Financing Sources (Uses): During FY23, the City decided to report inflows and outflows of Class C road revenue and Local Transportation Sales Tax revenue separately from the General Fund. The beginning FY23 balance (\$923,309) for the Class C Fund is shown as a transfer out of the General Fund.

CAPITAL ASSETS

Capital assets increased for both governmental and business-type activities.

Significant additions to capital assets used in governmental activities during FY23 using governmental funds included:

- Partial construction of the North Farmington Station roads (\$12,638,012)
- 6.5 acres of open space and buildings (\$4,758,892)
- Developer-contributed street and sidewalk infrastructure (\$3,621,239)
- A new cemetery irrigation system (\$660,406)

Significant additions to capital assets used in business-type activities during FY23 using enterprise funds included:

- Developer-contributed storm water infrastructure (\$922,752)
- Developer-contributed water infrastructure (\$724,033)
- Partial construction of the North Farmington Station storm water infrastructure (\$475,566)

The North Farmington Station development is a multi-year project and financial commitment. Construction will continue during FY24. Farmington City did not dispose of any significant governmental assets nor enterprise assets during FY23. The following table provides a year-to-year comparison for governmental and business-type (enterprise) capital assets. Please refer to the Note 6 for more detailed information on capital asset activity.

Capital Assets (net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Water Rights	\$ -	\$ -	\$25,717	\$25,717	\$25,717	\$25,717
Land	40,959,702	36,200,810	345,526	345,526	41,305,228	36,546,336
Construction in progress	13,538,455	149,220	1,470,656	182,057	15,009,111	331,277
Buildings	15,223,571	15,495,192	768,879	787,359	15,992,450	16,282,551
Improvements	14,696,283	14,094,639	16,293,717	17,563,132	30,990,000	31,657,771
Machinery & Equipment	3,851,696	3,037,480	1,811,266	1,700,981	5,662,962	4,738,461
Infrastructure	19,854,533	18,398,777	12,470,376	10,986,318	32,324,909	29,385,095
Right to Use Assets	29,429	88,451	-	-	29,429	88,451
Total	\$108,153,669	\$87,464,569	\$33,186,137	\$31,591,090	\$141,339,806	\$119,055,659

LONG-TERM DEBT

During FY23, Farmington City issued \$7,045,000 of water revenue bonds. The proceeds will be used for major infrastructure projects including a new well, a new water tank, and larger water lines under Main Street. The City will use water impact fees to pay the debt service on the bonds. The bonds are backed by customer billings.

Farmington City had no other significant debt activity during FY23. Please see Note 9 for more detailed information long-term debt activity. The following two tables provided year-to-year comparisons of outstanding long-term debt.

Outstanding Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$4,080,000	\$4,370,000	\$ -	\$ -	\$4,080,000	\$4,370,000
Revenue Bonds	1,752,000	2,583,000	7,045,000	-	8,797,000	2,583,000
Unamortized Bond Premium	48,534	52,579	-	-	48,534	52,579
Lease Payable	108,142	268,930	-	-	108,142	268,930
Compensated Absences	548,427	418,399	195,991	137,691	744,418	556,090
Net Pension Liability	1,105,188	-	264,314	-	1,369,502	-
Total	<u>7,642,291</u>	<u>7,692,908</u>	<u>7,505,305</u>	<u>137,691</u>	<u>11,067,596</u>	<u>7,830,599</u>

KNOWN FACTS EXPECTED TO IMPACT NET POSITION

As part of the FY24 budgeting process, the city council adopted rate increases for customer utilities. The average rate increase was approximately 13%. These rate increases will positively impact the results of operations for the enterprise funds. In addition, the city council adopted a property tax increase on August 15, 2023. This property tax increase will generate approximately \$900,000 of additional, ongoing revenue for the General Fund.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Farmington City's finances to interested parties. Questions or requests for additional financial information may be addressed to: Farmington City, Finance Director, P.O. Box 160, Farmington UT 84025.

BASIC FINANCIAL STATEMENTS

FARMINGTON CITY CORPORATION
Statement of Net Position
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 11,837,007	\$ 8,000,554	\$ 19,837,561
Receivables:			
Taxes	6,051,700	-	6,051,700
Accounts (net of allowance)	248,648	1,102,203	1,350,851
Intergovernmental	2,275,835	-	2,275,835
Interest	11,082	-	11,082
Leases	986,256	-	986,256
Restricted cash and cash equivalents	6,068,644	13,499,375	19,568,019
Net pension asset	328,888	78,656	407,544
Capital assets (not being depreciated):			
Water shares/rights	-	25,717	25,717
Land	40,959,702	345,526	41,305,228
Construction in progress	13,538,455	1,470,656	15,009,111
Capital Assets (net of accumulated depreciation):			
Buildings	15,223,571	768,879	15,992,450
Improvements	14,696,283	16,293,717	30,990,000
Machinery and equipment	3,851,696	1,811,266	5,662,962
Infrastructure	19,854,533	12,470,376	32,324,909
Right to use assets	29,429	-	29,429
Total assets	<u>135,961,729</u>	<u>55,866,925</u>	<u>191,828,654</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension related costs	1,462,864	349,855	1,812,719
Total deferred outflow of resources	<u>1,462,864</u>	<u>349,855</u>	<u>1,812,719</u>
LIABILITIES			
Accounts payable	2,879,787	608,401	3,488,188
Accrued liabilities	327,698	106,413	434,111
Accrued interest payable	29,327	23,957	53,284
Unearned revenue	-	2,998,886	2,998,886
Developer and customer deposits	2,726,613	300,962	3,027,575
Non current liabilities:			
Due within one year	1,644,212	385,993	2,030,205
Due in more than one year	5,998,079	7,119,313	13,117,391
Total liabilities	<u>13,605,716</u>	<u>11,543,924</u>	<u>25,149,640</u>
DEFERRED INFLOW OF RESOURCES			
Deferred property taxes levied for future years	4,193,000	-	4,193,000
Deferred - Leases	986,256	-	986,256
Pension related costs	99,865	23,884	123,749
Total deferred inflow of resources	<u>5,279,121</u>	<u>23,884</u>	<u>5,303,005</u>
NET POSITION			
Net investment in capital assets	102,164,993	33,142,474	135,307,467
Restricted for:			
Net pension assets	328,888	78,656	407,544
Liquor law	15,712	-	15,712
Class C roads	1,440,237	-	1,440,237
Perpetual care	82,295	-	82,295
Debt service	34,588	-	34,588
Impact fees	4,765,868	3,304,198	8,070,066
Redevelopment	2,882,700	-	2,882,700
Unrestricted	6,824,475	8,123,644	14,948,119
Total net position	<u>\$ 118,539,756</u>	<u>\$ 44,648,972</u>	<u>\$ 163,188,728</u>

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

FARMINGTON CITY CORPORATION

Statement of Activities For the Year Ended June 30, 2023

Function/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,418,273	\$ 120,994	\$ -	\$ -	\$ (2,297,279)	\$ -	\$ (2,297,279)
Public safety	7,625,164	550,700	25,275	116,616	(6,932,574)	-	(6,932,574)
Highways and public improvements	10,064,115	12,455	1,052,901	13,391,737	4,392,978	-	4,392,978
Parks & Cemetery	2,141,020	191,539	-	583,822	(1,365,659)	-	(1,365,659)
Community development	1,471,679	827,653	-	-	(644,026)	-	(644,026)
Economic development	157,108	-	1,000	-	(156,108)	-	(156,108)
Interest on long-term debt	149,740	-	-	-	(149,740)	-	(149,740)
Total governmental activities	24,027,098	1,703,341	1,079,176	14,092,175	(7,152,406)	-	(7,152,406)
Business-type activities:							
Water utility	2,959,342	2,620,920	-	1,132,393	-	793,971	793,971
Sewer utility	2,945,868	2,270,467	-	750,000	-	74,599	74,599
Garbage utility	1,788,154	1,805,297	-	-	-	17,143	17,143
Storm water utility	1,177,221	901,239	-	1,315,147	-	1,039,165	1,039,165
Ambulance service	2,152,468	1,695,559	2,384	-	-	(454,525)	(454,525)
Transportation utility	417,494	668,005	-	-	-	250,511	250,511
Recreation	2,021,815	1,080,374	-	-	-	(941,441)	(941,441)
Total business-type activities	13,462,362	11,041,861	2,384	3,197,540	-	779,423	779,423
Total primary government	\$ 37,489,460	\$ 12,745,202	\$ 1,081,560	\$ 17,289,715	(7,152,406)	779,423	(6,372,983)
General revenues:							
Property taxes					\$ 4,076,209	\$ -	\$ 4,076,209
General sales and use tax					8,819,178	-	8,819,178
Franchise taxes					348,309	-	348,309
Energy use tax					1,595,733	-	1,595,733
Interest earnings					792,746	607,030	1,399,776
Decrease in fair value					(102,601)	(36,206)	(138,807)
Insurance proceeds & rebates					157,649	-	157,649
Gain (loss) on sale of capital assets					312,543	-	312,543
Transfers					(682,000)	682,000	-
Total general revenues and transfers					15,317,766	1,252,824	16,570,590
Change in net position					8,165,360	2,032,247	10,197,607
Net position - beginning					110,374,396	42,616,725	152,991,121
Net position - ending					\$ 118,539,756	\$ 44,648,972	\$ 163,188,728

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

FARMINGTON CITY CORPORATION

**Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Special Revenue		Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
		US-89 RDA	Station Park RDA	Street Improvements	Park Improvements		
ASSETS							
Cash and cash equivalents	\$ 5,886,293	\$ 1,095,124	\$ 1,788,576	\$ 568,144	\$ 438,192	\$ 2,060,678	\$ 11,837,007
Receivables							
Taxes	5,641,700	-	-	-	-	410,000	6,051,700
Accounts receivable (net of allowance)	175,924	-	-	-	-	72,724	248,648
Intergovernmental	-	-	-	2,024,967	-	250,868	2,275,835
Leases	986,256	-	-	-	-	-	986,256
Interest	11,082	-	-	-	-	-	11,082
Restricted cash and cash equivalents	15,712	-	-	1,508,072	2,280,096	2,264,764	6,068,644
Lease Receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 12,716,967</u>	<u>\$ 1,095,124</u>	<u>\$ 1,788,576</u>	<u>\$ 4,101,183</u>	<u>\$ 2,718,288</u>	<u>\$ 5,059,034</u>	<u>\$ 27,479,172</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 245,609	\$ 500	\$ 500	\$ 2,142,069	\$ 201,144	\$ 289,965	\$ 2,879,787
Accrued liabilities	327,698	-	-	-	-	-	327,698
Developer and customer deposits	2,639,634	-	-	86,979	-	-	2,726,613
Total liabilities	<u>3,212,941</u>	<u>500</u>	<u>500.00</u>	<u>2,229,048</u>	<u>201,144</u>	<u>289,965</u>	<u>5,934,098</u>
Deferred inflows of Resources:							
Deferred property taxes levied for future years	3,783,000	-	-	-	-	410,000	4,193,000
Deferred inflows related to leases	986,256	-	-	-	-	-	986,256
Total deferred inflows of resources	<u>4,769,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,000</u>	<u>5,179,256</u>
Fund Balances:							
Restricted for:							
Class C roads	-	-	-	-	-	1,440,237	1,440,237
Liquor law	15,712	-	-	-	-	-	15,712
Perpetual care	-	-	-	-	-	82,295	82,295
Debt service	-	-	-	-	-	34,588	34,588
Impact fees	-	-	-	1,508,072	2,259,851	997,945	4,765,868
Redevelopment	-	1,094,624	1,788,076	-	-	-	2,882,700
Assigned, for:							
Debt Service	-	-	-	-	-	210,557	210,557
Capital projects	-	-	-	364,063	257,293	1,593,447	2,214,803
Unassigned:	4,719,058	-	-	-	-	-	4,719,058
Total fund balances	<u>4,734,770</u>	<u>1,094,624</u>	<u>1,788,076</u>	<u>1,872,135</u>	<u>2,517,144</u>	<u>4,359,069</u>	<u>16,365,818</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,716,967</u>	<u>\$ 1,095,124</u>	<u>\$ 1,788,576</u>	<u>\$ 4,101,183</u>	<u>\$ 2,718,288</u>	<u>\$ 5,059,034</u>	<u>\$ 27,479,172</u>

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

FARMINGTON CITY CORPORATION
Reconciliation of the Balance of Government Funds
to the Statement of Net Position
June 30, 2023

Total fund balances - governmental fund types:		\$ 16,365,818
Amounts reported for governmental activities in the statement of net position assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of capital assets	\$ 170,883,756	
Accumulated depreciation	<u>(62,730,087)</u>	108,153,669
Long-term assets, which include net pension assets, are not available to pay for current period expenditures and, therefore, are deferred in the funds.		328,888
Accrued interest is not recorded in the funds.		(29,327)
Long-term liabilities, including bonds payable, leases payable, pension liabilities, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(5,832,000)	
Leases payable	(108,142)	
Compensated absences	(548,427)	
Bond premium	(48,534)	
Net pension liability	<u>(1,105,188)</u>	(7,642,291)
Deferred inflows and outflows of resources related to pensions are not available financial resources and are not reported in the governmental funds.		1,362,999
Net position of government activities		<u>\$ 118,539,756</u>

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

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	US-89 RDA	Station Park RDA	Street Improvements	Park Improvements		
REVENUES							
Taxes	\$ 12,520,298	\$ 165,756	\$ 362,614	\$ -	\$ -	1,790,761	\$ 14,839,429
Licenses and permits	704,289	-	-	-	-	-	704,289
Intergovernmental	425,769	-	-	-	-	1,052,901	1,478,670
Fines and forfeitures	184,630	-	-	-	-	-	184,630
Charges for services	335,529	-	-	-	12,000	20,554	368,083
Impact fees	-	-	-	577,204	315,822	80,952	973,978
Contributions	-	-	-	9,193,294	268,000	-	9,461,294
Interest	198,351	38,390	54,056	167,671	171,706	162,572	792,746
Decrease in fair value of Investments	(16,585)	(3,313)	(4,486)	(51,764)	(16,202)	(10,251)	(102,601)
Miscellaneous	189,700	-	-	-	50,278	180	240,158
Total revenues	14,541,981	200,833	412,184	9,886,405	801,604	3,097,669	28,940,676
EXPENDITURES							
Current:							
General government	2,256,661	16,498	12,541	-	-	-	2,285,700
Public safety	7,067,923	-	-	-	-	-	7,067,923
Highways and public improvements	1,003,386	-	-	-	-	-	1,003,386
Parks and cemetery	1,269,699	-	-	-	-	-	1,269,699
Community development	1,492,785	-	-	-	-	-	1,492,785
Economic development	166,166	-	-	-	-	-	166,166
Debt service:							
Principal retirement	-	168,647	-	64,313	163,537	885,291	1,281,788
Interest and fiscal charges	-	6,196	-	3,383	7,851	138,648	156,078
Developer reimbursement	-	-	-	-	125,519	-	125,519
Capital outlay	-	-	-	19,108,448	5,885,048	2,879,814	27,873,310
Total expenditures	13,256,620	191,341	12,541	19,176,144	6,181,955	3,903,753	42,722,354
Excess revenues over (under) expenditures	1,285,361	9,492	399,643	(9,289,739)	(5,380,351)	(806,084)	(13,781,678)
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	312,543	312,543
Transfers in	1,086,513	-	-	-	2,153,000	3,542,309	6,781,822
Transfers out	(5,407,309)	-	-	-	-	(2,056,513)	(7,463,822)
Total other financing sources and uses	(4,320,796)	-	-	-	2,153,000	1,798,339	(369,457)
Net change in fund balance	(3,035,435)	9,492	399,643	(9,289,739)	(3,227,351)	992,255	(14,151,135)
Fund balances - beginning of year	7,770,205	1,085,132	1,388,433	11,161,874	5,744,495	3,366,814	30,516,953
Fund balances - end of year	\$ 4,734,770	\$ 1,094,624	\$ 1,788,076	\$ 1,872,135	\$ 2,517,144	\$ 4,359,069	\$ 16,365,818

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

FARMINGTON CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

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

Net changes in fund balances - total governmental funds		\$ (14,151,135)
Governmental funds have reported capital outlays, past and present, 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.		(3,936,895)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.		21,004,756
Governmental funds do not report contributions of infrastructure from developers as a revenue in the governmental statements. It is recorded as part of the entity wide presentation.		3,621,239
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments:		
Bonds payable	\$ 1,121,000	
Leases payable	<u>160,788</u>	
		1,281,788
Governmental funds report the effects of premiums and discounts and similar items when first issued, where as in the Statement of Activities, these amounts are deferred and amortized.		4,045
The Statement of Activities reports net pension expense and benefit expense from application of GASB 68 which is not reported in the fund statements.		469,297
In the Statement of Activities, accrued interest on debt is recorded.		2,293
The long-term portion of accrued leave does not require the use of current financial resources and, therefore, is not recorded as an expenditure in the Governmental Funds.		(130,028)
Change in net position of governmental activities		<u>\$ 8,165,360</u>

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

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 12,583,000	\$ 12,583,000	\$ 12,520,298	\$ (62,702)
Licenses and permits	819,000	819,000	704,289	(114,711)
Intergovernmental	376,150	376,150	425,769	49,619
Fines and forfeitures	165,000	165,000	184,630	19,630
Charges for services	348,500	348,500	335,529	(12,971)
Interest	51,500	51,500	198,351	146,851
Decrease in fair value of investments	-	-	(16,585)	(16,585)
Miscellaneous	29,000	29,000	189,700	160,700
Total revenues	14,372,150	14,372,150	14,541,981	169,831
EXPENDITURES				
Current:				
General government:				
Legislative	157,873	157,873	122,553	35,320
Administration	1,526,432	1,629,415	1,551,440	77,975
General buildings	571,255	585,632	582,668	2,964
Total general government	2,255,560	2,372,920	2,256,661	116,259
Public safety				
Police department	4,519,732	4,670,092	4,274,528	395,564
Fire department	2,702,962	2,806,482	2,793,395	13,087
Total public safety	7,222,694	7,476,574	7,067,923	408,651
Highways and public improvements	879,892	1,006,875	1,003,386	3,489
Community development				
Engineering	195,086	202,528	199,554	2,974
Planning and zoning	722,633	734,095	696,096	37,999
Inspection	543,992	584,254	597,135	(12,881)
Total community development	1,461,711	1,520,877	1,492,785	28,092
Economic development	314,598	314,598	166,166	148,432
Parks and cemetery	1,210,429	1,273,982	1,269,699	4,283
Total expenditures	13,344,884	13,965,826	13,256,620	709,206
Excess (deficit) of revenues over (under) expenditures	1,027,266	406,324	1,285,361	879,037
OTHER FINANCING SOURCES (USES)				
Transfers in	1,215,000	1,215,000	1,086,513	(128,487)
Transfers out	(3,850,000)	(4,484,000)	(5,407,309)	(923,309)
Total other financing sources (uses)	(2,635,000)	(3,269,000)	(4,320,796)	(1,051,796)
Net change in fund balance	(1,607,734)	(2,862,676)	(3,035,435)	(172,759)
Fund balances - beginning	7,770,205	7,770,205	7,770,205	-
Fund balances - ending	\$ 6,162,471	\$ 4,907,529	\$ 4,734,770	\$ (172,759)

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

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - Special Revenue Fund
US 89 Redevelopment Agency Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 165,000	\$ 165,000	\$ 165,756	\$ 756
Interest	6,000	6,000	38,390	32,390
Decrease in fair value	-	-	(3,313)	(3,313)
Total revenues	<u>171,000</u>	<u>171,000</u>	<u>200,833</u>	<u>29,833</u>
EXPENDITURES				
General Government	15,100	15,100	16,498	(1,398)
Debt service				
Principal	168,647	168,647	168,647	-
Interest and fees	<u>7,696</u>	<u>7,696</u>	<u>6,196</u>	<u>1,500</u>
Total expenditures	<u>191,443</u>	<u>191,443</u>	<u>191,341</u>	<u>102</u>
Excess (deficit) of revenues over (under) expenditures	<u>(20,443)</u>	<u>(20,443)</u>	<u>9,492</u>	<u>29,935</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(20,443)	(20,443)	9,492	29,935
Fund balances - beginning	1,085,132	1,085,132	1,085,132	-
Fund balances - ending	<u>\$ 1,064,689</u>	<u>\$ 1,064,689</u>	<u>\$ 1,094,624</u>	<u>\$ 29,935</u>

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

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - Special Revenue Fund
Station Park Redevelopment Agency Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 350,000	\$ 350,000	\$ 362,614	\$ 12,614
Interest	7,000	7,000	54,056	47,056
Decrease in fair value	-	-	(4,486)	(4,486)
Miscellaneous	-	-	-	-
Total revenues	357,000	357,000	412,184	55,184
EXPENDITURES				
General Government	3,000	15,000	12,541	2,459
Capital outlay	-	-	-	-
Total expenditures	3,000	15,000	12,541	2,459
Excess (deficit) of revenues over (under) expenditures	354,000	342,000	399,643	57,643
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	354,000	342,000	399,643	57,643
Fund balances - beginning	1,388,433	1,388,433	1,388,433	-
Fund balances - ending	\$ 1,742,433	\$ 1,730,433	\$ 1,788,076	\$ 57,643

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

FARMINGTON CITY CORPORATION

Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise							Total
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Transportation Utility	Recreation	
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 3,266,939	\$ 157,366	\$ 505,893	\$ 1,391,133	\$ 1,242,854	\$ 288,204	\$ 1,148,165	\$ 8,000,554
Accounts receivable - net	203,767	220,534	173,141	83,498	348,969	71,294	1,000	1,102,203
Total current assets	3,470,706	377,900	679,034	1,474,631	1,591,823	359,498	1,149,165	9,102,757
Noncurrent assets:								
Restricted cash and cash equivalents	10,243,060	-	-	3,256,315	-	-	-	13,499,375
Net pension asset	29,711	2,323	5,868	11,615	4,890	-	24,249	78,656
Capital Assets:								
Water share/rights	25,717	-	-	-	-	-	-	25,717
Land	30,000	-	-	315,526	-	-	-	345,526
Construction in progress	942,577	-	-	528,079	-	-	-	1,470,656
Equipment, buildings, and improvements	29,642,956	111,001	1,252,545	16,145,801	976,019	2,677,028	207,423	51,012,773
Less: Accumulated depreciation	(11,534,375)	(23,463)	(679,786)	(5,783,884)	(740,411)	(778,462)	(128,154)	(19,668,535)
Total noncurrent assets	29,379,646	89,861	578,627	14,473,452	240,498	1,898,566	103,518	46,764,168
Total assets	32,850,352	467,761	1,257,661	15,948,083	1,832,321	2,258,064	1,252,683	55,866,925
DEFERRED OUTFLOWS OF RESOURCES								
Pension related costs	132,147	10,333	26,103	51,662	21,753	-	107,857	349,855
Total deferred outflow of resources	132,147	10,333	26,103	51,662	21,753	-	107,857	349,855
LIABILITIES								
Current liabilities:								
Accounts payable	40,237	325,049	131,303	21,794	2,992	2,167	84,859	608,401
Accrued liabilities	27,032	1,454	2,757	10,459	6,484	-	58,227	106,413
Accrued interest payable	23,957	-	-	-	-	-	-	23,957
Compensated absences - current	44,288	2,424	8,215	21,732	13,001	-	57,334	146,993
Current portion of long-term debt	239,000	-	-	-	-	-	-	239,000
Total current liabilities	374,514	328,927	142,275	53,985	22,477	2,167	200,420	1,124,764
Noncurrent liabilities:								
Customer deposits	-	-	-	300,962	-	-	-	300,962
Unearned revenue	2,998,886	-	-	-	-	-	-	2,998,886
Compensated absences- (net of current)	14,763	809	2,738	7,244	4,334	-	19,111	48,999
Net pension liability	99,837	7,806	19,721	39,031	16,434	-	81,485	264,314
Long-term debt (net of current portion)	6,806,000	-	-	-	-	-	-	6,806,000
Total noncurrent liabilities	9,919,486	8,615	22,459	347,237	20,768	-	100,596	10,419,161
Total liabilities	10,293,999	337,542	164,734	401,222	43,244	2,167	301,016	11,543,924
DEFERRED INFLOWS OF RESOURCES								
Pension related costs	9,022	705	1,782	3,527	1,485	-	7,363	23,884
Total deferred outflow of resources	9,022	705	1,782	3,527	1,485	-	7,363	23,884
NET POSITION								
Net investment in capital assets	19,063,212	87,538	572,759	11,205,522	235,608	1,898,566	79,269	33,142,474
Restricted - Impact fees	47,883	-	-	3,256,315	-	-	-	3,304,198
Restricted -Net pension asset	29,711	2,323	5,868	11,615	4,890	-	24,249	78,656
Unrestricted	3,538,672	49,986	538,621	1,121,544	1,568,847	357,331	948,643	8,123,644
Total net position	\$ 22,679,478	\$ 139,847	\$ 1,117,248	\$ 15,594,996	\$ 1,809,345	\$ 2,255,897	\$ 1,052,161	\$ 44,648,972

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

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds							
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Transportation Utility	Recreation	Total
Operating revenues:								
Charges for services:	\$ 2,553,426	\$ 2,270,242	\$ 1,804,708	\$ 900,054	\$ 1,695,051	\$ 668,005	\$ 1,072,243	\$ 10,963,729
Connection and servicing fees	30,700	-	-	-	-	-	-	30,700
Miscellaneous	36,794	225	589	1,185	508	-	8,131	47,432
Total operating revenues	<u>2,620,920</u>	<u>2,270,467</u>	<u>1,805,297</u>	<u>901,239</u>	<u>1,695,559</u>	<u>668,005</u>	<u>1,080,374</u>	<u>11,041,861</u>
Operating expenses:								
Salaries, wages, and benefits	1,027,345	59,989	103,868	394,409	228,861	-	1,264,850	3,079,322
Contract services	7,500	2,080,421	1,534,708	47,271	58,695	-	-	3,728,595
Maintenance and supplies	749,483	9,651	29,477	179,623	82,088	-	708,615	1,758,937
Administration and overhead	156,224	793,701	53,782	41,999	1,708,448	119,617	33,891	2,907,662
Depreciation	670,973	2,106	66,319	460,909	74,376	297,877	14,459	1,587,019
Water purchases	127,340	-	-	-	-	-	-	127,340
Total operating expenses	<u>2,738,865</u>	<u>2,945,868</u>	<u>1,788,154</u>	<u>1,124,211</u>	<u>2,152,468</u>	<u>417,494</u>	<u>2,021,815</u>	<u>13,188,875</u>
Operating income	<u>(117,945)</u>	<u>(675,401)</u>	<u>17,143</u>	<u>(222,972)</u>	<u>(456,909)</u>	<u>250,511</u>	<u>(941,441)</u>	<u>(2,147,014)</u>
Nonoperating revenues (expenses):								
Interest income	309,742	21,718	22,056	165,169	40,162	8,967	39,216	607,030
Decrease in fair value	(10,711)	(3,383)	(1,799)	(15,510)	(3,450)	(802)	(551)	(36,206)
Developer reimbursements	-	-	-	(53,010)	-	-	-	(53,010)
Bond issuance costs	(43,663)	-	-	-	-	-	-	(43,663)
Intergovernmental	-	750,000	-	-	2,384	-	-	752,384
Interest expense	(176,814)	-	-	-	-	-	-	(176,814)
Total nonoperating revenues (expenses)	<u>78,554</u>	<u>768,335</u>	<u>20,257</u>	<u>96,649</u>	<u>39,096</u>	<u>8,165</u>	<u>38,665</u>	<u>1,049,721</u>
Net income (loss) before contributions and transfers	<u>(39,391)</u>	<u>92,934</u>	<u>37,400</u>	<u>(126,323)</u>	<u>(417,813)</u>	<u>258,676</u>	<u>(902,776)</u>	<u>(1,097,293)</u>
Developer contributions	724,033	-	-	922,751	-	-	-	1,646,784
Impact fees	408,360	-	-	392,396	-	-	-	800,756
Transfers in	-	-	-	-	-	-	1,212,000	1,212,000
Transfers out	-	(500,000)	-	(30,000)	-	-	-	(530,000)
Total contributions and transfers	<u>1,132,393</u>	<u>(500,000)</u>	<u>-</u>	<u>1,285,147</u>	<u>-</u>	<u>-</u>	<u>1,212,000</u>	<u>3,129,540</u>
Change in net position	<u>1,093,002</u>	<u>(407,066)</u>	<u>37,400</u>	<u>1,158,824</u>	<u>(417,813)</u>	<u>258,676</u>	<u>309,224</u>	<u>2,032,247</u>
Total net position - beginning	21,586,476	546,913	1,079,848	14,436,172	2,227,158	1,997,221	742,937	42,616,725
Total net position - ending	<u>\$ 22,679,478</u>	<u>\$ 139,847</u>	<u>\$ 1,117,248</u>	<u>\$ 15,594,996</u>	<u>\$ 1,809,345</u>	<u>\$ 2,255,897</u>	<u>\$ 1,052,161</u>	<u>\$ 44,648,972</u>

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

FARMINGTON CITY CORPORATION

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds							Total
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Services	Transportation Utility	Recreation	
Cash Flows From Operating Activities								
Receipts from customers and users	\$ 2,614,653	\$ 2,262,146	\$ 1,790,344	\$ 899,216	\$ 2,361,519	\$ 657,923	\$ 1,102,374	\$ 11,688,175
Receipts from Customer deposits	-	-	-	38,212	-	-	-	38,212
Payments to suppliers of goods and services	(1,094,274)	(2,865,971)	(1,613,021)	(313,200)	(1,891,989)	(238,653)	(753,064)	(8,770,172)
Payments to employees and related benefits	(1,093,311)	(64,253)	(108,765)	(407,551)	(234,663)	-	(1,304,425)	(3,212,968)
Net cash provided (used) by operating activities	427,068	(668,078)	68,558	216,677	234,867	419,270	(955,115)	(256,753)
Cash Flows From Noncapital Financing Activities								
Transfers in	-	-	-	-	-	-	1,212,000	1,212,000
Transfers out	-	(500,000)	-	(30,000)	-	-	-	(530,000)
Net cash provided (used) by noncapital financing activities	-	(500,000)	-	(30,000)	-	-	1,212,000	682,000
Cash Flows From Capital and Related Financing Activities								
Issuance of long-term debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	7,045,000	-	-	-	-	-	-	7,045,000
Acquisition and construction of capital assets	(485,815)	-	(57,670)	(490,566)	(26,691)	(468,498)	(6,038)	(1,535,278)
Impact fees collected	408,360	-	-	392,396	-	-	-	800,756
Bond issuance costs	(43,663)	-	-	-	-	-	-	(43,663)
Bond refunding amortization	-	-	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Intergovernmental revenue	1,499,443	750,000	-	-	2,384	-	-	2,251,827
Payments for developer reimbursements	-	-	-	(53,010)	-	-	-	(53,010)
Principal paid on capital debt	-	-	-	-	-	-	-	-
Interest paid on capital debt	(152,857)	-	-	-	-	-	-	(152,857)
Net cash provided (used) by capital and related financing activities	8,270,468	750,000	(57,670)	(151,180)	(24,307)	(468,498)	(6,038)	8,312,775
Cash Flows From Investing Activities								
Interest on investments	299,031	18,335	20,257	149,659	36,712	8,165	38,665	570,824
Net increase (decrease) in cash and cash equivalents	8,996,567	(399,743)	31,145	185,156	247,272	(41,063)	289,512	9,308,846
Cash and cash equivalents - beginning	4,513,432	557,109	474,748	4,462,292	995,582	329,267	858,653	12,191,083
Cash and cash equivalents - ending	\$ 13,509,999	\$ 157,366	\$ 505,893	\$ 4,647,448	\$ 1,242,854	\$ 288,204	\$ 1,148,165	\$ 21,499,929
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income	\$ (117,945)	\$ (675,401)	\$ 17,143	\$ (222,972)	\$ (456,909)	\$ 250,511	\$ (941,441)	\$ (2,147,014)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	670,973	2,106	66,319	460,909	74,376	297,877	14,459	1,587,019
(Increase)/decrease in accounts receivable	(6,267)	(8,321)	(14,953)	(2,023)	665,960	(10,082)	22,000	646,314
(Increase)/decrease in net pension asset	143,093	11,076	28,229	55,932	23,612	-	116,751	378,693
(Increase)/decrease in deferred outflows	(88,092)	(6,141)	(20,201)	(32,248)	(24,153)	-	(86,017)	(256,852)
Increase/(decrease) in accounts payable	(45,152)	19,419	9,146	(42,026)	(17,102)	(119,036)	(4,181)	(198,932)
Increase/(decrease) in accrued liabilities	(8,575)	(1,617)	(4,200)	(2,281)	(25,656)	-	(6,377)	(48,706)
Increase/(decrease) in compensated absences	7,882	(173)	4,917	10,447	7,381	-	27,845	58,299
Increase/(decrease) in customer deposits	-	-	-	38,212	-	-	-	38,212
Increase/(decrease) in unearned revenue	-	-	-	-	-	-	-	-
Increase/(decrease) in net pension liability	99,837	7,806	19,721	39,030	16,434	-	81,485	264,313
Increase/(decrease) in deferred inflows	(228,686)	(16,832)	(37,563)	(86,303)	(29,076)	-	(179,639)	(578,099)
Total adjustments	545,013	7,323	51,415	439,649	691,776	168,759	(13,674)	1,890,261
Net cash provided (used) by operating activities	\$ 427,068	\$ (668,078)	\$ 68,558	\$ 216,677	\$ 234,867	\$ 419,270	\$ (955,115)	\$ (256,753)
Noncash investing, capital, and financing activities								
Contributions of capital assets	\$ 724,033	\$ -	\$ -	\$ 922,751	\$ -	\$ -	\$ -	\$ 1,646,784
Total noncash investing, capital and financing activities	\$ 724,033	\$ -	\$ -	\$ 922,751	\$ -	\$ -	\$ -	\$ 1,646,784

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

NOTES THE TO FINANCIAL STATEMENTS

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Farmington (the City) are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

The City is incorporated under the constitutional provisions of the State of Utah. The City operates under a Council–Mayor form of government. The Mayor and the five council members are elected at large with staggered terms. The Mayor is the administrative authority by statute. However, in Farmington City, that responsibility has been delegated to the City Manager. The city council has budgetary authority over all departments and is accountable for all fiscal matters. Sales taxes, property taxes, user fees, and development impact fees fund the majority of the costs of providing services to citizens. These services include general administrative, planning and zoning, public safety (police and fire), public utilities (culinary water, sewer, storm water garbage collection, ambulance services, and transportation utility), highways and streets, parks-recreation and public improvements.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include potential components unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government and the following component units:

Blended Component Units – Blended component units, although legally separate entities, are in substance part of the government’s operations. They are reported as part of the primary government and blended with the appropriate funds. The reporting entity of these financial statements includes:

- Farmington City Redevelopment Agency – US 89
- Farmington City Redevelopment Agency – Station Park

Both RDA funds are governed by a six-member board comprised of the City Council and Mayor. Their sole purpose is a financing tool that allows the City to gather property tax increment dollars from increased property values to pay for improvements in designated redevelopment areas. Activities for the RDA meet the requirements to be reported within the City’s financial reporting entity as a blended component unit. Separate financial statements are not issued or required for both RDA funds.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements – The government-wide statements present information on all activities of the primary government and its blended component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are fully or partially financed by fees charged to external parties for goods or services. The effects of inter-fund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities and amounts of interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The *Statement of Net Position* presents the City's assets and liabilities, with the difference reported as net position. Net position is restricted when constraints placed upon it are either externally imposed, including by constitutional provisions or enabling legislation.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable within a specific function. The City allocates insurance, legal fees, and other entity-wide expenses to individual funds. 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; and 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements – The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for *governmental* and *proprietary funds*.

GASB 34 introduced the concept of *major funds* to the fund statements. Because governments typically have too many funds to include information on each individual fund with the basic financial statements, criteria has been established to identify those funds that are reported in separate columns (*major funds*) and those that are grouped together (*non-major funds*).

Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund statements are also prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating items, such as interest expense and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

- The *general fund* is the City'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 *US-89 Redevelopment Agency special revenue fund* accounts for redevelopment agency transactions conducted by Farmington City, including property acquisition, site improvements, preparation cost, installation of public improvements, and administration cost; which are funded by property taxes.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

- The *Station Park Redevelopment Agency special revenue fund* accounts for redevelopment agency transactions conducted by Farmington City, including property acquisition, site improvements, preparation cost, installation of public improvements, and administration cost; which are funded by property taxes.
- The *street improvement capital projects fund* accounts for the major replacement and repair of City streets, which are funded by impact fees and general government resources.
- The *park improvement capital projects fund* accounts for the acquisition, major repair, and improvements of the City parks, which are funded by impact fees and general government resources.

The City reports the following major Proprietary funds:

- The *water utility fund* accounts for the operations of the City's water utility system.
- The *sewer utility fund* accounts for the collection and remittance of customer billings on behalf of a third-party sewer district.
- The *garbage utility fund* accounts for the revenues and expenses associated with providing garbage and recycling collection services.
- The *recreation fund* accounts for the activities of the government's recreation program.
- The *storm water utility fund* accounts for operations of the government's storm water utility system.
- The *ambulance service fund* accounts for the activities of the ambulance service within the City.
- The *transportation utility fund* accounts for certain road maintenance activities within the City.

Budgeting and Budgetary Control

Annual budgets are prepared and adopted before June 30 for the fiscal year commencing the following July 1 in accordance with the Uniform Fiscal Procedures Act for Utah Cities. Once a budget has been adopted, it remains in effect until it has been formally revised. If any obligations are contracted for in excess of the adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Adopting the Annual Budget - Each spring, the budget officer submits a tentative operating budget to the City Council for the calendar year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The tentative operating budget is reviewed and adopted by the City Council. The Council also sets a date for a public hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection ten days prior to the budget hearing. After the budget hearing, the tentative budget, with any amendments, is legally enacted through passage of a resolution. A copy of the budget is certified by the budget officer and filed with the State Auditor within thirty days of adoption. A copy of the budget is available to the public after adoption.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting and Budgetary Control (Continued)

Control of budgeted expenditures is exercised, under state law, at the department level for the General Fund, and at the fund level for other funds. Administrative control is maintained through detailed line-item budgets for all departments. All appropriations lapse at the end of the fiscal year.

Modifying the Adopted Budget - Transfers of unexpended appropriations from one expenditure account to another in the same department can be made by consent of the department heads. Transfers of unexpended appropriations from one department to another department, as well as budget reductions for any department, may be made with consent of the Council. Expenditure appropriations of the General Fund may be increased by resolution only after a public hearing. Any other fund appropriation may be increased after giving public notice that the City Council will consider such a matter. Notice must be published seven days in advance of the meeting to consider the action. During the year, the City modified various budgets using the above procedure.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position

Cash and Investments - Cash and cash equivalents consist of demand deposits with a local bank. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts. The City invests any cash that is not anticipated to be required within two weeks in the Public Treasurers Investment Fund (PTIF) administered by the State of Utah Treasurer's Office. Original maturities with PTIF are considered to be less than three months, thus, all deposits and investments are recorded at cost which is also considered to be fair value. The City also uses a contracted asset management firm.

Accounts Receivable - Receivables from other governments are reasonably assured; accordingly, no allowance for uncollectible accounts has been established. Accounts Receivable from utility customers is offset by an allowance of estimated uncollectible accounts.

Taxes Receivable - Taxes receivable include accrued amounts for sales tax and property tax.

Sales tax collected on retail sales throughout the state, are forwarded to the Utah State Tax Commission. These taxes are processed centrally and distributed according to formula to each unit of government imposing a sales tax at the end of the second month after they have been collected by the retailer.

The property tax year runs from Jan 1st – Dec 31st of each year. Governing bodies actually establish a lien against properties as of the January 1st date even though the taxes are not due until November 30th. Each county bills and collects property taxes for all taxing entities within the county. Collections are distributed to the taxing entities monthly, with final settlement due March 31st of the subsequent year. The City records a receivable for those items actually collected by the County Treasurer but not yet transferred to the City and the amount that is identified as a lien against the property to fund the coming year's services.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are separated into four types as defined by the City's asset management policy. The four types and their definition are as follows: 1) Equipment: small equipment are assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of three years; large equipment are assets with an initial cost of more than \$5,000 and an estimated useful life in excess of five years; 2) Buildings are assets with an initial, individual cost of \$30,000 or more and an estimated useful life in excess of ten years; 3) Improvements are assets with an initial, individual cost of \$30,000 or more and an estimated useful life in excess of ten years; 4) Infrastructure are assets with an initial, individual cost of \$30,000 or more and an estimated useful life in excess of ten years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Certain resources of the City's governmental funds are set aside for repayment of debt, capital projects, and impact fees. Property, plant, equipment, and infrastructure of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Land improvements	50
Building improvements	15-20
Public domain infrastructure	30
System Infrastructure	30
Vehicles	5-10
Machinery and equipment	3-7

Capital assets are reported in the applicable governmental or business-type activities columns in the government wide financial statements.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position *Continued*

Deferred Outflows/Inflows of Resources – In addition to assets, financial statements will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items reported under this category: deferred charges on refunding and deferred outflows related to pensions (discussed below). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred property taxes and unavailable revenue, deferred inflows related to pensions, and inflows related to leasing arrangements.

Compensated Absences - City employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation up to 240 hours may carry over into the next year and is paid upon termination. Sick leave in excess of 320 hours is forfeited. Upon retirement, any unused sick leave up to 320 hours is paid out in cash. The City uses a first in, first out approach to the use of vacation and thus considers all amounts to be paid in the next fiscal year. Unpaid compensated absences in proprietary funds are recorded as a liability in those funds as the vested benefits to employees accrue.

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) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by the 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.

Long-term Obligations - In the government-wide statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized as expenditures in the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures. The face amount of debt issued is reported as other financing sources.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

Leases- During the year ended June 30, 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. The new standard establishes a single model for lease accounting based on the principle that leases are financing of a right-to-use-asset. The statements require a lessee to recognize a lease liability and an intangible right-to-use asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. There was no impact to beginning net position in the government-wide financial statements or beginning fund balances as a result of adopting this standard.

Lessee - The City is a lessee for a noncancelable lease of several vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value lease term, and lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Lessor - The City is a lessor for noncancelable leases of cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of the leases, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

Key estimates and judgements include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessees. The City monitors changes in the circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Fund Financial Statements

In the fund financial statements, governmental fund equity is classified as fund balance. Fund Balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned:

- a. Nonspendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. 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.
- c. Committed fund balance – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through adoption of a resolution. Only the City Council may modify or rescind the commitment.
- d. Assigned fund balance – Amounts that are designated by the Mayor for a specific purpose but are not spendable until budget ordinance is passed by City Council. This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- e. 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. The general fund is the only fund that reports a positive unassigned fund balance; however, if expenditures are incurred in other governmental funds that exceed the fund balance restricted, committed or assigned for a specific purpose, the fund would report a negative unassigned fund balance.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

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 City Council has provided otherwise in its commitment or assignment actions.

Government-wide Statements

The government-wide statements classify net position in three components:

- 1) Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, deferred inflows of resources or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Revenues and Expenditures

Following are the City’s significant policies related to recognition and reporting of certain revenues and expenditures:

Revenue Availability - Under the modified accrual basis of accounting, revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Farmington City considers property tax revenues to be “available” if they are collected by the Treasurer’s Tax Collection Agency Fund before year-end and expected to be received within 30 days. Sales taxes are considered revenue when they have been collected at the point of sale. Grants are recognized as revenue when all eligibility requirements have been met. All other revenues are considered to be available and susceptible to accrual if they are received within 60 days after year-end.

Expenditure Recognition - In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt are reported as other financing sources. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City generally uses restricted resources first, then unrestricted resources.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 2 DEPOSITS AND INVESTMENTS

The City maintains cash and investment pools that are available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments in the PTIF are stated at cost, which approximates fair value. Investments held with the asset management firm are stated at fair value. Each fund's portion of these pools are displayed as "Cash and Cash Equivalents". Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (the Act) in handling its depository transactions. The Act requires all deposits of City funds to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and that has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. Utah statutes do not require deposits to be collateralized. Following are discussions of the City's exposure to various risks related to its cash management activities.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City does not have a formal deposit policy for custodial credit risk. Cash on hand at June 30, 2023 was \$1,404. The carrying amount of deposits was \$1,338,428 and the bank balance was \$1,507,641. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,257,641 was uninsured and uncollateralized.

Investments

The Utah Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, 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 subdivision of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund (PTIF). The PTIF is not registered with the SEC as an investment company.

The PTIF is authorized and regulated by the Utah 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.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Fair Value of Investments

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

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

At June 30, 2023, the City had the following recurring fair value measurements:

Investments	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Debt Securities	\$ 8,641,542	\$8,641,542	\$ -	\$ -
Utah Public Treasurers'				-
Investment Finance Fund	29,424,206	-	29,424,206	
Total Investments	\$38,065,748	\$8,641,542	\$29,424,206	\$ -

The City's debt securities are classified as level 1 and is calculated using prices quoted in active markets for those securities.

The City's PTIF investments is classified as level 2 and is calculated by applying the June 30, 2023 fair value factor, as calculated by the Utah State Treasurer, to the City's balance in the fund.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the Utah Public Treasurers Investment Fund and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the table below.

Investments	Investment Maturities (in Years)			
	Less Than 1	1-5	6-10	More than 10
Debt Securities	\$ 232,328	\$8,409,214	\$ -	\$ -
Utah Public Treasurers'				
Investment Finance Fund	29,424,206	-	-	-
Total investments	\$29,656,534	\$8,409,214	\$ -	\$ -

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

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, 2023, the City’s investments had the following credit ratings:

Investments	Fair Value	Quality Ratings			
		AAA	AA+	More than A-	Unrated
Debt Securities	\$ 8,641,542	\$ -	\$ 3,600,422	\$ 2,002,802	\$ 3,038,318
Utah Public Treasurers' Investment Finance Fund	29,424,206	-	-	-	29,424,206
Total investments	<u>\$38,065,748</u>	<u>\$ -</u>	<u>\$ 3,600,422</u>	<u>\$ 2,002,802</u>	<u>\$ 32,462,524</u>

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s policy for reducing this risk of loss is to comply with the rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar held in the portfolio. The City’s investment in the Utah Public Treasurer’s Investment Fund has no concentration of credit risk.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. The City’s investment in the Utah Public Treasurer’s Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2023 are as follows:

Cash on hand and on deposit:

Petty Cash	\$ 1,404
Cash on Deposit	1,338,428
PTIF Investment	29,424,206
Investments	<u>8,641,542</u>
Total cash and investments	<u>\$ 39,405,580</u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Cash and cash equivalents	\$ 19,737,561
Restricted cash and cash equivalents	<u>19,668,019</u>
Total Cash and investments	<u>\$ 39,405,580</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 3 ACCOUNTS RECEIVABLE, NET & ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Streets			Non major	Total
	General	Improvement	Enterprise funds	Gov'tl	
Receivables:					
Accounts	\$ 175,924	\$ -	\$ 2,040,055	\$ 70,165	\$ 2,286,144
Taxes	5,641,700	-	-	410,000	6,051,700
Intergovernmental	-	2,024,967	-	253,427	2,278,394
Leases	986,256	-	-	-	986,256
Interest	11,082	-	-	-	11,082
Less: allowance for uncollectible accounts	-	-	(937,852)	-	(937,852)
	<u>\$6,814,962</u>	<u>\$ 2,024,967</u>	<u>\$ 1,102,203</u>	<u>\$733,592</u>	<u>\$10,675,724</u>

NOTE 4 LEASE RECEIVABLE

The City leases sites to third parties for cell tower operations under lease terms ranging from 15 to 27 years. The City will receive annual payments ranging from \$24,480 to \$41,784. The City recognized lease revenue of \$25,705 and interest revenue of \$25,299. At June 30, 2023, the City reports a lease receivable and an equal deferred inflow of resources related to leases of \$986,256.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables help are used when a fund's cash balance would otherwise be negative. The intent is for the funds to pay back these accounts with revenues from the next fiscal year. There are no interfund receivables at June 30, 2023.

Transfers are used to: 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due or 2) move unrestricted fund revenues to finance various programs that the government must account for in the other funds in accordance with budgetary authorizations.

	<u>In</u>	<u>Out</u>
Governmental:		
General Fund	\$ 1,086,513	\$ 5,407,309
Park Improvements	2,153,000	-
Police Sales Tax	26,000	-
Class C Roads	923,309	-
Rap Tax	-	500,000
Building GO Bond	-	56,513
Government Buildings	747,000	-
Capital Equipment	1,846,000	-
Real Estate Property	-	1,500,000
Sewer	-	500,000
Storm Water	-	30,000
Recreation	1,212,000	-
Total Transfers	<u>\$ 7,993,822</u>	<u>\$ 7,993,822</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets used in governmental activities for the year ended June 30, 2023, is as follows:

Primary Government Governmental activities:	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	\$ 36,200,810	\$ 4,758,892	\$ -	\$ -	\$ 40,959,702
Construction in progress	149,220	12,781,142	669,060	(60,967)	\$ 13,538,455
Total capital assets not being depreciated	36,350,030	17,540,034	669,060	(60,967)	54,498,157
Capital assets being depreciated:					
Buildings	22,101,359	111,053	60,966	-	\$ 22,273,378
Improvements	28,676,570	892,471	1,768,370	-	\$ 31,337,411
Machinery and equipment	8,263,408	1,436,690	(86,918)	(629,758)	\$ 8,983,422
Infrastructure	51,348,679	4,706,714	(2,411,478)	-	\$ 53,643,915
Right to use assets	147,473	-	-	-	\$ 147,473
Total capital assets being depreciated	110,537,489	7,146,928	(669,060)	(629,758)	116,385,599
Less accumulated depreciation for:					
Buildings	6,606,167	443,640	-	-	\$ 7,049,807
Improvements	14,581,931	1,395,127	664,070	-	\$ 16,641,128
Machinery and equipment	5,225,928	535,556	-	(629,758)	\$ 5,131,726
Infrastructure	32,949,902	1,503,550	(664,070)	-	\$ 33,789,382
Right to use assets	59,022	59,022	-	-	\$ 118,044
Total accumulated depreciation	59,422,950	3,936,895	-	(629,758)	62,730,087
Total capital assets, being depreciated, net	51,114,539	3,210,033	-	-	53,655,512
Governmental activities capital assets, net	\$ 87,464,569	\$ 20,750,067	\$ -	\$ (60,967)	\$ 108,153,669

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 165,346
Public safety	480,112
Highways and public works	2,591,935
Parks and recreation	691,424
Community Development	8,078
Total depreciation expense - governmental activities	\$ 3,936,895

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 6 CAPITAL ASSETS (Continued)

A summary of changes in capital assets used in business-type activities for the year ended June 30, 2023, is as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Water stock/rights	\$ 25,717	\$ -	\$ -	\$ -	\$ 25,717
Land	345,526	-	-	-	\$ 345,526
Construction in progress	182,057	873,688	414,911	-	\$ 1,470,656
Total capital assets not being depreciated	553,300	873,688	414,911	-	1,841,899
Capital assets being depreciated:					
Buildings	924,212	-	-	-	\$ 924,212
Improvements	26,687,309	-	(445,797)	-	\$ 26,241,512
Machinery and equipment	4,425,388	171,334	1,045,302	(234,496)	\$ 5,407,528
Infrastructure	17,316,893	2,137,044	(1,014,416)	-	\$ 18,439,521
Total capital assets being depreciated	49,353,802	2,308,378	(414,911)	(234,496)	51,012,773
Less accumulated depreciation for:					
Buildings	136,853	18,480	-	-	\$ 155,333
Improvements	9,124,177	823,618	-	-	\$ 9,947,795
Machinery and equipment	2,724,407	381,220	725,131	(234,496)	\$ 3,596,262
Infrastructure	6,330,575	363,701	(725,131)	-	\$ 5,969,145
Total accumulated depreciation	18,316,012	1,587,019	0	(234,496)	19,668,535
Total capital assets, being depreciated, net	31,037,790	721,359	(414,911)	-	31,344,238
Business-type activities capital assets, net	\$ 31,591,090	\$ 1,595,047	\$ -	\$ -	\$ 33,186,137

Depreciation expense was charged to functions/programs as follows:

Business-type activities:	
Water	\$ 670,973
Sewer	2,106
Garbage	66,319
Storm Water	460,909
Ambulance	74,376
Transportation	297,877
Recreation	14,459
Total depreciation expense - business-type activities	\$ 1,587,019

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 7 DEFERRED INFLOWS OF RESOURCES

Deferred Property Taxes

Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. The City has a legal right to collect the taxes when the lien is placed on the property on January 1, 2023, but these funds will be used to fund activities in the subsequent reporting period. GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires that the City record the assets related to these property taxes in the year ended June 30, 2023, but not record the revenue until the subsequent reporting period. In conjunction with these requirements, the City has recorded a property tax receivable and a deferred inflow of resources in the General Fund and a Debt Service Fund in the amounts of \$3,783,000 and \$410,000, respectively.

NOTE 8 DEVELOPER AND CUSTOMER DEPOSITS

Governmental funds deposits are principally deposits from developers that are held by the City until building projects receive the required City inspections and are in compliance with all City ordinances. As of June 30, 2023, the general fund and streets improvement fund developer and customer deposits balance held by the City was \$2,639,634 and \$86,979 respectively. Additionally, the City collects and holds deposits from developers for storm water. As of June 30, 2023, the enterprise fund customer and developer deposits balances held by the City was \$300,962.

NOTE 9 LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities of the City for the year ended June 30, 2023:

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	<u>Due within one year</u>
Governmental activities					
Bonds payable					
General obligation bonds	\$ 4,370,000	\$ -	\$ (290,000)	\$ 4,080,000	\$ 295,000
Revenue bonds	2,583,000		(831,000)	1,752,000	843,000
Unamortized Bond Premium	52,579	-	(4,045)	48,534	-
Total bonds payable	<u>7,005,579</u>	<u>-</u>	<u>(1,125,045)</u>	<u>5,880,534</u>	<u>1,138,000</u>
Leases Payable	268,930		(160,788)	108,142	94,892
Compensated absences	418,399	443,827	(313,799)	548,427	411,320
Net pension liability	-	1,105,188	-	1,105,188	-
Governmental activity long-term liabilities	<u>\$ 7,692,908</u>	<u>\$ 1,549,015</u>	<u>\$ (1,599,632)</u>	<u>\$ 7,642,291</u>	<u>\$ 1,644,212</u>

The general fund provides the resources for the retirement of the compensated absences payable and the net pension liability for governmental activities.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 9 LONG-TERM LIABILITIES (Continued)

The following is a summary of the long-term liabilities of the business-type activities of the City for the year ended June 30, 2023:

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Due within one year
Business-type activities					
Bond Payable					
Water Revenue Bond	\$ -	\$ 7,045,000	\$ -	\$ 7,045,000	\$ 239,000
Total Bond Payable	-	7,045,000	-	7,045,000	239,000
Compensated absences	\$ 137,691	\$ 161,568	\$ (103,268)	\$ 195,991	\$ 146,993
Net pension liability	-	264,314	-	264,314	-
Business-type activity long-term liabilities	\$ 137,691	\$ 7,470,882	\$ (103,268)	\$ 7,505,305	\$ 385,993

The beginning balance of the business type long-term liability schedule has changed, The net pension liability and compensated absences are now included in the beginning balance.

2015 General Obligation Bond

In fiscal year 2015, the City issued a general obligation bond in the amount of \$6,000,000. The proceeds were used for recreation and park facilities within the City. The principal payments for the bond are due in annual installments of \$255,000 to \$395,000 beginning in 2017 and continuing through 2035. The coupon rate is from 2.00 to 3.50%. These bonds are backed by the full faith and credit of the government.

The annual debt service requirements to maturity for the 2015 general obligation Bond, as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 295,000	\$ 112,488	\$ 407,488
2025	300,000	106,588	406,588
2026	310,000	99,836	409,836
2027	315,000	92,862	407,862
2028	325,000	84,988	409,988
2029-2033	1,760,000	289,224	2,049,224
2034-2035	775,000	40,002	815,002
Total	\$ 4,080,000	\$ 825,988	\$ 4,905,988

2020 Sales and Franchise Tax Refunding Bonds

In fiscal year 2021, the City issued sales and franchise tax refunding bonds in the amount of \$4,160,000. The proceeds from these bonds were used to retire sales tax and excise tax revenue bonds and a capital lease obligation. The principal payments for the bonds are due in annual installments of \$756,000 to \$843,000 beginning in 2021 and continuing through 2026. The coupon rate is 1.20%. These bonds are secured by municipal energy, sales tax, and franchise tax revenue collected by the City.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 9 LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity for the 2020 sales and franchise tax refunding bond, as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 843,000	\$ 21,024	\$ 864,024
2025	752,000	10,908	762,908
2026	157,000	1,884	158,884
Total	<u>\$ 1,752,000</u>	<u>\$ 33,816</u>	<u>\$ 1,785,816</u>

Leases payable

At the end of the year, the City has eight lease agreements for vehicles and equipment. These leases have a combined present value of \$108,142. Due to the implementation of Government Accounting Standards Board (GASB) 87, Leases, the City has recorded these as intangible right-to-use or financed purchases in the governmental activities. The intangible right-to-use lease assets will be amortized over these lease term remaining. The financed purchase assets will be depreciated over the useful lives of the assets. There are no residual value guarantees in the lease provisions. A summary of the principal and interest amounts for the remaining leases are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 94,892	\$ 2,273	\$ 97,165
2025	13,250	94	13,344
Total	<u>\$ 108,142</u>	<u>\$ 2,367</u>	<u>\$ 110,509</u>

NOTE 10 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS

General Information About the Pension Plan

Plan description

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

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); Firefighters Retirement System (Firefighters System); are cost-sharing, multiple-employer, public employee retirement systems.
- Public Safety Retirement System (Public Safety System) is a cost-sharing, multiple-employer public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a cost-sharing, multiple-employer public employee retirement system.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a cost-sharing, multiple-employer public employee retirement system

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

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

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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

Summary of Benefits by System

Benefits Provided

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

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

*Actuarial reductions are applied.

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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (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 Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2023 are as follows:

<u>Utah Retirement Systems</u>	<u>Employee</u>	<u>Employer</u>	<u>401(k)</u>
Contributory System			
111 Local Government Div - Tier 2	N/A	16.01%	0.180%
Noncontributory System			
15 Local Government Div. Tier 1	N/A	17.97%	N/A
Public Safety System			
Contributory			
122 tier 2 DB Hybrid Public Safety N//A	2.59%	25.83%	NA
Noncontributory			
43 Other Div A with 2.5 % COLA	N/A	34.04%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	3.61%	N/A
132 Tier 2 DB Hybrid Firefighters	2.59%	14.08%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.19%	10.00%
222 Public Safety	N/A	11.83%	14.00%
232 Firefighters	N/A	0.08%	14.00%

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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

For fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 324,338	N/A
Public Safety System	313,757	-
Firefighters System	22,049	91,921
Tier 2 Public Employees System	310,932	-
Tier 2 Public Safety and Firefighter	324,918	41,176
Tier 2 DC Only System	47,255	N/A
Tier 2 DC Public Safety and Firefighter System	13,177	N/A
Total Contributions	\$ 1,356,426	\$ 133,097

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

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

At June 30, 2023, we reported a net pension asset of \$407,544 and a net pension liability of \$1,369,501.

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2021	Change (Decrease)
Noncontributory System	\$ -	\$ 400,765	0.2339896%	0.2495566%	-0.0155670%
Public Safety System	-	852,276	0.6591081%	0.5934960%	0.0656121%
Firefighters System	407,544	-	1.5692631%	1.2827649%	0.2864982%
Tier 2 Public Employees System	-	80,977	0.0743667%	0.0580138%	0.0163529%
Tier 2 Public Safety and Firefighter	-	35,483	0.4253317%	0.3238576%	0.1014741%
	\$ 407,544	\$ 1,369,501			

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, we recognized pension expense of 692,326.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

At June 30, 2023 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	\$ 256,087	\$ 17,063
Changes in assumptions	187,924	5,360
Net difference between projected and actual earnings on pension plan investments	640,392	-
Changes in proportion and differences between contributions and proportionate share of contributions	76,794	101,326
Contributions subsequent to the measurement date	651,521	-
	\$ 1,812,718	\$ 123,749

\$651,521 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, 2022.

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,	Net Deferred Outflows (Inflows) of Resources
2023	\$ (177,286)
2024	(3,098)
2025	260,596
2026	907,185
2027	8,587
Thereafter	41,464
	\$ 1,037,448

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2023, we recognized pension expense of \$177,555.

At June 30, 2023 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	\$ 135,934	\$ -
Changes in assumptions	65,680	1,600
Net difference between projected and actual earnings on pension plan investments	264,349	11,205
Changes in proportion and differences between contributions and proportionate share of contributions	1,366	-
Contributions subsequent to the measurement date	156,486	-
	\$ 623,815	\$ 12,805

\$156,486 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, 2022.

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,	Net Deferred Outflows (Inflows) of Resources
2023	\$ (65,783)
2024	8,168
2025	106,179
2026	405,960
2027	-
Thereafter	-
	\$ 454,524

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, we recognized pension expense of \$348,822.

At June 30, 2023 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	\$ 3,773	\$ -
Changes in assumptions	22,859	-
Net difference between projected and actual earnings on pension plan investments	197,545	-
Changes in proportion and differences between contributions and proportionate share of contributions	61,161	-
Contributions subsequent to the measurement date	145,336	-
	\$ 430,674	\$ -

\$145,336 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, 2022.

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,	Net Deferred Outflows (Inflows) of Resources
2023	\$ (85,603)
2024	(33,636)
2025	82,350
2026	322,227
2027	-
Thereafter	-
	\$ 285,338

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2023, we recognized pension expense of (\$142,755).

At June 30, 2023 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	\$ 71,912	\$ 2,083
Changes in assumptions	50,656	-
Net difference between projected and actual earnings on pension plan investments	109,036	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	84,838
Contributions subsequent to the measurement date	10,335	-
	\$ 241,939	\$ 86,921

\$10,335 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, 2022.

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,	Net Deferred Outflows (Inflows) of Resources
2023	\$ (33,343)
2024	5,908
2025	45,553
2026	126,566
2027	-
Thereafter	-
	\$ 144,684

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2023, we recognized pension expense of \$154,820.

At June 30, 2023 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,351	\$ 3,213
Changes in assumptions	26,289	206
Net difference between projected and actual earnings on pension plan investments	32,647	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,829	2,710
Contributions subsequent to the measurement date	170,898	-
	\$ 267,014	\$ 6,129

\$170,898 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, 2022.

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,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 4,225
2024	9,369
2025	15,134
2026	29,040
2027	6,520
Thereafter	25,700
	\$ 89,988

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, we recognized pension expense of \$153,885.

At June 30, 2023 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	\$ 17,117	\$ 11,767
Changes in assumptions	22,440	3,554
Net difference between projected and actual earnings on pension plan investments	36,815	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,438	2,574
Contributions subsequent to the measurement date	168,467	-
	\$ 249,277	\$ 17,895

\$168,467 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, 2022.

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,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 3,219
2024	7,093
2025	11,381
2026	23,393
2027	2,068
Thereafter	15,763
	\$ 62,917

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 – 9.25 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, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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

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

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.080%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	-0.11%	0.00%
Totals	100%		5.17%
		Inflation	2.50%
		Expected arithmetic nominal return	7.67%

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.85 %. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

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

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

<u>System</u>	1% Decrease 5.85%	Discount Rate 6.85%	1% Increase 7.85%
Noncontributory System	\$ 2,525,758	\$ 400,765	\$ (1,374,778)
Public Safety System	2,744,760	852,276	(686,759)
Firefighters System	324,821	(407,544)	(1,001,880)
Tier 2 Public Employees System	353,827	80,977	(129,219)
Tier 2 Public Safety and Firefighter	284,032	35,483	(162,054)
Total	\$ 6,233,198	\$ 961,957	\$ (3,354,690)

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.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 11 RETIREMENT PLANS (Continued)

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

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
401(k) Plan			
Employer Contributions	\$ 111,432	\$ 85,986	\$ 88,214
Employee Contributions	61,395	23,093	22,745
457(b) Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	33,599	20,168	16,805
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 31,915	\$ 22,875	\$ 17,970
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ -	\$ 750	\$ -

NOTE 12 CONTINGENT LIABILITIES

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

There are several pending lawsuits in which the City is involved. The City's attorney estimates that the potential claims against the City resulting from such litigation not covered by insurance would not materially affect the financial statements of the City.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2023

NOTE 13 REDEVELOPMENT AGENCY

Tax increment money was generated from the following project areas within the Redevelopment Agency:

Property Tax Increment Received:

Project Area US 89	
Neighborhood Development	\$ 165,756
Project Area Station Park:	362,614
Total Tax increment received by RDA	<u>\$ 528,370</u>

Property Tax Increment Expended:

Administrative costs	\$ 29,039
Reimbursements of site improvements	-
Site and Improvements	-
Debt Service	174,843
Total tax increment expended by RDA	<u>\$ 203,882</u>

NOTE 14 FAIR VALUE ADJUSTMENT

The City has various investments that are properly reported at fair value per Generally Accepted Accounting Principles (GAAP). The fair value number does not reflect actual losses or gains. Fair value is the estimated price that would be received if the assets were sold as of the measurement date of June 30, 2023. According to GAAP, negative fair value adjustments are recorded with interest income. Due to current market conditions and the composition of the City's investment portfolio as of June 30, 2023, the City booked negative fair value adjustments.

NOTE 15 CHANGES IN ACCOUNTING PRINCIPLES

During the fiscal year ended June 30, 2023 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Agreements (SBITA's). For purposes of this standard, a subscription-based software contract must convey control of the present service capacity of the subscription and allow the subscription payee to dictate the nature and manner of use of the IT asset. In addition, all contracts less than 12 months can be excluded from recognition on the subscription asset or liability. The City has evaluated all contracts and determined none qualify as a SBITA due to contracts less than 12 months or contracts that fail to convey control. Therefore, none of the subscription contracts have been reclassified as SBITA's.

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated events and transactions which occurred through the date of the audit report, which is the date the financial statements were available to be issued, and determined that no events after the fiscal year end have occurred that would require disclosures.

REQUIRED SUPPLEMENTAL INFORMATION

FARMINGTON CITY CORPORATION
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
Last Ten Fiscal Years*

FY:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Noncontributory Retirement System</u>										
Proportion of the net pension liability (asset)	0.2324696%	0.2324696%	0.2347858%	0.2468659%	0.2557718%	0.2446235%	0.2586764%	0.2484495%	0.2495566%	0.2339896%
Proportionate share of the net pension liability (asset)	\$ 1,254,526	\$ 1,009,438	\$ 1,328,532	\$ 1,585,181	\$ 1,120,613	\$ 1,801,340	\$ 974,917	\$ 127,440	\$ (1,429,237)	\$ 400,765
Covered payroll	NA	\$ 1,924,165	\$ 1,902,260	\$ 2,017,555	\$ 2,058,057	\$ 1,930,709	\$ 2,083,095	\$ 1,988,813	\$ 1,962,198	\$ 1,754,137
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	NA	52.50%	69.84%	78.57%	54.45%	93.30%	46.80%	6.41%	-72.84%	22.85%
Plan fiduciary net position as a percentage of the total pension liability	NA	90.20%	87.80%	87.30%	91.90%	87.00%	93.70%	99.20%	108.70%	97.50%
<u>Public Safety System</u>										
Proportion of the net pension liability (asset)	0.4834734%	0.4834734%	0.4804408%	0.5036553%	0.4630506%	0.5133541%	0.5234708%	0.5130430%	0.5934960%	0.6591081%
Proportionate share of the net pension liability (asset)	\$ 791,631	\$ 608,008	\$ 860,590	\$ 1,022,056	\$ 726,368	\$ 1,320,647	\$ 840,494	\$ 425,950	\$ (482,003)	\$ 852,276
Covered employee payroll	NA	\$ 672,392	\$ 657,178	\$ 681,096	\$ 601,403	\$ 658,188	\$ 709,501	\$ 728,598	\$ 795,645	\$ 917,915
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	90.40%	130.95%	150.06%	120.78%	200.65%	118.46%	58.46%	-60.58%	92.85%
Plan fiduciary net position as a percentage of the total pension liability	NA	90.50%	87.10%	86.50%	90.20%	84.70%	90.90%	95.50%	104.20%	93.60%
<u>Firefighters Retirement System</u>										
Proportion of the net pension liability (asset)	0.7932077%	0.7932077%	0.9723325%	0.9896594%	1.0992229%	1.3238220%	1.1802855%	1.1828680%	1.2827649%	1.5692631%
Proportionate share of the net pension liability (asset)	\$ 11,859	\$ (45,263)	\$ (17,611)	\$ (7,802)	\$ (68,652)	\$ 171,895	\$ (146,379)	\$ (330,754)	\$ (748,129)	\$ (407,544)
Covered employee payroll	NA	\$ 249,516	\$ 261,402	\$ 278,072	\$ 321,437	\$ 400,633	\$ 377,897	\$ 385,902	\$ 427,669	\$ 570,563
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-18.10%	-6.74%	-2.81%	-21.36%	41.96%	-38.74%	-85.71%	-174.93%	-71.43%
Plan fiduciary net position as a percentage of the total pension liability	NA	103.50%	101.00%	100.40%	103.00%	94.30%	105.00%	110.50%	120.10%	108.40%
<u>Tier 2 Public Employees Retirement System</u>										
Proportion of the net pension liability (asset)	0.0662400%	0.0662400%	0.0769399%	0.0884248%	0.0843521%	0.0694376%	0.0604181%	0.0536094%	0.0580138%	0.0743667%
Proportionate share of the net pension liability (asset)	\$ 398	\$ (2,007)	\$ (168)	\$ 9,864	\$ 7,437	\$ 29,739	\$ 13,588	\$ 7,711	\$ (24,554)	\$ 80,977
Covered employee payroll	NA	\$ 325,232	\$ 497,100	\$ 725,155	\$ 826,279	\$ 811,752	\$ 839,908	\$ 857,340	\$ 1,075,825	\$ 1,614,893
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-0.60%	-0.03%	1.36%	0.90%	3.66%	1.62%	0.90%	-2.28%	5.01%
Plan fiduciary net position as a percentage of the total pension liability	NA	103.50%	100.20%	95.10%	97.40%	90.80%	96.50%	98.30%	103.80%	92.30%
<u>Tier 2 Public Safety and Firefighters Retirement System</u>										
Proportion of the net pension liability (asset)	0.3472113%	0.3472113%	0.3364296%	0.3211270%	0.3679596%	0.3583076%	0.3647224%	0.3331782%	0.3238576%	0.4253317%
Proportionate share of the net pension liability (asset)	\$ (2,050)	\$ (5,136)	\$ (4,915)	\$ (2,788)	\$ (4,258)	\$ 8,978	\$ 34,307	\$ 29,884	\$ (16,369)	\$ 35,483
Covered employee payroll	NA	\$ 143,656	\$ 200,184	\$ 265,325	\$ 388,478	\$ 479,372	\$ 601,026	\$ 666,381	\$ 774,462	\$ 1,308,649
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-3.60%	-2.46%	-1.05%	-1.10%	1.87%	5.71%	4.48%	-2.11%	2.71%
Plan fiduciary net position as a percentage of the total pension liability	NA	120.50%	110.70%	103.60%	103.00%	95.60%	89.60%	93.10%	102.80%	96.40%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

NA Information not available

FARMINGTON CITY CORPORATION

Schedule of Contributions

Utah Retirement Systems

Last Ten Fiscal Years

FY:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Noncontributory System										
Actuarial determined contributions	\$ 336,263	\$ 347,340	\$ 364,381	\$ 377,418	\$ 369,626	\$ 359,226	\$ 381,007	\$ 356,993	\$ 328,023	\$ 324,338
Contributions in relation to the contractually required contribution	(336,263)	(347,340)	(364,381)	(377,418)	(369,626)	(359,226)	(381,007)	(356,993)	(328,023)	(324,338)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,946,891	\$ 1,880,643	\$ 1,978,004	\$ 2,055,898	\$ 2,014,328	\$ 1,960,962	\$ 2,079,482	\$ 1,942,272	\$ 1,790,483	\$ 1,834,853
Contributions as a percentage of covered payroll	17.27%	18.47%	18.42%	18.36%	18.35%	18.32%	18.32%	18.38%	18.32%	17.68%
Public Safety System										
Actuarial determined contributions	\$ 225,997	\$ 221,087	\$ 232,303	\$ 212,799	\$ 217,210	\$ 219,585	\$ 236,920	\$ 238,708	\$ 292,255	\$ 313,757
Contributions in relation to the contractually required contribution	(225,997)	(221,087)	(232,303)	(212,799)	(217,210)	(219,585)	(236,920)	(238,708)	(292,255)	(313,757)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 703,165	\$ 649,491	\$ 682,441	\$ 624,760	\$ 639,324	\$ 678,084	\$ 730,672	\$ 719,155	\$ 858,560	\$ 921,731
Contributions as a percentage of covered payroll	32.14%	34.04%	34.04%	34.06%	33.97%	32.38%	32.42%	33.19%	34.04%	34.04%
Firefighters System										
Contractually required contribution	\$ 7,256	\$ 9,743	\$ 10,687	\$ 11,216	\$ 14,708	\$ 18,371	\$ 17,940	\$ 18,056	\$ 21,919	\$ 22,049
Contributions in relation to the contractually required contribution	(7,256)	(9,743)	(10,687)	(11,216)	(14,708)	(18,371)	(17,940)	(18,056)	(21,919)	(22,049)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 245,128	\$ 255,056	\$ 267,840	\$ 286,178	\$ 378,287	\$ 398,504	\$ 389,144	\$ 391,675	\$ 475,759	\$ 610,770
Contributions as a percentage of covered payroll	2.96%	3.82%	3.99%	3.92%	3.89%	4.61%	4.61%	4.61%	4.61%	3.61%
Tier 2 Public Employees System*										
Contractually required contribution	\$ 36,361	\$ 61,674	\$ 90,548	\$ 119,949	\$ 124,153	\$ 128,322	\$ 134,517	\$ 145,241	\$ 193,210	\$ 310,932
Contributions in relation to the contractually required contribution	(36,361)	(61,674)	(90,548)	(119,949)	(124,153)	(128,322)	(134,517)	(145,241)	(193,210)	(310,932)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 262,332	\$ 412,808	\$ 607,294	\$ 804,483	\$ 821,660	\$ 826,546	\$ 858,984	\$ 919,245	\$ 1,202,162	\$ 1,942,110
Contributions as a percentage of covered payroll	13.86%	14.94%	14.91%	14.91%	15.11%	15.53%	15.66%	15.80%	16.07%	16.01%
Tier 2 Public Safety and Firefighters System*										
Contractually required contribution	\$ 17,511	\$ 40,329	\$ 50,860	\$ 75,123	\$ 88,795	\$ 109,404	\$ 133,397	\$ 145,206	\$ 196,597	\$ 324,918
Contributions in relation to the contractually required contribution	(17,511)	(40,329)	(50,860)	(75,123)	(88,795)	(109,404)	(133,397)	(145,206)	(196,597)	(324,918)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 83,985	\$ 178,842	\$ 226,046	\$ 337,786	\$ 422,199	\$ 503,903	\$ 691,004	\$ 677,302	\$ 945,028	\$ 1,589,832
Contributions as a percentage of covered payroll	20.85%	22.55%	22.50%	22.24%	21.03%	21.71%	19.30%	21.44%	20.80%	20.44%
Tier 2 Public Employees DC Only System*										
Contractually required contribution	\$ 206	\$ 2,402	\$ 2,683	\$ 2,835	\$ 11,539	\$ 26,968	\$ 31,465	\$ 35,221	\$ 39,688	\$ 47,255
Contributions in relation to the contractually required contribution	(206)	(2,402)	(2,683)	(2,835)	(11,539)	(26,968)	(31,465)	(35,221)	(39,688)	(47,255)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,694	\$ 35,749	\$ 40,107	\$ 42,531	\$ 172,489	\$ 403,117	\$ 470,330	\$ 526,476	\$ 593,244	\$ 769,413
Contributions as a percentage of covered payroll	5.58%	6.72%	6.69%	6.67%	6.69%	6.69%	6.69%	6.69%	6.69%	6.14%
Tier 2 Public Safety and Firefighter DC Only System*										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 3,120	\$ 4,503	\$ 5,023	\$ 8,710	\$ 8,392	\$ 13,177
Contributions in relation to the contractually required contribution	-	-	-	-	(3,120)	(4,503)	(5,023)	(8,710)	(8,392)	(13,177)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 26,352	\$ 38,064	\$ 42,464	\$ 73,624	\$ 72,364	\$ 139,845
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	11.84%	11.83%	11.83%	11.83%	-11.60%	9.42%

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

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

FARMINGTON CITY CORPORATION
Notes to Required Supplemental Information
June 30, 2023

Changes of Assumptions

No changes were made in actuarial assumptions from the prior year's valuation

SUPPLEMENTAL INFORMATION

FARMINGTON CITY CORPORATION

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2023

	Debt Service				Capital Projects
	RAP Sales Tax Revenue Bond	Police Sales Tax Revenue Bond	Building G.O. Bond	G.O. Bond 2015 Park	Governmental Buildings Improvement
ASSETS					
Cash and cash equivalents	\$ 135,624	\$ 74,933	\$ -	\$ -	\$ 670,208
Receivables					
Taxes	-	-	-	410,000	-
Accounts receivable (net of allowance)			-	-	-
Intergovernmental					-
Leases					-
Restricted cash and cash equivalents	-	-	-	34,588	368,885
Total assets	<u>\$ 135,624</u>	<u>\$ 74,933</u>	<u>\$ -</u>	<u>\$ 444,588</u>	<u>\$ 1,039,093</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,628
Accrued liabilities					
Unearned revenue					
Payable from restricted assets:					
Developer and customer deposits					
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,628</u>
Deferred inflows of Resources:					
Deferred property taxes levied for future years	\$ -	\$ -	\$ -	\$ 410,000	\$ -
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,000</u>	<u>-</u>
Fund Balances:					
Restricted for:					
Class C Roads	\$ -	\$ -	\$ -	\$ -	\$ -
Impact fees	-	-	-	-	368,885
Perpetual care	-	-	-	-	-
Parks and recreation	-	-	-	-	-
State Liquor allotment	-	-	-	-	-
Debt service	-	-	-	34,588	-
Assigned, for:					
Debt service	135,624	74,933	-	-	-
Capital projects	-	-	-	-	668,580
Unassigned:	-	-	-	-	-
Total fund balances	<u>135,624</u>	<u>74,933</u>	<u>-</u>	<u>34,588</u>	<u>1,037,465</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 135,624</u>	<u>\$ 74,933</u>	<u>\$ -</u>	<u>\$ 444,588</u>	<u>\$ 1,039,093</u>

FARMINGTON CITY CORPORATION
Combining Balance Sheet - Continued
Nonmajor Governmental Funds
June 30, 2023

	Capital Projects				Permanent Fund	Total Governmental Funds
	Capital Equipment	Real Estate Property Asset	Fire Protection	Class C Roads	Cemetery Perpetual Care	
ASSETS						
Cash and cash equivalents	\$ 1,071,628	\$ 98,777	\$ 9,508	\$ -	\$ -	\$ 2,060,678
Receivables						
Taxes				-		410,000
Accounts receivable (net of allowance)	2,559			70,165		72,724
Intergovernmental				250,868		250,868
Leases						-
Restricted cash and cash equivalents			629,060	1,149,936	82,295	2,264,764
Total assets	<u>\$ 1,074,187</u>	<u>\$ 98,777</u>	<u>\$ 638,568</u>	<u>\$ 1,470,969</u>	<u>\$ 82,295</u>	<u>\$ 5,059,034</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 248,105	\$ -	\$ 9,500	\$ 30,732	\$ -	\$ 289,965
Accrued liabilities						-
Unearned revenue						-
Payable from restricted assets:						-
Developer and customer deposits						-
Total liabilities	<u>248,105</u>	<u>-</u>	<u>9,500</u>	<u>30,732</u>	<u>-</u>	<u>289,965</u>
Deferred inflows of resources:						
Deferred property taxes levied for future years						410,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,000</u>
Fund Balances:						
Restricted for:						
Class C Roads	\$ -	\$ -	\$ -	\$ 1,440,237	\$ -	\$ 1,440,237
Impact fees	-	-	629,060	-	-	997,945
Perpetual care	-	-	-	-	82,295	82,295
Parks and recreation						-
State Liquor allotment						-
Debt service	-	-	-	-	-	34,588
Assigned, for:						
Debt service	-	-	-	-	-	210,557
Capital projects	826,082	98,777	8	-	-	1,593,447
Unassigned:	-	-	-	-	-	-
Total fund balances	<u>826,082</u>	<u>98,777</u>	<u>629,068</u>	<u>1,440,237</u>	<u>82,295</u>	<u>4,359,069</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,074,187</u>	<u>\$ 98,777</u>	<u>\$ 638,568</u>	<u>\$ 1,470,969</u>	<u>\$ 82,295</u>	<u>\$ 5,059,034</u>

FARMINGTON CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Debt Service				Capital Projects
	RAP	Police	Building	G.O. Bond	Governmental
	Sales Tax Revenue Bond	Sales Tax Revenue Bond	G.O. Bond	2015 Park	Buildings Improvement
REVENUES					
Taxes	\$ 694,623	\$ -	\$ -	\$ 409,000	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	10,054
Impact fees	-	-	-	-	35,355
Interest	6,056	3,996	-	2,872	28,164
Decrease in fair value	(1,484)	(272)	-	903	(91)
Miscellaneous	-	-	-	-	180
Total revenues	<u>699,195</u>	<u>3,724</u>	<u>-</u>	<u>412,775</u>	<u>73,662</u>
EXPENDITURES					
Debt service:					
Principal retirement	374,090	69,503	-	290,000	-
Interest and fiscal charges	13,881	1,750	-	118,645	-
Capital outlay	-	-	-	-	43,327
Total expenditures	<u>387,971</u>	<u>71,253</u>	<u>-</u>	<u>408,645</u>	<u>43,327</u>
Excess revenues over (under) expenditures	<u>311,224</u>	<u>(67,529)</u>	<u>-</u>	<u>4,130</u>	<u>30,335</u>
OTHER FINANCING SOURCES (USES)					
Developer Contributions	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	26,000	-	-	747,000
Transfers out	(500,000)	-	(56,513)	-	-
Total other financing sources and uses	<u>(500,000)</u>	<u>26,000</u>	<u>(56,513)</u>	<u>-</u>	<u>747,000</u>
Net change in fund balance	(188,776)	(41,529)	(56,513)	4,130	777,335
Fund balances - beginning of year	324,400	116,462	56,513	30,458	260,130
Fund balances - end of year	<u>\$ 135,624</u>	<u>\$ 74,933</u>	<u>\$ -</u>	<u>\$ 34,588</u>	<u>\$ 1,037,465</u>

FARMINGTON CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Continued
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Capital Projects				Permanent Fund	Total
	Capital Equipment	Real Estate Property Asset	Fire Protection	Class C Roads	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 687,138	\$ -	\$ 1,790,761
Intergovernmental	-	-	-	1,052,901	-	1,052,901
Charges for services	-	-	-	-	10,500	20,554
Impact fees	-	-	45,597	-	-	80,952
Interest	26,757	39,294	22,552	29,297	3,584	162,572
Decrease in fair value	1,458	(3,301)	(2,071)	(4,353)	(1,040)	(10,251)
Miscellaneous	-	-	-	-	-	180
Total revenues	<u>28,215</u>	<u>35,993</u>	<u>66,078</u>	<u>1,764,983</u>	<u>13,044</u>	<u>3,097,669</u>
EXPENDITURES						
Debt service:						
Principal retirement	96,475	-	55,223	-	-	885,291
Bond issuance costs	-	-	-	-	-	-
Interest and fiscal charges	2,699	-	1,673	-	-	138,648
Capital outlay	1,414,944	9,221	14,267	1,248,055	150,000	2,879,814
Total expenditures	<u>1,514,118</u>	<u>9,221</u>	<u>71,163</u>	<u>1,248,055</u>	<u>150,000</u>	<u>3,903,753</u>
Excess revenues over (under) expenditures	<u>(1,485,903)</u>	<u>26,772</u>	<u>(5,085)</u>	<u>516,928</u>	<u>(136,956)</u>	<u>(806,084)</u>
OTHER FINANCING SOURCES (USES)						
Developer Contributions	-	-	-	-	-	-
Sale of capital assets	115,200	197,343	-	-	-	312,543
Transfers in	1,846,000	-	-	923,309	-	3,542,309
Transfers out	-	(1,500,000)	-	-	-	(2,056,513)
Total other financing sources and uses	<u>1,961,200</u>	<u>(1,302,657)</u>	<u>-</u>	<u>923,309</u>	<u>-</u>	<u>1,798,339</u>
Net change in fund balance	475,297	(1,275,885)	(5,085)	1,440,237	(136,956)	992,255
Fund balances - beginning of year	350,785	1,374,662	634,153	-	219,251	3,366,814
Fund balances - end of year	<u>\$ 826,082</u>	<u>\$ 98,777</u>	<u>\$ 629,068</u>	<u>\$ 1,440,237</u>	<u>\$ 82,295</u>	<u>\$ 4,359,069</u>

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
RAP Sales Tax Revenue Bond - Debt Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Sales Tax	\$ 650,000	\$ 650,000	\$ 694,623	\$ 44,623
Interest	2,000	2,000	6,056	4,056
Decrease in fair value			(1,484)	(1,484)
Total revenues	652,000	652,000	699,195	47,195
EXPENDITURES				
Debt service				
Principal	374,090	374,090	374,090	-
Interest	14,281	14,281	13,881	400
Total expenditures	388,371	388,371	387,971	400
Excess (deficit) of revenues over (under) expenditures	263,629	263,629	311,224	47,595
OTHER FINANCING SOURCES (USES)				
Transfers out	(500,000)	(500,000)	(500,000)	-
Total other financing sources (uses)	(500,000)	(500,000)	(500,000)	-
Net change in fund balance	(236,371)	(236,371)	(188,776)	47,595
Fund balances - beginning	324,400	324,400	324,400	-
Fund balances - ending	\$ 88,029	\$ 88,029	\$ 135,624	\$ 47,595

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Police Sales Tax Revenue Bond - Debt Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 3,996	\$ 2,996
Decrease in fair value	-	-	(272)	(272)
Total revenues	1,000	1,000	3,724	2,724
EXPENDITURES				
Debt service				
Principal	69,503	69,503	69,503	-
Interest	1,795	1,795	1,750	45
Total expenditures	71,298	71,298	71,253	45
Excess (deficit) of revenues over (under) expenditures	(70,298)	(70,298)	(67,529)	2,769
OTHER FINANCING SOURCES (USES)				
Transfers in	26,000	26,000	26,000	-
Total other financing sources (uses)	26,000	26,000	26,000	-
Net change in fund balance	(44,298)	(44,298)	(41,529)	2,769
Fund balances - beginning	116,462	116,462	116,462	-
Fund balances - ending	\$ 72,164	\$ 72,164	\$ 74,933	\$ 2,769

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Building G.O. Bond - Debt Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest	1,000	1,000	-	(1,000)
Decrease in fair value	-	-	-	-
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues over (under) expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(56,513)</u>	<u>3,487</u>
Total other financing sources (uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(56,513)</u>	<u>3,487</u>
Net change in fund balance	(59,000)	(59,000)	(56,513)	2,487
Fund balances - beginning	<u>56,513</u>	<u>56,513</u>	<u>56,513</u>	<u>-</u>
Fund balances - ending	<u>\$ (2,487)</u>	<u>\$ (2,487)</u>	<u>\$ -</u>	<u>\$ 2,487</u>

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
G.O. 2015 Park Bond - Debt Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 409,000	\$ 409,000	\$ 409,000	\$ -
Interest	1,000	1,000	2,872	1,872
Increase in fair value	-	-	903	903
Total revenues	410,000	410,000	412,775	2,775
EXPENDITURES				
Current:				
Debt service				
Principal	290,000	290,000	290,000	-
Interest	120,000	120,000	118,645	1,355
Total expenditures	410,000	410,000	408,645	1,355
Excess (deficit) of revenues over (under) expenditures	-	-	4,130	4,130
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	4,130	4,130
Fund balances - beginning	30,458	30,458	30,458	-
Fund balances - ending	\$ 30,458	\$ 30,458	\$ 34,588	\$ 4,130

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Governmental Buildings Improvement - Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Impact fees	\$ 114,000	\$ 114,000	\$ 35,355	\$ (78,645)
Charges for services	9,960	9,960	10,054	94
Interest	4,500	4,500	28,164	23,664
Decrease in fair value	-	-	(91)	(91)
Miscellaneous revenue	-	-	180	180
Total revenues	128,460	128,460	73,662	(54,798)
EXPENDITURES				
Current:				
Capital outlay	600,000	600,000	43,327	556,673
Total expenditures	600,000	600,000	43,327	556,673
Excess (deficit) of revenues over (under) expenditures	(471,540)	(471,540)	30,335	501,875
OTHER FINANCING SOURCES (USES)				
Transfers in	472,000	747,000	747,000	-
Total other financing sources (uses)	472,000	747,000	747,000	-
Net change in fund balance	460	275,460	777,335	501,875
Fund balances - beginning	260,130	260,130	260,130	-
Fund balances - ending	\$ 260,590	\$ 535,590	\$ 1,037,465	\$ 501,875

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Capital Equipment - Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 26,757	\$ 24,757
Decrease in fair value			1,458	1,458
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>28,215</u>	<u>26,215</u>
EXPENDITURES				
Current:				
Capital outlay	1,741,390	2,206,590	1,414,944	791,646
Debt service				
Principal	96,475	96,475	96,475	-
Interest	2,726	2,726	2,699	27
Total expenditures	<u>1,840,591</u>	<u>2,305,791</u>	<u>1,514,118</u>	<u>791,673</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,838,591)</u>	<u>(2,303,791)</u>	<u>(1,485,903)</u>	<u>817,888</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,790,000	1,846,000	1,846,000	-
Sale of capital assets	50,000	65,800	115,200	49,400
Total other financing sources (uses)	<u>1,840,000</u>	<u>1,911,800</u>	<u>1,961,200</u>	<u>49,400</u>
Net change in fund balance	1,409	(391,991)	475,297	867,288
Fund balances - beginning	350,785	350,785	350,785	-
Fund balances - ending	<u>\$ 352,194</u>	<u>\$ (41,206)</u>	<u>\$ 826,082</u>	<u>\$ 867,288</u>

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Real Estate Property Asset - Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 5,000	\$ 5,000	\$ 39,294	\$ 34,294
Decrease in fair valaue			(3,301)	(3,301)
Miscellaneous Income	-	-	-	-
Total revenues	5,000	5,000	35,993	30,993
 EXPENDITURES				
Current:				
Capital outlay	-	10,000	9,221	779
Total expenditures	-	10,000	9,221	779
Excess (deficit) of revenues over (under) expenditures	5,000	(5,000)	26,772	31,772
 OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,500,000)	(1,500,000)	-
Sale of capital assets	-	-	197,343	197,343
Total other financing sources (uses)	-	(1,500,000)	(1,302,657)	197,343
Net change in fund balance	5,000	(1,505,000)	(1,275,885)	229,115
Fund balances - beginning	1,374,662	1,374,662	1,374,662	-
Fund balances - ending	\$ 1,379,662	\$ (130,338)	\$ 98,777	\$ 229,115

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fire Protection - Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Impact fess	\$ 165,000	\$ 165,000	\$ 45,597	\$ (119,403)
Interest	5,000	5,000	22,552	17,552
Decrease in fair value			(2,071)	(2,071)
Total revenues	170,000	170,000	66,078	(103,922)
EXPENDITURES				
Current:				
Capital outlay	-	5,000	14,267	(9,267)
Debt service				
Principal	56,896	55,223	55,223	-
Interest	100	1,773	1,673	100
Total expenditures	56,996	61,996	71,163	(9,167)
Excess (deficit) of revenues over (under) expenditures	113,004	108,004	(5,085)	(113,089)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	113,004	108,004	(5,085)	(113,089)
Fund balances - beginning	634,153	634,153	634,153	-
Fund balances - ending	\$ 747,157	\$ 742,157	\$ 629,068	\$ (113,089)

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - Capital Projects Fund
Class C Road Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 640,000	\$ 640,000	\$ 687,138	\$ 47,138
Intergovernmental	900,000	900,000	1,052,901	152,901
Interest	2,000	2,000	29,297	27,297
Decrease in fair value			(4,353)	(4,353)
Total revenues	1,542,000	1,542,000	1,764,983	222,983
EXPENDITURES				
Capital Outlay	1,742,000	2,024,000	1,248,055	775,945
Total expenditures	1,742,000	2,024,000	1,248,055	775,945
Excess (deficit) of revenues over (under) expenditures	(200,000)	(482,000)	516,928	998,928
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	923,309	923,309
Total other financing sources and uses	-	-	923,309	923,309
Net change in fund balance	(200,000)	(482,000)	1,440,237	1,922,237
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (200,000)	\$ (482,000)	\$ 1,440,237	\$ 1,922,237

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Cemetery Perpetual Care - Permanent Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 7,500	\$ 7,500	\$ 10,500	\$ 3,000
Interest	1,000	1,000	3,584	2,584
Decrease in fair value	-	-	(1,040)	(1,040)
Total revenues	8,500	8,500	13,044	4,544
EXPENDITURES				
Capital outlay	150,000	150,000	150,000	-
Total expenditures	150,000	150,000	150,000	-
Excess (deficit) of revenues over (under) expenditures	(141,500)	(141,500)	(136,956)	4,544
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(141,500)	(141,500)	(136,956)	4,544
Fund balances - beginning	219,251	219,251	219,251	-
Fund balances - ending	\$ 77,751	\$ 77,751	\$ 82,295	\$ 4,544

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Street Improvement - Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Impact fees	\$ 1,289,000	\$ 1,289,000	\$ 577,204	\$ (711,796)
Contributions	12,014,000	12,424,000	9,193,294	(3,230,706)
Interest	175,000	175,000	167,671	(7,329)
Decrease in fair value	-	-	(51,764)	(51,764)
Total Revenues	13,478,000	13,888,000	9,886,405	(4,001,595)
EXPENDITURES				
Current:				
Capital outlay	30,290,000	30,700,000	19,108,448	11,591,552
Debt service				
Principal	64,313	64,313	64,313	-
Interest	3,383	3,383	3,383	-
Total expenditures	30,357,696	30,767,696	19,176,144	11,591,552
Excess (deficit) of revenues over (under) expenditures	(16,879,696)	(16,879,696)	(9,289,739)	7,589,957
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of Debt	7,000,000	7,000,000	-	(7,000,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Settlement	-	-	-	-
Sale of assets	-	-	-	-
Total other financing sources (uses)	7,000,000	7,000,000	-	(7,000,000)
Net change in fund balance	(9,879,696)	(9,879,696)	(9,289,739)	589,957
Fund balances - beginning	11,161,874	11,161,874	11,161,874	-
Fund balances - ending	\$ 1,282,178	\$ 1,282,178	\$ 1,872,135	\$ 589,957

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Park Improvement - Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Impact fees	\$ 1,176,000	\$ 1,176,000	\$ 315,822	\$ (860,178)
Charges for Services	12,000	12,000	12,000	-
Contributions	-	250,000	268,000	18,000
Interest	14,000	14,000	171,706	157,706
Decrease in fair value	-	-	(16,202)	(16,202)
Other income	-	-	50,278	50,278
Total revenues	1,202,000	1,452,000	801,604	(650,396)
EXPENDITURES				
Current:				
Developer reimbursement	-	-	125,519	(125,519)
Capital outlay	2,033,000	7,136,000	5,885,048	1,250,952
Debt service				
Principal	163,537	163,537	163,537	-
Interest	8,186	8,186	7,851	335
Total expenditures	2,204,723	7,307,723	6,181,955	1,125,768
Excess (deficit) of revenues over (under) expenditures	(1,002,723)	(5,855,723)	(5,380,351)	475,372
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	2,153,000	2,153,000	-
Settlement	-	-	-	-
Total other financing sources (uses)	350,000	2,153,000	2,153,000	-
Net change in fund balance	(652,723)	(3,702,723)	(3,227,351)	475,372
Fund balances - beginning	5,744,495	5,744,495	5,744,495	-
Fund balances - ending	\$ 5,091,772	\$ 2,041,772	\$ 2,517,144	\$ 475,372

STATISTICAL SECTION

This part of the Farmington City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	95
Revenue Capacity <i>These schedules contain information to help the reader assess a significant local revenue source, the property tax.</i>	100
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	104
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	109
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	111

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

FARMINGTON CITY CORPORATION

1 - Net Assets by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 57,698,365	\$ 53,274,845	\$ 59,039,799	\$ 59,873,259	\$ 65,643,864	\$ 68,820,218	\$ 70,814,269	\$ 77,339,640	\$ 80,355,534	\$ 102,164,993
Restricted	3,263,936	4,375,989	4,717,719	7,239,970	8,001,475	8,225,448	10,484,766	6,952,701	11,005,442	9,550,288
Unrestricted	2,325,216	7,243,082	3,446,921	3,490,116	1,242,433	5,070,948	11,161,863	12,769,461	19,013,420	6,824,475
Total governmental activities net position	63,287,517	64,893,916	67,204,439	70,603,345	74,887,772	82,116,614	92,460,898	97,061,802	110,374,396	118,539,756
Business-type activities										
Net investment in capital assets	21,482,743	23,042,227	23,647,679	23,198,476	24,908,379	26,171,550	28,117,839	31,063,723	31,591,090	33,142,474
Restricted	2,213,258	2,469,638	3,272,473	4,012,749	3,025,368	3,276,333	3,591,462	2,989,166	3,504,518	3,382,854
Unrestricted	3,465,640	2,539,184	2,389,541	3,346,987	3,847,408	4,364,372	5,017,538	6,021,195	7,521,117	8,123,644
Total business-type activities net position	27,161,641	28,051,049	29,309,693	30,558,212	31,781,155	33,812,255	36,726,839	40,074,084	42,616,725	44,648,972
Primary government										
Net investment in capital assets	79,181,108	76,317,072	82,687,478	83,071,735	90,552,243	94,991,768	98,932,108	108,403,363	111,946,624	135,307,467
Restricted	5,477,194	6,845,627	7,990,192	11,252,719	11,026,843	11,501,781	14,076,228	9,941,867	14,509,960	12,933,142
Unrestricted	5,790,856	9,782,266	5,836,462	6,837,103	5,089,841	9,435,320	16,179,401	18,790,656	26,534,537	14,948,119
Total primary government net position	\$90,449,158	\$92,944,965	\$96,514,132	\$ 101,161,557	\$ 106,668,927	\$ 115,928,869	\$ 129,187,737	\$ 137,135,886	\$ 152,991,121	\$ 163,188,728

FARMINGTON CITY CORPORATION

2 - Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 3,602,333	\$ 4,833,442	\$ 4,811,475	\$ 4,960,565	\$ 4,437,526	\$ 4,096,819	\$ 4,058,301	\$ 3,786,435	\$ 2,078,696	\$ 2,418,273
Public safety	2,954,347	3,036,812	3,375,930	3,727,314	3,958,002	4,437,899	4,481,978	4,387,916	5,408,877	7,625,164
Highways and public works	2,592,916	2,610,320	2,742,167	2,999,771	2,909,862	4,246,319	4,076,830	1,414,067	3,792,299	10,064,115
Parks and cemetery	1,266,291	1,364,671	1,513,155	1,752,270	1,880,283	2,178,516	2,229,938	1,827,476	1,801,931	2,141,020
Community development	1,019,697	1,035,413	1,166,737	1,231,345	1,161,964	1,235,814	1,205,545	1,120,919	1,310,218	1,471,679
Economic development	-	-	350,000	-	185,329	355,619	414,252	758,842	375,313	157,108
Interest on long-term debt	189,562	191,551	369,988	365,801	319,250	281,470	236,479	202,648	170,248	149,740
Total governmental activities expenses	<u>11,625,146</u>	<u>13,072,209</u>	<u>14,329,452</u>	<u>15,037,066</u>	<u>14,852,216</u>	<u>16,832,456</u>	<u>16,703,323</u>	<u>13,498,303</u>	<u>14,937,584</u>	<u>24,027,098</u>
Business-type activities:										
Water utility	1,858,817	2,070,237	2,010,100	2,261,147	2,352,346	2,221,310	2,448,862	2,379,085	2,255,835	2,959,342
Sewer utility	1,403,225	1,447,993	1,715,690	1,720,663	1,795,939	1,831,256	2,107,446	2,136,665	2,120,111	2,945,868
Garbage utility	1,113,238	1,109,862	1,159,596	1,192,338	1,254,628	1,353,511	1,603,723	1,547,350	1,696,551	1,788,154
Storm water utility	821,920	1,049,891	928,215	923,160	929,855	1,025,571	1,002,911	936,924	937,124	1,177,221
Ambulance service	283,710	301,751	434,728	347,699	362,876	414,154	308,022	572,343	954,559	2,152,468
Transportation utility	-	-	-	-	-	5,198	82,221	171,414	337,270	417,494
Recreation	868,186	910,446	1,178,697	1,400,441	1,511,288	1,672,500	1,505,762	1,529,421	1,735,863	2,021,815
Total business-type activities expenses	<u>6,349,096</u>	<u>6,890,180</u>	<u>7,427,026</u>	<u>7,845,448</u>	<u>8,206,932</u>	<u>8,523,500</u>	<u>9,058,947</u>	<u>9,273,202</u>	<u>10,037,313</u>	<u>13,462,362</u>
Total primary government expenses	<u>\$ 17,974,242</u>	<u>\$ 19,962,389</u>	<u>\$ 21,756,478</u>	<u>\$ 22,882,514</u>	<u>\$ 23,059,148</u>	<u>\$ 25,355,956</u>	<u>\$ 25,762,270</u>	<u>\$ 22,771,505</u>	<u>\$ 24,974,897</u>	<u>\$ 37,489,460</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 818,946	\$ 745,430	\$ 1,241,815	\$ 1,017,393	\$ 974,554	\$ 1,150,283	\$ 1,660,545	\$ 1,015,154	\$ 122,077	\$ 120,994
Public safety	270,094	264,604	260,003	257,286	378,367	279,601	222,074	222,408	443,218	550,700
Highways and public improvements	-	-	-	-	-	726,849	378,227	428,165	1,241,429	12,455
Parks and cemetery	53,107	57,759	49,731	53,096	299,005	1,281,217	451,647	624,780	2,012,230	191,539
Community development	103,255	179,908	202,394	129,797	103,105	95,698	116,416	131,485	1,401,008	827,653
Operating grants and contributions	631,101	677,920	1,074,560	880,405	1,972,562	1,037,668	1,113,820	2,541,201	7,279,437	1,079,176
Capital grants and contributions	2,035,626	2,010,379	342,136	379,830	1,099,513	5,091,548	8,857,852	254,291	736,806	14,092,175
Total governmental activities program revenues	<u>3,912,129</u>	<u>3,936,000</u>	<u>3,170,639</u>	<u>2,717,807</u>	<u>4,827,106</u>	<u>9,662,864</u>	<u>12,800,581</u>	<u>5,217,484</u>	<u>13,236,205</u>	<u>16,874,692</u>
Business-type activities:										
Charges for services										
Water utility	1,849,649	1,981,654	1,967,065	2,050,165	2,320,485	2,338,220	2,559,556	2,566,677	2,890,698	2,620,920
Sewer utility	1,439,862	1,475,921	1,703,170	1,767,622	1,827,165	1,856,576	2,230,415	2,078,264	2,213,887	2,270,467
Garbage utility	1,177,029	1,208,184	1,257,328	1,286,862	1,333,698	1,357,293	1,578,507	1,615,863	1,651,827	1,805,297
Storm water utility	702,959	725,731	754,580	793,493	1,112,131	1,279,611	1,069,175	1,161,122	1,688,268	901,239
Ambulance service	284,713	363,568	435,498	509,105	612,349	549,647	653,692	821,560	1,339,073	1,695,559
Transportation utility	-	-	-	-	-	635,505	641,807	654,116	663,426	668,005
Recreation	515,701	550,427	677,226	827,995	951,659	974,334	610,263	908,392	1,061,542	1,080,374

FARMINGTON CITY CORPORATION

2 - Changes in net position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating grants and contributions	-	9,240	-	7,255	-	-	-	-	-	2,384
Capital grants and contributions	518,954	412,081	102,094	-	481,413	545,484	1,650,823	2,179,772	155,774	3,197,540
Total business-type activities program revenues	6,488,867	6,726,806	6,896,961	7,242,497	8,638,900	9,536,670	10,994,238	11,985,766	11,664,495	14,241,785
Total primary government program revenues	<u>10,400,996</u>	<u>10,662,806</u>	<u>10,067,600</u>	<u>9,960,304</u>	<u>13,466,006</u>	<u>19,199,534</u>	<u>23,794,819</u>	<u>17,203,250</u>	<u>24,900,700</u>	<u>31,116,477</u>
Net (Expense)/Revenue										
Governmental activities	(7,713,017)	(9,136,209)	(11,158,813)	(12,319,259)	(10,025,110)	(7,169,592)	(3,902,742)	(8,280,819)	(1,701,379)	(7,152,406)
Business-type activities	139,771	(163,374)	(530,065)	(602,951)	431,968	1,013,170	1,935,291	2,712,564	1,627,182	779,423
Total primary government	<u>\$ (7,573,246)</u>	<u>\$ (9,299,583)</u>	<u>\$ (11,688,878)</u>	<u>\$ (12,922,210)</u>	<u>\$ (9,593,142)</u>	<u>\$ (6,156,422)</u>	<u>\$ (1,967,451)</u>	<u>\$ (5,568,255)</u>	<u>\$ (74,197)</u>	<u>\$ (6,372,983)</u>
General Revenue and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 3,404,425	\$ 4,076,021	\$ 5,490,490	\$ 6,751,489	\$ 7,121,331	\$ 7,539,195	\$ 7,343,359	\$ 4,381,526	\$ 4,624,803	\$ 4,076,209
General sales and use tax	2,581,678	3,087,473	3,500,946	5,156,740	5,193,118	5,545,354	5,747,907	6,823,418	8,220,923	8,819,178
Franchise tax	950,579	995,717	1,007,291	1,024,805	466,279	384,976	359,164	326,079	365,671	348,309
Energy use tax	446,458	484,678	465,601	568,990	1,147,972	1,166,886	1,192,053	1,253,577	1,319,590	1,595,733
Impact fees	1,099,803	772,265	1,896,845	2,651,634	-	-	-	-	-	-
Interest earnings	41,761	34,262	47,021	123,368	213,052	313,690	405,757	182,198	210,079	792,746
Net increase (decrease) in invest.	-	-	-	(33,934)	(74,110)	62,730	(46,390)	(57,447)	(338,134)	(102,601)
Gain (loss) on sale of assets	23,429	309,372	48,072	59,976	89,930	92,105	22,523	473,178	69,825	312,543
Miscellaneous	48,755	24,543	21,631	14,449	26,090	26,800	20,913	60,914	-	157,649
Transfers	(333,436)	(388,694)	(435,227)	(599,355)	(711,492)	(733,362)	(798,547)	(561,721)	(983,056)	(682,000)
Total governmental activities	<u>8,263,452</u>	<u>9,395,637</u>	<u>12,042,670</u>	<u>15,718,162</u>	<u>13,472,170</u>	<u>14,398,374</u>	<u>14,246,739</u>	<u>12,881,722</u>	<u>13,489,701</u>	<u>15,317,766</u>
Business-type activities:										
Impact fees	608,294	279,808	982,221	1,150,847	-	-	-	-	-	-
Interest earnings	36,314	28,334	25,576	80,601	142,564	193,684	182,109	66,305	72,892	607,030
Net increase (decrease) in invest.	-	-	-	(9,329)	(26,599)	19,445	-	-	(140,490)	(36,206)
Gain (loss) on sale of assets	-	-	53,731	29,996	(36,484)	71,439	-	6,656	-	-
Transfers	333,436	388,694	435,227	599,355	711,492	733,362	797,173	561,721	983,056	682,000
Total business-type activities	<u>978,044</u>	<u>696,836</u>	<u>1,496,755</u>	<u>1,851,470</u>	<u>790,973</u>	<u>1,017,930</u>	<u>979,282</u>	<u>634,682</u>	<u>915,458</u>	<u>1,252,824</u>
Total primary government	<u>\$ 9,241,496</u>	<u>\$ 10,092,473</u>	<u>\$ 13,539,425</u>	<u>\$ 17,569,632</u>	<u>\$ 14,263,143</u>	<u>\$ 15,416,304</u>	<u>\$ 15,226,021</u>	<u>\$ 13,516,404</u>	<u>\$ 14,405,159</u>	<u>\$ 16,570,590</u>
Change in Net Assets										
Governmental activities	\$ 550,435	\$ 259,428	\$ 883,857	\$ 3,398,903	\$ 3,447,060	\$ 7,228,782	\$ 10,343,997	\$ 4,600,903	\$ 11,788,322	\$ 8,165,360
Business-type activities	1,117,815	533,462	966,690	1,248,519	1,222,941	2,031,100	2,914,573	3,347,246	2,542,640	2,032,247
Total primary government	<u>\$ 1,668,250</u>	<u>\$ 792,890</u>	<u>\$ 1,850,547</u>	<u>\$ 4,647,422</u>	<u>\$ 4,670,001</u>	<u>\$ 9,259,882</u>	<u>\$ 13,258,570</u>	<u>\$ 7,948,149</u>	<u>\$ 14,330,962</u>	<u>\$ 10,197,607</u>

*Beginning in 2019, impact fees for governmental and business-type activities are reported as program revenues.

FARMINGTON CITY CORPORATION

3 - Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
General fund										
Restricted	\$ 17,150	\$ 36,128	\$ 14,015	\$ 208,366	\$ 139,481	\$ 153,929	\$ 269,743	\$ 734,632	\$ 982,017	\$ 15,712
Assigned	105,403	104,486	104,564	103,802	106,488	104,049	104,049	104,049	100,227	-
Unassigned	1,469,355	1,792,672	2,409,656	3,044,384	2,640,670	2,721,687	3,276,435	5,527,474	6,687,961	4,719,058
Total general fund	<u>\$1,591,908</u>	<u>\$ 1,933,286</u>	<u>\$ 2,528,235</u>	<u>\$ 3,356,552</u>	<u>\$ 2,886,639</u>	<u>\$ 2,979,665</u>	<u>\$ 3,650,227</u>	<u>\$ 6,366,155</u>	<u>\$ 7,770,205</u>	<u>\$ 4,734,770</u>
All other governmental funds										
Restricted for:										
Class C Roads*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440,237
Perpetual care	204,919	215,607	179,242	178,736	191,995	189,164	198,654	207,178	219,251	82,295
Debt service	115,282	86,792	51,906	63,555	76,165	78,129	81,079	85,346	86,971	34,588
Impact fees	1,719,184	2,548,475	2,566,266	4,266,365	4,608,855	3,946,280	4,944,251	4,397,066	7,243,638	4,765,868
Redevelopment	996,743	1,489,037	1,906,340	2,522,998	2,985,029	3,857,946	4,991,039	1,528,479	2,473,565	2,882,700
Assigned, reported in:										
Debt service funds	139,796	101,639	109,226	252,607	327,673	295,508	55,670	329,338	440,862	210,557
Capital projects funds	995,262	6,596,743	2,030,348	1,502,755	222,508	3,703,652	9,531,640	7,824,803	12,282,461	2,214,803
Total all other governmental funds	<u>\$4,171,186</u>	<u>\$11,038,293</u>	<u>\$ 6,843,328</u>	<u>\$ 8,787,016</u>	<u>\$ 8,412,225</u>	<u>\$12,070,679</u>	<u>\$19,802,333</u>	<u>\$14,372,210</u>	<u>\$22,746,748</u>	<u>\$11,631,048</u>

* Beginning in FY23, the Class C road fund was reported separately from the General Fund. The FY23 beginning Class C fund balance was \$923,309.

FARMINGTON CITY CORPORATION
4 - Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
REVENUES										
Taxes	\$8,643,889	\$ 10,464,328	\$ 11,933,447	\$13,502,024	\$13,928,700	\$14,636,411	\$14,642,483	\$12,784,600	\$ 14,530,987	\$ 14,839,429
Licenses and permits	691,139	623,011	1,061,056	833,068	643,349	723,802	679,738	817,565	1,251,343	704,289
Intergovernmental	631,645	651,510	1,034,011	854,863	880,423	1,013,193	973,863	2,488,860	1,244,735	1,478,670
Fines and forfeitures	211,843	197,911	178,369	174,271	157,990	227,104	172,152	167,828	180,687	184,630
Charges for services	195,756	287,612	320,528	256,887	249,246	231,246	230,491	222,526	271,392	368,083
Impact fees	772,265	1,896,845	1,813,125	2,651,634	1,264,450	2,134,887	837,897	1,084,320	3,431,220	973,978
Contributions	272,879	247,632	342,136	423,734	1,099,513	5,091,548	6,394,680	254,291	99,120	9,461,294
Interest	33,214	44,582	90,674	119,002	208,682	372,050	401,391	177,687	210,079	792,746
Net increase (decrease) in fair value of investments					(74,110)	-	(46,390)	(57,447)	(338,134)	(102,601)
Special assessments	12,342	15,044	7,710	424	-	-	-	-	-	-
Miscellaneous revenue	171,207	160,798	210,681	207,795	293,453	243,409	183,294	190,653	934,797	240,158
Total revenues	<u>11,636,179</u>	<u>14,589,273</u>	<u>16,991,737</u>	<u>19,023,702</u>	<u>18,651,696</u>	<u>24,673,650</u>	<u>24,469,599</u>	<u>18,130,883</u>	<u>21,816,226</u>	<u>28,940,676</u>
EXPENDITURES										
Current:										
General government	1,175,518	1,216,014	3,692,045	4,122,311	4,250,163	4,607,007	2,960,328	5,763,117	1,938,223	2,285,700
Public safety	2,766,223	2,934,178	3,231,391	3,456,560	3,841,272	4,058,711	4,250,486	4,601,494	5,611,333	7,067,923
Highways and public improvements*	827,071	812,121	900,279	1,052,955	1,582,891	2,050,403	1,869,121	1,819,124	1,780,259	1,003,386
Parks and cemetery	676,198	779,820	849,202	870,819	948,908	977,938	969,399	1,004,073	1,077,595	1,269,699
Community development	1,011,833	1,050,794	1,171,299	1,200,997	1,163,309	1,173,391	1,179,336	1,194,778	1,379,890	1,492,785
Economic development	-	-	350,000	-	185,329	355,619	414,252	758,842	393,642	166,166
Debt service:										
Principal retirement	1,464,622	966,529	1,436,872	1,497,825	1,356,243	1,559,874	1,582,546	1,604,773	1,510,850	1,281,788
Interest and fiscal charges	205,527	154,643	386,662	357,406	319,220	323,195	469,581	248,710	188,560	156,078
Developer Reimbursements	-	-	-	-	-	-	-	-	-	125,519
Capital outlay:	<u>7,563,033</u>	<u>5,667,386</u>	<u>11,784,469</u>	<u>3,191,947</u>	<u>7,516,155</u>	<u>5,719,048</u>	<u>2,361,914</u>	<u>3,761,634</u>	<u>2,744,055</u>	<u>27,873,310</u>
Total expenditures	<u>15,690,025</u>	<u>13,581,485</u>	<u>23,802,219</u>	<u>15,750,820</u>	<u>21,163,490</u>	<u>20,825,186</u>	<u>16,056,963</u>	<u>20,756,545</u>	<u>16,624,407</u>	<u>42,722,354</u>
Excess (deficiency) revenues over (under) expenditures	<u>(4,053,846)</u>	<u>1,007,788</u>	<u>(6,810,482)</u>	<u>3,272,882</u>	<u>(2,511,794)</u>	<u>3,848,464</u>	<u>8,412,636</u>	<u>(2,625,662)</u>	<u>5,191,819</u>	<u>(13,781,678)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds of bonds	-	6,087,406	3,500,000	-	1,138,609	1,125,000	178	-	-	-
Settlement Proceeds	-	-	-	-	-	-	-	-	5,500,000	-
Proceeds of capital leases	1,764,838	500,000	93,000	-	350,000	151,565	-	-	-	-
Proceeds from sale of fixed assets	1,948,450	48,518	157,199	132,412	157,682	92,105	41,714	473,189	69,825	312,543
Transfers in	2,278,275	1,528,292	1,979,713	1,777,284	2,340,359	1,402,754	2,117,467	398,000	2,900,000	6,781,822
Transfers (out)	<u>(2,666,969)</u>	<u>(1,963,519)</u>	<u>(2,519,446)</u>	<u>(2,376,639)</u>	<u>(3,051,851)</u>	<u>(2,136,116)</u>	<u>(2,916,014)</u>	<u>(959,721)</u>	<u>(3,883,056)</u>	<u>(7,463,822)</u>
Total other financing sources (uses)	<u>3,324,594</u>	<u>6,200,697</u>	<u>3,210,466</u>	<u>(466,943)</u>	<u>934,799</u>	<u>635,308</u>	<u>(756,655)</u>	<u>(88,532)</u>	<u>4,586,769</u>	<u>(369,457)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(729,252)</u>	<u>7,208,485</u>	<u>(3,600,016)</u>	<u>2,772,005</u>	<u>(1,576,995)</u>	<u>4,483,772</u>	<u>8,402,216</u>	<u>(2,714,194)</u>	<u>9,778,588</u>	<u>(14,151,135)</u>
Fund balances - beginning of year	<u>6,492,346</u>	<u>5,763,094</u>	<u>12,971,579</u>	<u>9,371,563</u>	<u>12,143,568</u>	<u>10,566,572</u>	<u>15,050,344</u>	<u>23,452,560</u>	<u>20,738,366</u>	<u>30,516,954</u>
Fund balances - end of year	<u>\$5,763,094</u>	<u>\$ 12,971,579</u>	<u>\$ 9,371,563</u>	<u>\$12,143,568</u>	<u>\$10,566,573</u>	<u>\$15,050,344</u>	<u>\$23,452,560</u>	<u>\$20,738,366</u>	<u>\$ 30,516,954</u>	<u>\$ 16,365,819</u>
Debt service as a percentage of noncapital expenditures	16.38%	9.84%	14.24%	14.21%	14.17%	13.27%	13.27%	15.64%	13.95%	14.18%

* Beginning in FY23, the Class C road fund was reported separately from the Highways and Public Improvements Department and included as Capital Outlay.

Farmington City Corporation
5 - Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Real Property ¹		Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					
2014	\$ 987,352	\$ 141,546	\$ 42,029	\$ 1,170,927	0.2290%	\$ 1,833,155	63.87%
2015	1,043,722	274,135	48,732	1,366,589	0.2127%	2,149,738	63.57%
2016	1,087,545	317,368	53,494	1,458,407	0.2226%	2,280,134	63.96%
2017	1,186,135	361,424	54,283	1,601,842	0.2132%	2,501,066	64.05%
2018	1,326,261	401,153	79,828	1,807,242	0.1942%	2,817,193	64.15%
2019	1,389,467	555,118	77,630	2,022,215	0.1765%	3,471,783	58.25%
2020	1,532,381	529,148	79,932	2,141,461	0.1640%	3,755,376	57.02%
2021	1,602,072	548,344	82,286	2,232,702	0.1491%	3,912,838	57.06%
2022	1,853,839	572,261	78,030	2,504,131	0.1607%	4,435,257	56.46%
2023	2,464,734	685,690	80,313	3,230,737	0.1182%	5,795,757	55.74%

Sources: Davis County Auditor's Office
Utah State Tax Commission

¹ Taxable value is 55% of market value for residential property and 100% for commercial property.

FARMINGTON CITY CORPORATION
6 - Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Overlapping Rates									Total Special Districts	Total Direct and Overlapping Rates
	Farmington			Davis County			Davis County School District				
	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total County Rate	Operating Rate	Debt Service Rate	Total School Rate		
2014	0.1685%	0.0605%	0.2290%	0.2205%	0.0126%	0.2331%	0.6139%	0.2571%	0.8710%	0.1414%	1.4745%
2015	0.1542%	0.0585%	0.2127%	0.2047%	0.0114%	0.2161%	0.5688%	0.2571%	0.8259%	0.1331%	1.3878%
2016	0.1542%	0.0684%	0.2226%	0.2043%	0.0110%	0.2153%	0.5984%	0.2571%	0.8555%	0.1328%	1.4262%
2017	0.1466%	0.0666%	0.2132%	0.1938%	0.0076%	0.2014%	0.5710%	0.2415%	0.8125%	0.1264%	1.3535%
2018	0.1343%	0.0599%	0.1942%	0.2141%	0.0069%	0.2210%	0.5290%	0.2285%	0.7575%	0.1223%	1.2950%
2019	0.1234%	0.0531%	0.1765%	0.1984%	0.0062%	0.2046%	0.5132%	0.2569%	0.7701%	0.1135%	1.2647%
2020	0.1157%	0.0483%	0.1640%	0.1876%	0.0075%	0.1951%	0.5239%	0.2569%	0.7808%	0.1125%	1.2524%
2021	0.1125%	0.0366%	0.1491%	0.1825%	0.0071%	0.1896%	0.5101%	0.2569%	0.7670%	0.1051%	1.2108%
2022	0.1291%	0.0316%	0.1607%	0.1834%	0.0063%	0.1897%	0.5627%	0.2015%	0.7642%	0.0658% *	1.1804%
2023	0.1032%	0.0150%	0.1182%	0.1462%	0.0000%	0.1462%	0.6424%	0.0000%	0.6424%	0.0597%	0.9665%

Source: Utah State Tax Commission

Percentages are applied to the taxable value.

* Restated from prior ACFRs

FARMINGTON CITY CORPORATION
7 - Principal Taxpayers
Current Year and Ten Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Station Park Centercal LLC	\$ 187,844,809	1	5.81%	\$ 65,839,286	1	6.68%
Lagoon Investment Company	85,087,330	2	2.63%	22,179,107	2	2.25%
Covey Park Lane LLC	49,655,100	3	1.54%			
ICO Station Parkway LLC	45,404,652	4	1.41%			
Pacificorp	23,274,558	5	0.72%	16,676,858	3	1.69%
Avanti Farmington LLC	22,655,049	6	0.70%			
Farmington East LC	19,298,200	7	0.60%			
Questar Gas	14,215,678	8	0.44%	3,958,400	9	0.40%
SLC Pipeline LLC	14,135,451	9	0.44%	5,477,008	6	0.56%
AW Development LLC	12,181,636	10	0.38%			
Park Lane Village Partners LLC				10,674,857	4	1.08%
Smiths Food King Properties				6,407,688	5	0.65%
Harmons Station Park				5,380,241	7	0.55%
Oakridge Golf & Country				4,334,694	8	0.44%
Rose Cove Senior Housing				3,604,120	10	0.37%
Total, principal taxpayers	<u>\$ 473,752,463</u>		<u>14.67%</u>	<u>\$ 144,532,259</u>		<u>14.67%</u>
Total, all taxpayers	\$ 3,230,737,253			\$ 985,223,306		

Sources: Davis County Auditor's Office

FARMINGTON CITY CORPORATION
8 - Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 2,342,310	\$ 2,324,238	99.23 %	\$ 17,263	\$ 2,341,501	99.97 %
2015	2,803,082	2,639,384	94.16 %	160,135	2,799,519	99.87 %
2016	3,241,117	3,226,239	99.54 %	15,090	3,241,329	100.01 %
2017	3,420,230	3,322,762	97.15 %	30,865	3,353,627	98.05 %
2018	3,523,536	3,414,682	96.91 %	105,305	3,519,987	99.90 %
2019	3,583,093	3,448,995	96.26 %	123,730	3,572,725	99.71 %
2020	3,610,934	3,493,074	96.74 %	94,428	3,587,502	99.35 %
2021	3,341,220	3,212,548	96.15 %	16,602	3,229,150	96.65 %
2022	4,015,087	3,854,809	96.01 %	14,878	3,869,687	96.38 %
2023	3,852,864	3,690,479	95.79 %	-	3,690,479	95.79 %

Source: Davis County Auditor's Office

FARMINGTON CITY CORPORATION

9 - Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds*	Revenue Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2014	\$ 3,056,536	\$ 1,335,750	\$ 73,000	\$ 1,782,676	\$ 29,250	\$ 17,706	\$ 6,294,918	0.7884%	\$ 300.89
2015	8,602,506	978,000	37,000	2,029,837	-	96,680	11,744,023	1.3687%	546.69
2016	8,063,582	3,878,000	-	1,855,965	-	48,746	13,846,293	1.5078%	623.31
2017	7,446,212	3,284,000	-	1,565,140	-	-	12,295,352	1.2156%	536.14
2018	6,806,842	4,039,000	-	1,582,500	-	-	12,428,342	1.1558%	534.97
2019	6,151,472	4,615,000	-	1,336,753	-	117,717	12,220,942	0.9750%	482.30
2020	5,479,102	3,907,000	-	906,737	-	39,873	10,332,712	0.7742%	389.80
2021	4,959,732	3,182,000	-	503,307	-	-	8,645,039	0.6312%	352.41
2022	4,422,579	2,583,000	-	268,930	-	-	7,274,509	0.5050%	293.62
2023	4,128,534	1,752,000	-	108,142	7,045,000	-	13,033,676	N/A	507.94

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

N/A = information not available

* Restated from previous ACFRs to include bond premiums

FARMINGTON CITY CORPORATION
10 - Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds*	Less: Amounts Available in Debt Service Funds ¹	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value ² of Property	Per Capita ³
2014	\$ 3,056,536	\$ 52,907	\$ 3,003,629	0.2565%	\$ 143.57
2015	8,602,506	47,115	8,555,391	0.6260%	398.26
2016	8,063,582	33,242	8,030,340	0.5506%	361.50
2017	7,446,212	43,262	7,402,950	0.4622%	322.81
2018	6,806,842	48,621	6,758,221	0.3740%	290.90
2019	6,151,472	49,826	6,101,646	0.3017%	240.80
2020	5,479,102	52,167	5,426,935	0.2534%	204.73
2021	4,959,732	54,905	4,904,827	0.2197%	199.94
2022	4,422,579	86,971	4,335,608	0.1731%	175.00
2023	4,128,534	34,588	4,093,946	0.1267%	159.55

¹ Externally restricted for payment of debt principal.

² See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

³ Population data can be found in the Schedule of Demographic and Economic Statistics.

* Restated from previous ACFRs to include bond premiums

FARMINGTON CITY CORPORATION
11 - Direct and Overlapping Governmental Activities Debt
June 30, 2023

<u>Name of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share Share of Overlapping Debt</u>
Davis County School District	\$ 463,417,000	7.82%	\$ 36,226,885
Davis County	91,206,599	7.82%	7,133,185
Weber Basin Water Conservancy District	9,300,000	7.82%	727,388
Subtotal, overlapping debt (a)			44,087,458
Farmington City - direct (c)	5,988,676	100.00%	5,988,676
Total direct and overlapping			<u>\$ 50,076,134</u>

Source: Davis County Auditor/Clerk's Office.

- a Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.
- b Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.
- c Direct debt for the City includes all long-term debt instruments of the governmental activities.

FARMINGTON CITY CORPORATION

12 - Legal Debt Margin Information

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 73,326,620	\$ 94,158,560	\$ 91,205,360	\$ 100,042,640	\$ 112,687,720	\$ 138,871,320	\$ 150,215,040	\$ 156,513,520	\$ 177,410,288	\$ 231,830,286
Total net debt applicable to limit	<u>3,001,093</u>	<u>8,380,379</u>	<u>8,030,340</u>	<u>7,401,396</u>	<u>6,755,113</u>	<u>6,033,174</u>	<u>5,362,833</u>	<u>4,845,095</u>	<u>4,335,608</u>	<u>4,093,946</u>
Legal debt margin	<u>70,325,527</u>	<u>85,778,181</u>	<u>83,175,020</u>	<u>92,641,244</u>	<u>105,932,607</u>	<u>132,838,146</u>	<u>144,852,207</u>	<u>151,668,425</u>	<u>173,074,680</u>	<u>227,736,340</u>
Total net debt applicable to the limit the limit as a percentage of debt limit	4.09%	8.90%	8.80%	7.40%	5.99%	4.34%	3.57%	3.10%	2.44%	1.77%

Legal Debt Margin Calculation for Fiscal Year 2023

Total Estimated Assessed Value	\$ 5,795,757,147
Debt limit - 4% of total assessed value	231,830,286
General Obligation Bonds	4,128,534
Less: Amount set aside for repayment of general obligation debt	34,588
Total net debt applicable to debt limit	<u>4,093,946</u>
Legal debt margin	<u>\$ 227,736,340</u>

Note: Under Article XIV, Section 4 of the Utah State Constitution and under Title 11, Chapter 14, Section 31, Paragraph 3(b) of the Utah Code, no city, town, school district, or other municipal corporation may become indebted to an amount exceeding 4% of the fair market value of taxable property therein

FARMINGTON CITY CORPORATION
13 - Pledged Revenue Bond Coverage
Last Ten Fiscal Years

Water Revenue Bonds

Fiscal Year	Gross Operating Revenue	Direct Operating Expenses ²	Net Available Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2014*	\$ 1,849,649	\$ 1,380,164	\$ 469,485	\$ 24,445	\$ 2,524	\$ 26,969	17.41
2015*	1,981,654	1,560,306	421,348	29,250	1,416	30,666	13.74
2016*	-	-	-	-	-	-	-
2017*	-	-	-	-	-	-	-
2018*	-	-	-	-	-	-	-
2019*	-	-	-	-	-	-	-
2020*	-	-	-	-	-	-	-
2021*	-	-	-	-	-	-	-
2022*	-	-	-	-	-	-	-
2023	2,620,920	2,067,892	553,028	-	152,857	152,857	3.62

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2014	\$ 12,342	\$ 35,000	\$ 4,482	\$ 39,482	0.31
2015	15,044	36,000	4,482	40,482	0.37
2016	7,710	37,000	1,536	38,536	0.20
2017	424	-	-	-	N/A
2018	-	-	-	-	N/A
2019	-	-	-	-	N/A
2020	-	-	-	-	N/A
2021	-	-	-	-	N/A
2022	-	-	-	-	N/A
2023	-	-	-	-	N/A

1 Includes unrestricted operating expenses, excluding depreciation.

* Restated from prior ACFRs

FARMINGTON CITY CORPORATION
14 - Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (Amounts Expressed In Thousands)*	Per Capita Personal Income	Unemployment Rate	Median Age	School Enrollment
2014	20,921	\$ 798,408	\$ 38,163	3.4%	29.3	4,610
2015	21,482	858,013	39,941	3.0%	29.3	4,742
2016	22,214	918,305	41,339	3.4%	29.3	4,995
2017	22,933	1,011,483	44,106	3.1%	29.3	5,851
2018	23,232	1,075,316	46,286	2.9%	29.2	6,064
2019	25,339	1,253,419	49,466	1.9%	30.2	6,373
2020	26,508	1,334,625	50,348	4.6%	31.2	6,667
2021	24,531	1,369,615	55,832	1.3%	31.2	6,599
2022	24,775	1,440,592	58,147	1.8%	30.2	8,795
2023	25,660	Not available	Not available	2.3%	30.2	9,109

Data Sources:

Population: US Census Bureau

Personal Income: Population * Per Capita Personal Income

Per Capita Personal Income: US Bureau of Economic Analysis (Davis County)

Note: Per capita information is for all of Davis County.

Unemployment Rate: Utah Department of Workforce Services (Davis County)

Median Age: Estimated based on 2021 United States Census Information

School Enrollment: Davis County (estimate)

* Restated from prior ACFRs

FARMINGTON CITY CORPORATION

15 - Principal Employers Current Year and Ten Years Ago

Employer	2023			2014		
	Estimated Number of Employees	Rank	Percentage of Total City Employment	Estimated Number of Employees	Rank	Percentage of Total City Employment
Davis County School District	5000-9999	1	N/A	1200-2250	1	N/A
Lagoon Corporation	2000-2999	2	N/A	1000-1999	2	N/A
University of Utah Farmington Health	500-999	3	N/A			
Davis County Criminal Justice Center	250-499	4	N/A			
Davis County Administration Offices	100-249	5	N/A	250-499	3	N/A
Bass Pro Outdoor World	100-249	6	N/A			
Bridge House, LLC	100-249	7	N/A			
Farmington High School	100-249	8	N/A			
Farmington City	100-249	9	N/A	80-199	7	N/A
Farmington Junior High	100-249	10	N/A			
Smith's Food & Drug				100-249	4	N/A
Harmon's				100-249	5	N/A
Thomas Arts, Inc.				100-249	6	N/A
State of Utah				80-199	8	N/A
Cornerstone Programs				50-99	9	N/A
Alta Therapies				50-99	10	N/A

Source: www.jobs.utah.gov
Range of employees is all that is available.

N/A = information not available

FARMINGTON CITY CORPORATION
16 - Full-time Employees By Function
Last Ten Fiscal Years

Function	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government	7.5	7.0	7.0	7.0	7.0	7.5	7.5	8.5	9.0	11.0
Public Safety										
Police										
Officers	16.0	16.0	17.0	17.0	21.0	21.0	22.0	23.0	23.0	25.0
Civilians	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Fire										
Firefighters & Paramedics	24.0	22.0	18.0	25.0	25.0	17.0	18.0	16.0	16.0	16.0
Civilians	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	2.0
Community Development	7.0	7.5	7.5	8.0	8.0	10.0	10.0	12.0	10.0	11.0
Highways and Streets	5.5	6.0	7.5	9.0	9.0	9.0	9.0	9.0	10.0	10.0
Parks & Cemetery	5.0	5.5	6.5	6.0	7.0	7.0	7.0	6.0	8.0	8.0
Recreation and Special Events	6.0	6.5	6.5	6.5	6.5	9.0	9.0	9.0	8.0	8.0
Water and Other Utilities	10.0	10.0	11.0	11.0	12.0	10.0	10.0	9.0	7.0	8.0
Total Employees	<u>84.5</u>	<u>84.0</u>	<u>84.5</u>	<u>93.0</u>	<u>99.0</u>	<u>94.5</u>	<u>96.5</u>	<u>96.5</u>	<u>95.0</u>	<u>####</u>

Data source: Farmington City finance department

FARMINGTON CITY CORPORATION
17 - Operating Indicators by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police call volume								11,673	12,513	14,916
Community Development										
Building permits issued**	408	454	910	561	528	1,002	622	716	631	529
Recreation and Special Events										
Youth in recreation programs***	6,768	6,681	8,767	8,825	11,649	11,430	5,979	10,321 *	11,758	8,008
Adults in recreation programs***										3,479
Water & Other Utilities										
Water utility customers	5,280	5,412	5,590	5,824	5,959	6,031	6,102	6,199	6,294	6,402
Average daily water consumption	1,159,732	1,234,358	1,256,055	1,382,831	1,385,981	1,353,068	1,448,850	1,414,695	1,467,961	1,447,236

Data source: Farmington City finance department and various City departments

* Decreased participation due to COVID-19 restrictions

** Restated from prior fiscal years

*** Began breaking out adult participants from youth participants in FY23

FARMINGTON CITY CORPORATION

18 - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	88	88	89	97.5	98.0	98.5	99.5	100.0	100.3	103.8
Streetlights	940	950	968	976	984	1,002	948	977	996	1,016
Traffic Signals*						7	7	7	8	10
Parks & Cemetery										
Parks acreage	83	83	88	88	88	113	120	121	121	127
Parks	14	14	14	14	14	13	13	13	13	14
Boweries	14	14	14	14	15	10	10	10	10	10
Soccer fields	14	14	14	14	14	17	17	17	17	17
Baseball/Softball diamonds	3	3	3	3	3	3	7	7	7	7
Trails (miles)							39.7	39.7	39.7	39.7
Recreation & Special Events										
Swimming pools	1	1	1	1	1	1	1	1	1	1
Gymnasium	-	-	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Pickleball courts						8	8	8	8	8
Community centers	1	1	1	1	1	1	1	1	1	1
Water & Other Utilities										
Water mains (miles)	108	110	116	117	118	118	119	120	120	127
Fire hydrants	1,292	1,340	1,413	1,413	1,418	1,422	1,496	1,515	1,547	1,583

Data sources: Various City departments

*Added in FY2019 due to city taking responsibility to maintain.

OTHER REPORTS



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

Honorable Mayor and
Members of the City Council
Farmington City
Farmington, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Farmington City (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated November 25, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Gilbert & Stewart

GILBERT & STEWART, CPA PC
Provo, Utah
November 25, 2023



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
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RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

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

Honorable Mayor and
Members of City Council
Farmington, Utah

Report On Compliance

We have audited Farmington City's 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, 2023.

State compliance requirements were tested for the year ended June 30, 2023, in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Restricted Taxes and Related Revenues
- Government Fees
- Fraud Risk Assessment
- Open and Public Meetings Act

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, Farmington City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

Report On Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Provo, Utah
November 25, 2023