

Annual Comprehensive Financial Report



FARMINGTON

MORE TIME FOR LIVING

Farmington City Corporation
Farmington, Utah

Fiscal Year Ended
June 30, 2024

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of

FARMINGTON CITY CORPORATION
FARMINGTON, UTAH

Fiscal Year Ended
June 30, 2024

Mayor

Brett Anderson

City Council

Roger Child

Scott Isaacson

Melissa Layton

Amy Shumway

Alex Leeman

City Manager

Brigham Mellor

Finance Director

Greg Davis

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INTRODUCTORY SECTION



December 26, 2024

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, 2024. 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 unmodified 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 several 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. The majority of the infrastructure, including central roads in the business park, have been completed.

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 23 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 aiding 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 and Assistant City Manager Chad Boshell, who are dedicated to providing quality and conscientious service to this community.

Sincerely,



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

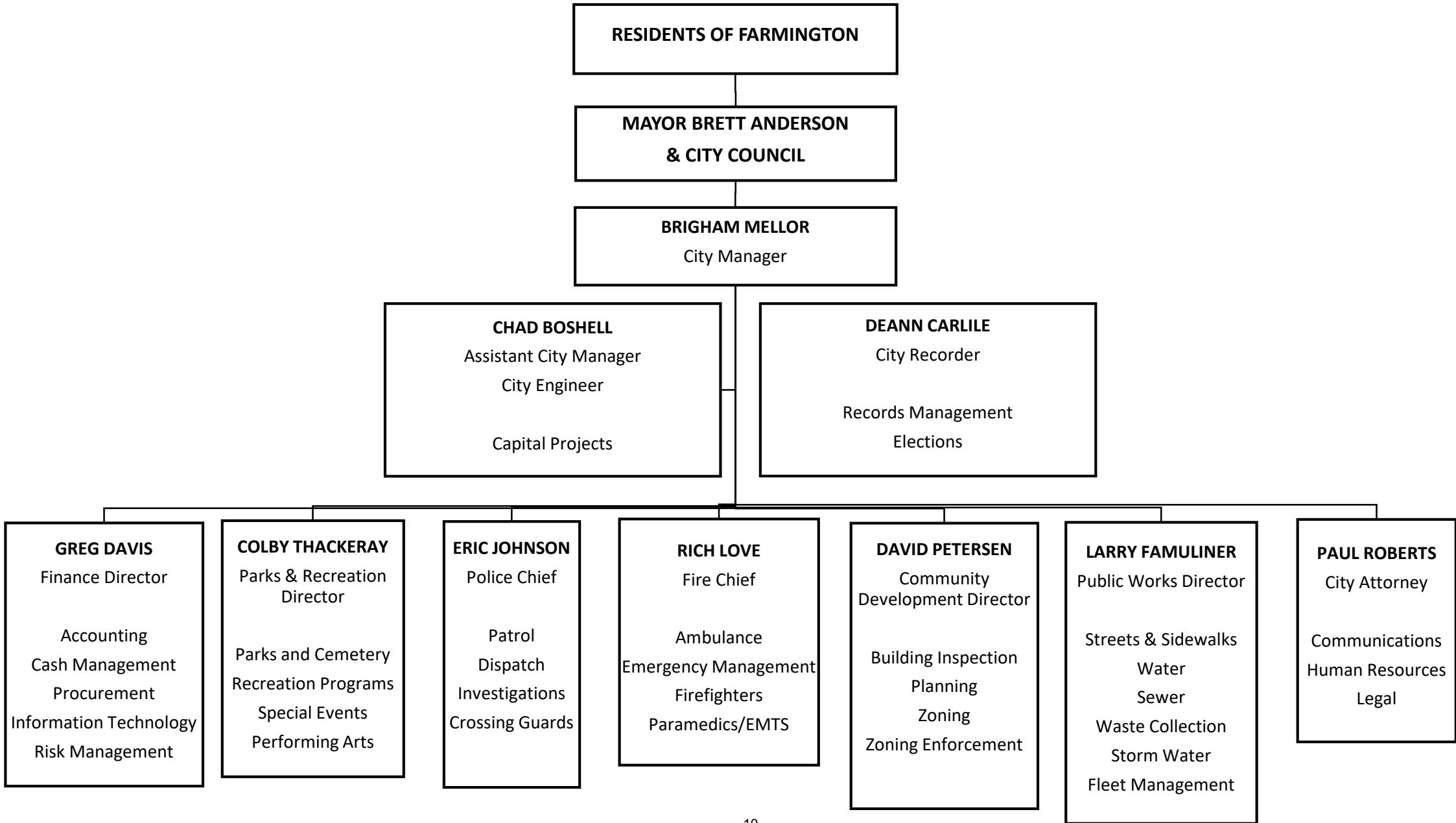
June 30, 2023

Christopher P. Morill

Executive Director/CEO

**Farmington City Officials
June 30, 2024**

Mayor	Brett Anderson
Council Members	Roger Childs 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



FINANCIAL SECTION



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, 2024, 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, 2024, 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 December 26, 2024 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

December 26, 2024

Management's Discussion and Analysis **Fiscal Year ended June 30, 2024**

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 fourteen (14) 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 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$37,968,165	\$27,808,060	\$23,724,874	\$22,680,789	\$61,693,039	\$50,488,849
Capital assets	118,957,733	108,153,669	35,561,006	33,186,136	154,518,739	141,339,805
Total assets	156,925,898	135,961,729	59,285,880	55,866,925	216,211,778	191,828,654
Total deferred outflows resources	2,002,747	1,462,864	594,850	349,855	2,597,597	1,812,719
Short-term liabilities	6,506,918	5,963,425	4,365,699	4,038,618	10,872,617	10,002,043
Current Portion of Long-term liabilities	1,534,896	1,644,212	394,843	385,993	1,929,739	2,030,205
Due in More Than One Year	5,315,851	5,998,079	7,018,176	7,119,313	12,334,027	13,117,392
Total liabilities	13,357,665	13,605,716	11,778,718	11,543,924	25,136,383	25,149,640
Total deferred inflows of resources	6,385,882	5,279,121	30,075	23,884	6,415,957	5,303,005
Net Position:						
Net investment in capital assets	114,039,005	102,164,993	35,756,342	33,142,474	149,795,347	135,307,467
Restricted	7,304,924	9,550,288	2,293,741	3,382,854	9,598,665	12,933,142
Unrestricted	17,841,169	6,824,475	10,021,854	8,123,644	27,863,023	14,948,119
Total net position	\$139,185,098	\$118,539,756	\$48,071,937	\$44,648,972	\$187,257,035	\$163,188,728

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	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$2,055,056	\$1,703,342	\$11,693,864	\$11,041,861	\$13,748,920	\$12,745,203
Operating grants and contributions	1,261,274	1,079,176	5,873	2,384	1,267,147	1,081,560
Capital grants and contributions	14,318,771	14,092,175	1,891,777	3,197,540	16,210,548	17,289,715
General revenues:						
Property taxes	5,453,117	4,076,209	-	-	5,453,117	4,076,209
Sales and use tax	9,021,796	8,819,178	-	-	9,021,796	8,819,178
Franchise tax	373,039	348,309	-	-	373,039	348,309
Energy & use tax	1,631,354	1,595,733	-	-	1,631,354	1,595,733
Interest earnings	1,067,944	792,746	857,347	607,030	1,925,291	1,399,776
Net (decrease) fair value investment	337,880	(102,601)	147,845	(36,206)	485,725	(138,807)
Insurance Proceeds & Rebates	36,570	157,649	-	-	36,570	157,649
Gain on sale of assets	5,382,480	312,543	-	-	5,382,480	312,543
Total revenues	40,939,281	32,874,459	14,596,706	14,812,609	55,535,987	47,687,068
Expenses:						
General government	3,285,809	2,418,273	-	-	3,285,809	2,418,273
Public safety	8,331,830	7,625,164	-	-	8,331,830	7,625,164
Highways and public works	3,945,474	10,064,115	-	-	3,945,474	10,064,115
Parks and Cemetery	1,975,974	2,141,020	-	-	1,975,974	2,141,020
Community Development	1,427,580	1,471,679	-	-	1,427,580	1,471,679
Economic Development	88,164	157,108	-	-	88,164	157,108
Interest on long-term debt	130,593	149,740	-	-	130,593	149,740
Water Utility	-	-	3,098,714	2,959,342	3,098,714	2,959,342
Sewer Utility	-	-	2,565,507	2,945,868	2,565,507	2,945,868
Garbage Utility	-	-	1,884,048	1,788,154	1,884,048	1,788,154
Storm Water Utility	-	-	1,251,922	1,177,221	1,251,922	1,177,221
Ambulance Service	-	-	658,409	2,152,468	658,409	2,152,468
Transportation Utility	-	-	437,890	417,494	437,890	417,494
Recreation	-	-	2,385,766	2,021,815	2,385,766	2,021,815
Total expenses	19,185,424	24,027,099	12,282,256	13,462,362	31,467,680	37,489,461
Excess (deficiency) before transfers	21,753,857	8,847,360	2,314,450	1,350,247	24,068,307	10,197,607
Transfers	(1,108,515)	(682,000)	1,108,515	682,000	-	-
Increase (decrease) in net position	20,645,342	8,165,360	3,422,965	2,032,247	24,068,307	10,197,607
Net position - beginning	118,539,756	110,374,396	44,648,972	42,616,725	163,188,728	152,991,121
Net position - ending	\$139,185,098	\$118,539,756	\$48,071,937	\$44,648,972	\$187,257,035	\$163,188,728

Significant Changes from the Prior Year

Revenues: Charges for services increased year over year by \$1,004,000 due to development (building permits), growth, a new property lease, and utility rate increases. Capital grants and contributions decreased by over \$1M from year to year due to large-dollar, one-time FY23 transactions related to the business park and other various developments. Property taxes increased by \$1,377,000 due to the rate increase approved by the city council mostly for public safety (three new police officers) and to cover inflationary impacts, including on wages. Interest earnings and ‘changes in the fair value of investments’ contributed \$1,150,000 more than in the prior fiscal year toward net position. In FY24 the city recorded a gain on sale of property of over \$5M (land for a satellite campus of Weber State University).

General government: FY24 showed an increase to expenditures of \$868,000 due to employee pay rate increases, full-year position costs for two positions added during FY23 (communications specialist, in-house city attorney), building improvements and equipment replacements (lighting, boilers, water heaters), additional IT costs (enhanced contracted services and cybersecurity), employee wellness program expansion, and inflationary budget increases to many items (e.g. wages and fuel).

Public safety: During FY24 the city added three new full-time police officer positions and two new battalion chief positions in the Fire Department. The financial report reflects the cost increase for wages and outfitting (vehicles, uniforms, laptops, radios, etc.).

Highways and public works: A reduction in FY24 compared to FY23 was the result of the timing of large-dollar outlay for business park roads and highway interchanges.

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

The General Fund's ending unrestricted fund balance as a percentage of revenues was 37.7%. 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 – During FY24 this fund purchased land bordering the business park, at a cost of \$926,000. The final year of debt service (\$178,000) for the Regional Park on 650 West is FY25.

Station Park RDA Fund – During FY24 this fund incurred \$397,000 to bury power lines on Clark Lane, as a component of the Western Sports Park renovation project.

Debt Service Funds

RAP Sales Tax Revenue Bond Fund – No significant balances or transactions. The final year of debt service (\$384,000) for the Regional Park on 650 West is FY25.

Police Sales Tax Revenue Bond Fund – The final year of debt service (\$384,000) for the Regional Park on 650 West is FY25.

Parks G.O. Bond Fund – No significant balances or transactions. The final year of debt service (averaging \$409,000 per year) for the Regional Park on 650 West is FY35.

Capital Improvement Funds

Class C and Local Transportation Sales Tax Fund – During FY24 the Public Works Department put an emphasis on improving the condition of sidewalks, spending \$128,000 more than in the previous fiscal year.

Government Buildings Fund – Due to delays, two-years' worth of funding (\$937,500) for a particular capital project was transferred back to the General Fund.

Capital Streets Fund – Substantial progress was made during FY24 with the business park roadways and interchanges for the West Davis Corridor. Thus, the construction costs decreased from FY23 to FY24 by almost \$10,000,000. Large-dollar contributions toward the business park were received from the Davis County Community and Economic Development Department (\$5,454,000) and the State of Utah (\$5,300,000). This demonstrates the recognition of the economic impact and other benefits that the business park will provide to not only Davis County but much of northern Utah. The General Fund also transferred \$406,000 to this fund in FY24. Transportation impact fees, always subject to timing of development projects, decreased from year-to-year by \$265,000 (46%). However, these fees are expected to increase substantially when the business park development gains momentum. The final year of debt service for street light replacement is FY25.

Capital Equipment Fund – Overall, purchases (and a funding transfer from the General Fund) were less in FY24 since the FY23 budget included vehicle purchases for the three new police officer positions. However, more was spent toward replacement of Park Maintenance vehicles and equipment.

Real Property Fund – During FY24, the City sold a large parcel of property to Weber State University for a future satellite campus. The majority of the sale proceeds (\$5.4M) were transferred to the General Fund and the Park Improvement Fund, returning cash that had been used from those funds during FY23 to accommodate the acquisition of the Rock Grist Mill property.

Park Improvement Fund – Due to the concerns with slowing of sales tax growth and economy in general, the xeriscaping project was postponed and the funding originally from FY23 (\$650,000) was transferred back to the General Fund. Park impact fees collected during FY24 totaled \$514,000, an increase of 63%. This fund received a \$3.8M transfer of cash from the Real Property Fund as reimbursement for fronting cash during FY23 for the purchase of the Rock Grist Mill property. Major capital projects during FY24 were replacement of playground equipment at Preserve Park and surface treatments of parking lots for multiple parks. The final year of debt service for the Regional Park on 650 West is FY26.

Capital Fire Fund – Work on a new west-side fire station began during FY24. Costs of more than \$1.1M were incurred were for design, geotechnical studies, and earthwork. Impact fees collected totaled \$177,000, and increase of \$131,000 from the prior year. The final year of debt service for the ladder truck is FY25.

Permanent Fund

Cemetery Perpetual Fund – Revenue from sale of burial rights and marker fees were almost \$25,000, an increase of \$14,000 from the prior year.

Enterprise Funds

Water Utility Fund – Farmington City provides *culinary* water to Farmington residents and businesses through two sources. First, city-owned and operated wells provide over 75% of the city’s culinary water supply. The remainder is purchased from the Weber Basin Water Conservancy District. The provision of secondary/irrigation is providing by entities that are separate from the City.

Aging infrastructure and steady growth place significant pressure on the Water Fund’s budget. Routine fee increases are needed to keep up with inflation, provide funding toward improvement projects, meet debt obligations, and sustain a reasonable cash reserves balance. The FY24 budget included a 13% water rate increase, and actual customer billings increased by approximately \$500,000.

The FY24 budget also provided funding for a new, full-time water maintenance worker position. 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. Those projects were in the design stage during FY24. 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 were still held and restricted at June 30, 2024 and will be used in conjunction with the bond proceeds to construct new water infrastructure during FY25. 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 – The Sewer Utility Fund is used to account for the collection and remittance of sewer billings to Central Davis Sewer District (Central Davis). Central Davis constructs, operates, and maintains the sewer lines. Farmington City bills on behalf of Central Davis, retaining a small amount to compensate for Farmington's administrative overhead. The FY24 budget included a utility rate increase enacted by the sewer district. Between a growth in accounts and the rate increase, approximately 17% more was collected and transmitted to the sewer district in FY24 as compared to FY23.

Garbage Utility Fund – The Garbage Utility Fund is used to account for the revenues and expenses associated with providing waste collection services. The FY24 budget included a 14% fee increase to accommodate the increased costs to the city from contracted service providers.

Storm Water Utility Fund – The Storm Water Utility Fund is used to account for the revenues and expenses associated with the conveyance of the City's storm water. The FY24 budget included a 17% increase in the storm water utility fee necessitated by a reallocation of employee wages to the storm water fund from the water fund and an additional, full-time storm water maintenance worker position.

Ambulance Service Fund – During FY23, Farmington City requested aging reports from contracted collection agencies. These reports showed a significantly lower stated value 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 as compared to \$810,000 for FY24.

Transportation Utility Fund – The Transportation Utility Fund was established during FY19 to provide for additional street/road maintenance needs. Since FY19, this fund has used all the revenue collected each for the intended purposes of the fee. Beginning in FY24, the Transportation Utility Fund enacted a 13.3% rate increase and began to accumulate a balance in anticipation of certain large-dollar road projects.

Recreation Fund – Farmington City's Recreation Fund receives an operations subsidy (transfer) each year from the General Fund. The amount of the FY24 transfer was \$1,139,000, down \$74,000 from the prior fiscal year. Wages and benefits increased year-to-year by \$290,000 due to reclasses, COLA, and market adjustments.

BUDGETARY HIGHLIGHTS

Significant variations between original and final budget amounts

During FY24, as requested by Administration, the Farmington City Council adopted amendments to various fund and department budgets. Some major amendments for various transactions were as follows:

- Purchase of land bordering the business park, at a cost of \$926,000, US 89 RDA Fund
- Planning and design for a new park in the business park, \$218,000 expense increase, Parks Capital Improvement Fund
- Master plan study for Parks, \$120,000 expenditure increase, Parks Capital Improvement Fund
- Ambulance purchase, \$248,000 rollover from prior year, Ambulance Fund
- Grant ‘first responders mental health’ from the State of Utah, \$119,345, revenue and expenditure increase
- Security services \$188,000 revenue and expenditure decreases, General Fund police department, removing original budgets for an anticipated support agreement that didn’t materialize for a local theme park
- IT support and cybersecurity enhancements, \$85,000, General Fund Administration
- Sewer billings collections and remittances to Central Davis Sewer District, \$146,000 higher than originally budgeted
- Streets vehicle purchase budget rollover, \$60,000, Capital Equipment Fund
- Business Park development - infrastructure costs due to the timing of the project and not scope or price increases, affecting multiple funds:
 - Sewer Fund, \$37,500 increase
 - Storm Water Fund, \$1,960,000 increase
 - Streets Capital Improvement Fund, \$5,100,000 increase
 - Water Fund, \$37,000 increase
- West Davis Corridor inspections, reimbursed by UDOT, \$535,000 expenditure and revenue increases, Capital Streets Improvement Fund

Significant variations between final budget amounts and results of operations

General Fund Revenue Variances:

Taxes – Property taxes had a favorable variance of \$282,000 due to growth in taxable properties. Sales tax came was \$781,000 less than budgeted. This was a result of sales not growing as quickly as had been anticipated. The FY24 budget was set at a 7.7% increase over the *budgeted* FY23 revenue but came in at only a 2.4% increase over *actuals* for FY23. Trends in Farmington City’s sales tax levels were similar with those of the region. Energy sales and use tax receipts were \$151,000 better than budget.

Interest revenue – Due to higher-than-anticipated rates and cash investment balances, interest received exceeded budget by 69,000.

General Fund Expenditure Variances:

Administration – This program had savings in software, telecommunications, and municipal elections expenditures (primary election budgeted but not held).

Building Department – Certain building and equipment improvements and replacements were postponed due to sales tax revenue concerns.

Community Development/Planning and Zoning – A delay in projects resulted in temporary savings with contracted professional services (\$103,000).

Inspection Department – Due to the temporary slowing in development, this department spent less than budgeted (\$86,000) for its contracted building inspection services.

Police Department – This department experienced vacancy savings from the delay in filling the three new police officer positions and other position vacancies (wages, benefits, and outfitting).

Other Financing Sources (Uses): The city entered into an agreement to finance the purchase of police department cameras (body and in-vehicle) for \$222,000. The financing proceeds weren't budgeted.

CAPITAL ASSETS

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

Significant additions to capital assets used in governmental activities during FY24 using governmental funds included:

- Business park/North Farmington Station roads and infrastructure partial development (\$8,511,000)
- Developer-contributed street and sidewalk infrastructure (\$1,233,000)
- Land purchase north of the business park (\$926,000)
- Fire station design and site improvements (\$1,140,000)
- Street overlays (\$545,000)
- Park design, in business park (\$246,000)
- Clarke Lane curb, gutter, and sidewalk in conjunction with the Western Sports Park (\$397,000)
- Various vehicles and equipment (\$1,196,000)

Significant additions to capital assets used in business-type activities during FY24 using enterprise funds included:

- Developer-contributed storm water infrastructure (\$514,000)
- Developer-contributed water infrastructure (\$593,000)
- Business park/North Farmington Station roads and infrastructure partial development (\$818,000)
- Street surface treatments (\$380,000)

- Watermain 550 N 200 E (\$170,000)
- Ambulance and gurney (\$278,000)
- Detention basin land (\$573,000)

The North Farmington Station development (business park) is a multi-year project and financial commitment. Construction continued during FY24 and will continue in FY25 and possibly beyond. Farmington City did not dispose of any significant governmental assets nor enterprise assets during FY24. 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– Governmental and Business-type (net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Water Rights	\$-	\$ -	\$25,717	\$25,717	\$25,717	\$25,717
Land	41,961,209	40,959,702	918,347	345,526	42,879,556	41,305,228
Construction in progress	23,621,076	13,538,455	2,386,101	1,470,656	26,007,177	15,009,111
Buildings	14,877,179	15,223,571	795,348	768,879	15,672,527	15,992,450
Improvements	14,151,045	14,696,283	15,873,068	16,293,717	30,024,113	30,990,000
Machinery & Equipment	4,332,742	3,851,696	2,220,457	1,811,266	6,553,199	5,662,962
Infrastructure	19,847,492	19,854,533	13,341,967	12,470,376	33,189,459	32,324,909
Right to Use Assets	166,990	29,429	-	-	166,990	29,429
Total	\$118,957,733	\$108,153,669	\$35,561,005	\$33,186,137	\$154,518,738	\$141,339,806

LONG-TERM DEBT

Farmington City had no other significant debt activity during FY24. Please see Note 9 for more detailed information long-term debt activity. The following table provides year-to-year comparisons of outstanding long-term debt.

Outstanding Long-term Debt – Governmental and Business-type

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$3,785,000	\$4,080,000	\$ -	\$ -	\$3,785,000	\$4,080,000
Revenue Bonds	909,000	1,752,000	6,806,000	7,045,000	7,715,000	8,797,000
Unamortized Bond Premium	44,489	48,534	-	-	44,489	48,534
Lease Payable	180,239	108,142	-	-	180,239	108,142
Compensated Absences	551,977	548,427	197,123	195,991	749,100	744,418
Net Pension Liability	1,380,042	1,105,188	409,896	264,314	1,789,938	1,369,502
Total	\$6,850,747	7,642,291	\$7,413,019	7,505,305	\$14,263,766	15,147,596

KNOWN FACTS EXPECTED TO IMPACT NET POSITION

As part of the FY25 budgeting process, the city council adopted rate increases for customer utilities, ranging from 3% to 6.7%. These rate increases will have a positive impact on the stability of the enterprise funds. In addition, in a truth-in-taxation hearing held in August 2024, the city council adopted a 27% property tax increase that will generate approximately \$1,000,000 of additional, ongoing revenue for the General Fund. This property tax increase will help cover inflationary impacts on payroll, supplies, and services. Regarding payroll, the FY25 pay increases included a 5% combination of cost-of-living adjustment and merit pay for all full-time, regular part-time employees, and elected officials. Market pay adjustments were budgeted for certain positions lagging behind peers in other government entities, including an additional pay rate increase of 15% for sworn officers. The city must provide competitive pay in order to retain competent staffing.

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, 2024

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 22,259,450	\$ 9,453,691	\$ 31,713,141
Receivables:			
Taxes	7,188,431	-	7,188,431
Accounts (net of allowance)	108,834	1,381,389	1,490,223
Intergovernmental	298,022	-	298,022
Interest	18,983		18,983
Leases	958,627	-	958,627
Restricted cash and cash equivalents	6,832,135	12,799,594	19,631,729
Net pension asset	303,683	90,200	393,883
Capital assets (not being depreciated):			
Water shares/rights	-	25,717	25,717
Land	41,961,209	918,348	42,879,557
Construction in progress	24,290,136	2,386,101	26,676,237
Capital Assets (net of accumulated depreciation):			
Buildings	14,938,145	795,348	15,733,493
Improvements	15,255,345	15,873,068	31,128,413
Machinery and equipment	4,245,824	13,341,967	17,587,791
Infrastructure	18,100,084	2,220,457	20,320,541
Right to use assets	166,990	-	166,990
Total assets	<u>156,925,898</u>	<u>59,285,880</u>	<u>216,211,778</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension related costs	2,002,747	594,850	2,597,597
Total Deferred outflow of resources	<u>2,002,747</u>	<u>594,850</u>	<u>2,597,597</u>
LIABILITIES			
Accounts payable	3,646,035	742,692	4,388,727
Accrued liabilities	342,058	267,188	609,246
Accrued Interest Payable	27,074	23,370	50,444
Unearned revenue	-	2,998,886	2,998,886
Developer and customer deposits	2,491,751	333,563	2,825,314
Non current liabilities:			
Due within one year	1,534,896	394,843	1,929,739
Due in more than one year	5,315,851	7,018,176	12,334,027
Total liabilities	<u>13,357,665</u>	<u>11,778,718</u>	<u>25,136,383</u>
DEFERRED INFLOW OF RESOURCES			
Deferred property taxes levied for future years	5,326,000	-	5,326,000
Deferred - Leases	958,627	-	958,627
Pension related costs	101,255	30,075	131,330
Total Deferred inflow of resources	<u>6,385,882</u>	<u>30,075</u>	<u>6,415,957</u>
NET POSITION			
Net investment in capital assets	114,039,005	35,756,342	149,795,347
Restricted for:			
Net Pension Assets	303,683	90,200	393,883
Liquor Law	12,282	-	12,282
Class C roads	2,358,594	-	2,358,594
Perpetual care	112,355	-	112,355
Debt service	43,253	-	43,253
Impact fee	2,408,302	2,203,541	4,611,843
Redevelopment	2,066,455	-	2,066,455
Unrestricted	17,841,169	10,021,854	27,863,023
Total net position	<u>\$ 139,185,098</u>	<u>\$ 48,071,937</u>	<u>\$ 187,257,035</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, 2024**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,285,809	\$ 277,608	\$ -	\$ -	\$ (3,008,201)	\$ -	\$ (3,008,201)
Public safety	8,331,830	612,536	154,105	204,108	(7,361,081)	-	(7,361,081)
Highways and public works	3,945,474	52,726	1,107,169	13,590,176	10,804,597	-	10,804,597
Parks and cemetery	1,975,974	130,536	-	524,487	(1,320,951)	-	(1,320,951)
Community development	1,427,580	981,650	-	-	(445,930)	-	(445,930)
Economic development	88,164	-	-	-	(88,164)	-	(88,164)
Interest on long-term debt	130,593	-	-	-	(130,593)	-	(130,593)
Total governmental activities	<u>19,185,424</u>	<u>2,055,056</u>	<u>1,261,274</u>	<u>14,318,771</u>	<u>(1,550,323)</u>	<u>-</u>	<u>(1,550,323)</u>
Business-type activities:							
Water utility	3,098,714	3,174,133	-	1,164,083	-	1,239,502	1,239,502
Sewer utility	2,565,507	2,597,743	-	-	-	32,236	32,236
Garbage utility	1,884,048	2,106,701	-	-	-	222,653	222,653
Storm water utility	1,251,922	1,105,047	-	727,694	-	580,819	580,819
Ambulance service	658,409	878,033	5,873	-	-	225,497	225,497
Transportation utility	437,890	709,979	-	-	-	272,089	272,089
Recreation	2,385,766	1,122,228	-	-	-	(1,263,538)	(1,263,538)
Total business-type activities	<u>12,282,256</u>	<u>11,693,864</u>	<u>5,873</u>	<u>1,891,777</u>	<u>-</u>	<u>1,309,258</u>	<u>1,309,258</u>
Total primary government	<u>\$ 31,467,680</u>	<u>\$ 13,748,920</u>	<u>\$ 1,267,147</u>	<u>\$ 16,210,548</u>	<u>(1,550,323)</u>	<u>1,309,258</u>	<u>(241,065)</u>
General revenues:							
Property taxes					\$ 5,453,117	\$ -	\$ 5,453,117
General sales and use tax					9,021,796	-	9,021,796
Franchise taxes					373,039	-	373,039
Energy use tax					1,631,354	-	1,631,354
Interest earnings					1,067,944	857,347	1,925,291
Increase in fair value					337,880	147,845	485,725
Insurance proceeds & Rebates					36,570	-	36,570
Gain (loss) on sale of capital assets					5,382,480	-	5,382,480
Transfers					(1,108,515)	1,108,515	-
Total general revenues and transfers					<u>22,195,665</u>	<u>2,113,707</u>	<u>24,309,372</u>
Change in net position					<u>20,645,342</u>	<u>3,422,965</u>	<u>24,068,307</u>
Net position- beginning					<u>118,539,756</u>	<u>44,648,972</u>	<u>163,188,728</u>
Net position - ending					<u>\$ 139,185,098</u>	<u>\$ 48,071,937</u>	<u>\$ 187,257,035</u>

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

FARMINGTON CITY CORPORATION

**Balance Sheet
Governmental Funds
June 30, 2024**

	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	\$ 7,463,410	\$ -	\$ -	\$ 7,923,957	\$ 4,401,682	\$ 2,470,401	\$ 22,259,450
Receivables	-						
Taxes	6,778,431	-	-	-	-	410,000	7,188,431
Accounts receivable (net of allowance)	108,834	-	-	-	-	-	108,834
Intergovernmental	-	-	-	99,491	-	198,531	298,022
Leases	958,627	-	-	-	-	-	958,627
Interest	18,983	-	-	-	-	-	18,983
Restricted cash and cash equivalents	12,282	217,973	1,848,482	-	2,300,125	2,453,273	6,832,135
Total assets	<u>\$ 15,340,567</u>	<u>\$ 217,973</u>	<u>\$ 1,848,482</u>	<u>\$ 8,023,448</u>	<u>\$ 6,701,807</u>	<u>\$ 5,532,205</u>	<u>\$ 37,664,482</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 471,131	\$ -	\$ -	\$ 2,212,866	\$ 256,898	\$ 705,140	\$ 3,646,035
Accrued liabilities	342,058	-	-	-	-	-	342,058
Developer and customer deposits	2,404,772	-	-	86,979	-	-	2,491,751
Total liabilities	<u>3,217,961</u>	<u>-</u>	<u>-</u>	<u>2,299,845</u>	<u>256,898</u>	<u>705,140</u>	<u>6,479,844</u>
Deferred inflows of Resources:							
Deferred property taxes levied for future years	4,916,000	-	-	-	-	410,000	5,326,000
Deferred inflows related to leases	958,627	-	-	-	-	-	958,627
Total deferred inflows of resources	<u>5,874,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,000</u>	<u>6,284,627</u>
Fund Balances:							
Restricted for:							
Class C roads	-	-	-	-	-	2,358,594	2,358,594
Liquor law	12,282	-	-	-	-	-	12,282
Perpetual care	-	-	-	-	-	112,355	112,355
Debt service	-	-	-	-	-	43,253	43,253
Impact fees	-	-	-	-	2,300,125	108,177	2,408,302
Redevelopment	-	217,973	1,848,482	-	-	-	2,066,455
Assigned, for:							
Debt Service	-	-	-	-	-	165,997	165,997
Capital projects	-	-	-	5,723,603	4,144,784	1,628,689	11,497,076
Unassigned:	6,235,697	-	-	-	-	-	6,235,697
Total fund balances	<u>6,247,979</u>	<u>217,973</u>	<u>1,848,482</u>	<u>5,723,603</u>	<u>6,444,909</u>	<u>4,417,065</u>	<u>24,900,011</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,340,567</u>	<u>\$ 217,973</u>	<u>\$ 1,848,482</u>	<u>\$ 8,023,448</u>	<u>\$ 6,701,807</u>	<u>\$ 5,532,205</u>	<u>\$ 37,664,482</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, 2024

Total fund balances - governmental fund types: \$ 24,900,011

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	\$ 185,609,651	
Accumulated depreciation	(66,651,918)	
		118,957,733

Long-term assets, which include net pension assets, are not available to pay for current period expenditures and, therefore, are deferred in the funds. 303,683

Accrued interest is not recorded in the funds. (27,074)

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	(4,694,000)	
Leases payable	(180,239)	
Compensated absences	(551,977)	
Bond premium	(44,489)	
Net pension liability	(1,380,042)	
		(6,850,747)

Deferred inflows and outflows of resources related to pensions are not available financial resources and are not reported in the governmental funds. 1,901,492

Net position of government activities \$ 139,185,098

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Special Revenue		Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
		US-89 RDA	Station Park RDA	Street Improvements	Park Improvements		
REVENUES							
Taxes	\$ 14,123,419	\$ 171,142	\$ 371,740	\$ -	\$ -	1,813,006	\$ 16,479,307
Licenses and permits	896,952	-	-	-	-	-	896,952
Intergovernmental	568,133	-	-	-	-	1,101,863	1,669,996
Fines and forfeitures	232,336	-	-	-	-	-	232,336
Charges for services	401,392	-	-	48,208	-	24,663	474,263
Impact fees	-	-	-	312,557	514,487	275,356	1,102,400
Contributions	-	-	-	11,946,029	-	-	11,946,029
Interest	152,936	43,385	75,350	306,353	228,930	260,990	1,067,944
Increase in fair value of Investments	51,233	11,986	23,347	114,049	61,756	75,509	337,880
Miscellaneous	116,725	-	-	-	-	-	116,725
Total revenues	<u>16,543,126</u>	<u>226,513</u>	<u>470,437</u>	<u>12,727,196</u>	<u>805,173</u>	<u>3,551,387</u>	<u>34,323,832</u>
EXPENDITURES							
Current:							
General government	2,674,155	1,450	410,031	-	-	-	3,085,636
Public safety	7,498,997	-	-	-	-	-	7,498,997
Highways and public works	908,947	-	-	-	-	-	908,947
Parks and cemetery	1,412,312	-	-	-	-	-	1,412,312
Community development	1,445,639	-	-	-	-	-	1,445,639
Economic development	94,435	-	-	-	-	-	94,435
Debt service:							
Principal retirement	55,663	171,732	-	64,734	165,671	830,755	1,288,555
Interest and fiscal charges	-	4,475	-	1,519	5,888	125,009	136,891
Capital outlay	-	925,507	-	9,215,575	1,046,149	3,302,099	14,489,330
Total expenditures	<u>14,090,148</u>	<u>1,103,164</u>	<u>410,031</u>	<u>9,281,828</u>	<u>1,217,708</u>	<u>4,257,863</u>	<u>30,360,742</u>
Excess revenues over (under) expenditures	<u>2,452,978</u>	<u>(876,651)</u>	<u>60,406</u>	<u>3,445,368</u>	<u>(412,535)</u>	<u>(706,476)</u>	<u>3,963,090</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	546	-	-	100	-	5,456,320	5,456,966
Issuance of Debt	222,652	-	-	-	-	-	222,652
Transfers in	3,517,500	-	-	406,000	4,990,300	1,959,100	10,872,900
Transfers out	<u>(4,680,467)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(650,000)</u>	<u>(6,650,948)</u>	<u>(11,981,415)</u>
Total other financing sources and uses	<u>(939,769)</u>	<u>-</u>	<u>-</u>	<u>406,100</u>	<u>4,340,300</u>	<u>764,472</u>	<u>4,571,103</u>
Net change in fund balance	1,513,209	(876,651)	60,406	3,851,468	3,927,765	57,996	8,534,193
Fund balances - beginning of year	4,734,770	1,094,624	1,788,076	1,872,135	2,517,144	4,359,069	16,365,818
Fund balances - end of year	<u>\$ 6,247,979</u>	<u>\$ 217,973</u>	<u>\$ 1,848,482</u>	<u>\$ 5,723,603</u>	<u>\$ 6,444,909</u>	<u>\$ 4,417,065</u>	<u>\$ 24,900,011</u>

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, 2024

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

Net changes in fund balances - total governmental funds		\$ 8,534,193
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.		(4,157,622)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.		13,803,203
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.		1,232,969
Government funds have proceeds from the sale of assets as revenue. However, the statement of activities reports the gain or loss on the sale of assets.		(74,486)
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:		
Lease Proceeds	(222,652)	
Bonds payable	\$ 1,138,000	
Leases payable	150,555	
		1,065,903
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.		238,434
In the Statement of Activities, accrued interest on debt is recorded.		2,253
The Statement of Activities reports the allocation of the deferred loss on bond refunding as interest expense which is not reported on the fund statements.		-
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.		(3,550)
Certain revenue is deferred in the governmental funds but is not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.		-
Change in net position of governmental activities		\$ 20,645,342

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 14,376,000	\$ 14,376,000	\$ 14,123,419	\$ (252,581)
Licenses and permits	826,500	826,500	896,952	70,452
Intergovernmental	382,150	506,495	568,133	61,638
Fines and forfeitures	165,000	165,000	232,336	67,336
Charges for services	465,990	278,460	401,392	122,932
Interest	51,500	51,500	152,936	101,436
Decrease in fair value of investments	-	-	51,233	51,233
Miscellaneous	31,500	31,500	116,725	85,225
Total revenues	<u>16,298,640</u>	<u>16,235,455</u>	<u>16,543,126</u>	<u>307,671</u>
EXPENDITURES				
Current:				
General government:				
Legislative	158,071	158,071	134,275	23,796
Administration	1,451,960	1,536,961	1,381,527	155,434
City attorney	577,012	577,012	549,307	27,705
General buildings	728,976	758,249	609,046	149,203
Total general government	<u>2,916,019</u>	<u>3,030,293</u>	<u>2,674,155</u>	<u>356,138</u>
Public safety				
Police department	4,929,005	4,716,316	4,655,210	61,106
Fire department	2,747,441	2,955,179	2,843,787	111,392
Total public safety	<u>7,676,446</u>	<u>7,671,495</u>	<u>7,498,997</u>	<u>172,498</u>
Highways and public works	958,904	958,904	908,947	49,957
Total highways and public works	<u>958,904</u>	<u>958,904</u>	<u>908,947</u>	<u>49,957</u>
Community development				
Engineering	223,908	223,908	196,077	27,831
Planning and zoning	867,343	867,343	716,178	151,165
Inspection	644,130	644,130	533,384	110,746
Total community development	<u>1,735,381</u>	<u>1,735,381</u>	<u>1,445,639</u>	<u>289,742</u>
Economic development	171,740	171,740	94,435	77,305
Parks and cemetery	1,448,911	1,480,461	1,412,312	68,149
Debt Service				
Principal	55,663	55,663	55,663	-
Total expenditures	<u>14,963,064</u>	<u>15,103,937</u>	<u>14,090,148</u>	<u>1,013,789</u>
Excess (deficit) of revenues over (under) expenditures	<u>1,335,576</u>	<u>1,131,518</u>	<u>2,452,978</u>	<u>1,321,460</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	546	546
Issuance of Debt	-	-	222,652	222,652
Transfers in	2,230,000	3,817,500	3,517,500	(300,000)
Transfers out	(4,620,467)	(4,620,467)	(4,680,467)	(60,000)
Total other financing sources (uses)	<u>(2,390,467)</u>	<u>(802,967)</u>	<u>(939,769)</u>	<u>(136,802)</u>
Net change in fund balance	(1,054,891)	328,551	1,513,209	1,184,658
Fund balances - beginning	4,734,770	4,734,770	4,734,770	-
Fund balances - ending	<u>\$ 3,679,879</u>	<u>\$ 5,063,321</u>	<u>\$ 6,247,979</u>	<u>\$ 1,184,658</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
US 89 Redevelopment Agency Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 183,000	\$ 183,000	\$ 171,142	\$ (11,858)
Interest	6,000	6,000	43,385	37,385
Increase in fair value			11,986	11,986
Total revenues	<u>189,000</u>	<u>189,000</u>	<u>226,513</u>	<u>37,513</u>
EXPENDITURES				
General Government	8,900	8,900	1,450	7,450
Debt service				
Principal	171,732	171,732	171,732	-
Interest and fees	4,173	4,173	4,475	(302)
Capital Outlay		926,000	925,507	493
Total expenditures	<u>184,805</u>	<u>1,110,805</u>	<u>1,103,164</u>	<u>7,641</u>
Excess (deficit) of revenues over (under) expenditures	<u>4,195</u>	<u>(921,805)</u>	<u>(876,651)</u>	<u>45,154</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4,195	(921,805)	(876,651)	45,154
Fund balances - beginning	<u>1,094,624</u>	<u>1,094,624</u>	<u>1,094,624</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,098,819</u>	<u>\$ 172,819</u>	<u>\$ 217,973</u>	<u>\$ 45,154</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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 455,000	\$ 455,000	\$ 371,740	\$ (83,260)
Interest	7,000	7,000	75,350	68,350
Increase in fair value			23,347	23,347
Miscellaneous	-	-	-	-
Total revenues	<u>462,000</u>	<u>462,000</u>	<u>470,437</u>	<u>8,437</u>
EXPENDITURES				
General Government	<u>15,000</u>	<u>416,000</u>	<u>410,031</u>	<u>5,969</u>
Total expenditures	<u>15,000</u>	<u>416,000</u>	<u>410,031</u>	<u>5,969</u>
Excess (deficit) of revenues over (under) expenditures	<u>447,000</u>	<u>46,000</u>	<u>60,406</u>	<u>14,406</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	447,000	46,000	60,406	14,406
Fund balances - beginning	<u>1,788,076</u>	<u>1,788,076</u>	<u>1,788,076</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,235,076</u>	<u>\$ 1,834,076</u>	<u>\$ 1,848,482</u>	<u>\$ 14,406</u>

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

FARMINGTON CITY CORPORATION

Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities - Enterprise							
	Major Proprietary Funds						Total	
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Transportation Utility	Recreation	Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 4,096,797	\$ 134,866	\$ 756,605	\$ 1,520,517	\$ 1,290,535	\$ 599,167	\$ 1,055,204	\$ 9,453,691
Accounts receivable - net	324,217	253,741	203,012	103,946	408,631	77,279	10,563	1,381,389
Total current assets	4,421,014	388,607	959,617	1,624,463	1,699,166	676,446	1,065,767	10,835,080
Noncurrent assets:								
Restricted cash and cash equivalents	10,596,053			2,203,541				12,799,594
Net pension asset	28,596	1,221	4,727	18,867	5,672	-	31,117	90,200
Capital Assets:								
Water share/rights	25,717	-	-					25,717
Land	30,000			888,348				918,348
Construction in progress	1,063,182	-	-	1,322,919				2,386,101
Equipment, buildings, and improvements	30,561,445	111,001	1,307,440	16,964,205	1,300,004	3,057,140	220,985	53,522,220
Less: Accumulated depreciation	(12,210,724)	(25,570)	(753,078)	(6,214,480)	(809,814)	(1,135,621)	(142,094)	(21,291,381)
Total noncurrent assets	30,094,269	86,652	559,089	15,183,400	495,862	1,921,519	110,008	48,450,799
Total assets	34,515,283	475,259	1,518,706	16,807,863	2,195,028	2,597,965	1,175,775	59,285,879
DEFERRED OUTFLOWS OF RESOURCES								
Pension related costs	188,586	8,053	31,171	124,425	37,405	-	205,210	594,850
Total deferred outflow of resources	188,586	8,053	31,171	124,425	37,405	-	205,210	594,850
LIABILITIES								
Current liabilities:								
Accounts payable	116,470	280,476	127,738	88,182	11,186	47,530	71,109	742,691
Accrued liabilities	52,476	2,478	10,206	32,883	68,067	-	101,078	267,188
Accrued interest payable	23,370	-	-	-	-	-	-	23,370
Compensated absences - current	41,829	2,093	6,948	24,319	18,840	-	53,814	147,843
Current portion of long-term debt	247,000							247,000
Total current liabilities	481,145	285,047	144,892	145,384	98,093	47,530	226,001	1,428,092
Noncurrent liabilities:								
Customer deposits	-	-	-	333,563	-	-	-	333,563
Unearned revenue	2,998,886	-	-	-	-	-	-	2,998,886
Compensated absences- (net of current)	13,943	698	2,316	8,106	6,279	-	17,938	49,280
Net pension liability	129,950	5,549	21,479	85,738	25,775		141,405	409,896
Long-term debt (net of current portion)	6,559,000							6,559,000
Total noncurrent liabilities	9,701,779	6,247	23,795	427,407	32,054	-	159,343	10,350,625
Total liabilities	10,182,924	291,294	168,687	572,791	130,147	47,530	385,344	11,778,717
DEFERRED INFLOWS OF RESOURCES								
Pension related costs	9,535	407	1,576	6,291	1,891	-	10,375	30,075
Total deferred outflow of resources	9,535	407	1,576	6,291	1,891	-	10,375	30,075
NET POSITION								
Net investment in capital assets	19,664,957	85,431	554,362	12,960,992	490,190	1,921,519	78,891	35,756,342
Restricted - impact fees	-	-	-	2,203,541	-	-	-	2,203,541
Restricted -Net Pension Asset	28,596	1,221	4,727	18,867	5,672	-	31,117	90,200
Unrestricted	4,817,857	104,959	820,525	1,169,806	1,604,533	628,916	875,258	10,021,854
Total net position	\$ 24,511,410	\$ 191,611	\$ 1,379,614	\$ 16,353,206	\$ 2,100,395	\$ 2,550,435	\$ 985,266	\$ 48,071,937

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, 2024

	Business-Type Activities - Enterprise Funds							Total
	Major Proprietary Funds						Recreation	
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Transportation Utility		
Operating revenues:								
Charges for services:	\$ 3,036,722	\$ 2,597,569	\$ 2,106,316	\$ 1,086,705	\$ 877,084	\$ 709,979	\$ 1,112,582	\$ 11,526,957
Connection and servicing fees	41,270	-	-	-	-	-	-	41,270
Miscellaneous	96,141	174	385	18,342	949	-	9,646	125,637
Total operating revenues	<u>3,174,133</u>	<u>2,597,743</u>	<u>2,106,701</u>	<u>1,105,047</u>	<u>878,033</u>	<u>709,979</u>	<u>1,122,228</u>	<u>11,693,864</u>
Operating expenses:								
Salaries, wages, and benefits	979,578	42,388	152,922	573,974	361,929	-	1,549,355	3,660,146
Contract services	16,127	2,434,312	1,580,150	39,966	83,323	-	-	4,153,878
Maintenance and supplies	845,627	10,529	33,797	173,079	124,613	-	798,731	1,986,376
Administration and overhead	150,481	76,171	43,887	34,307	19,141	80,731	23,740	428,458
Depreciation	676,348	2,107	73,292	430,596	69,403	357,159	13,940	1,622,845
Water purchases	132,490	-	-	-	-	-	-	132,490
Total operating expenses	<u>2,800,651</u>	<u>2,565,507</u>	<u>1,884,048</u>	<u>1,251,922</u>	<u>658,409</u>	<u>437,890</u>	<u>2,385,766</u>	<u>11,984,193</u>
Operating income	<u>373,482</u>	<u>32,236</u>	<u>222,653</u>	<u>(146,875)</u>	<u>219,624</u>	<u>272,089</u>	<u>(1,263,538)</u>	<u>(290,329)</u>
Nonoperating revenues (expenses):								
Interest income	545,707	14,991	30,091	154,112	49,618	17,693	45,135	857,347
Increase in fair value	46,723	4,537	9,622	53,279	15,935	4,756	12,993	147,845
Intergovernmental	-	-	-	-	5,873	-	-	5,873
Interest expense	(298,063)	-	-	-	-	-	-	(298,063)
Total nonoperating revenues (expenses)	<u>294,367</u>	<u>19,528</u>	<u>39,713</u>	<u>207,391</u>	<u>71,426</u>	<u>22,449</u>	<u>58,128</u>	<u>713,002</u>
Net income (loss) before contributions and transfers	<u>667,849</u>	<u>51,764</u>	<u>262,366</u>	<u>60,516</u>	<u>291,050</u>	<u>294,538</u>	<u>(1,205,410)</u>	<u>422,673</u>
Developer contributions	593,360	-	-	514,026	-	-	-	1,107,386
Impact fees	570,723	-	-	213,668	-	-	-	784,391
Transfers in	-	-	-	-	-	-	1,138,515	1,138,515
Transfers out	-	-	-	(30,000)	-	-	-	(30,000)
Total contributions and transfers	<u>1,164,083</u>	<u>-</u>	<u>-</u>	<u>697,694</u>	<u>-</u>	<u>-</u>	<u>1,138,515</u>	<u>3,000,292</u>
Change in net position	1,831,932	51,764	262,366	758,210	291,050	294,538	(66,895)	3,422,965
Total net position - beginning	22,679,478	139,847	1,117,248	15,594,996	1,809,345	2,255,897	1,052,161	44,648,972
Total net position - ending	<u>\$ 24,511,410</u>	<u>\$ 191,611</u>	<u>\$ 1,379,614</u>	<u>\$ 16,353,206</u>	<u>\$ 2,100,395</u>	<u>\$ 2,550,435</u>	<u>\$ 985,266</u>	<u>\$ 48,071,937</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, 2024

	Business-Type Activities - Enterprise Funds							Total
	Major Proprietary Funds							
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Services	Transportation Utility	Recreation	
Cash Flows From Operating Activities								
Receipts from customers and users	\$ 3,053,684	\$ 2,564,536	\$ 2,076,830	\$ 1,084,599	\$ 818,370	\$ 703,993	\$ 1,112,665	\$ 11,414,677
Receipts from Customer deposits	-	-	-	32,601	-	-	-	32,601
Payments to suppliers of goods and services	(1,043,049)	(2,564,560)	(1,653,951)	(158,540)	(157,301)	(35,367)	(793,370)	(6,406,138)
Payments to employees and related benefits	(1,007,553)	(42,004)	(156,985)	(601,068)	(360,830)	-	(1,595,338)	(3,763,778)
Net cash provided (used) by operating activities	1,003,082	(42,028)	265,894	357,592	300,239	668,626	(1,276,043)	1,277,362
Cash Flows From Noncapital Financing Activities								
Transfers in	-	-	-	-	-	-	1,138,515	1,138,515
Transfers out	-	-	-	(30,000)	-	-	-	(30,000)
Net cash provided (used) by noncapital financing activities	-	-	-	(30,000)	-	-	1,138,515	1,108,515
Cash Flows From Capital and Related Financing Activities								
Acquisition and construction of capital assets	(445,734)	-	(54,895)	(1,672,041)	(323,984)	(380,112)	(13,561)	(2,890,327)
Impact fees collected	570,723	-	-	213,668	-	-	-	784,391
Intergovernmental revenue	-	-	-	-	5,873	-	-	5,873
Principal paid on capital debt	(239,000)	-	-	-	-	-	-	(239,000)
Interest paid on capital debt	(298,650)	-	-	-	-	-	-	(298,650)
Net cash provided (used) by capital and related financing activities	(412,661)	-	(54,895)	(1,458,373)	(318,111)	(380,112)	(13,561)	(2,637,713)
Cash Flows From Investing Activities								
Interest on investments	592,430	19,528	39,713	207,391	65,553	22,449	58,128	1,005,192
Net increase (decrease) in cash and cash equivalents	1,182,851	(22,500)	250,712	(923,390)	47,681	310,963	(92,961)	753,356
Cash and cash equivalents - beginning	13,509,999	157,366	505,893	4,647,448	1,242,854	288,204	1,148,165	21,499,929
Cash and cash equivalents - ending	<u>\$ 14,692,850</u>	<u>\$ 134,866</u>	<u>\$ 756,605</u>	<u>\$ 3,724,058</u>	<u>\$ 1,290,535</u>	<u>\$ 599,167</u>	<u>\$ 1,055,204</u>	<u>\$ 22,253,285</u>
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income	\$ 373,482	\$ 32,236	\$ 222,653	\$ (146,875)	\$ 219,624	\$ 272,089	\$ (1,263,538)	\$ (290,329)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	676,348	2,107	73,292	430,596	69,403	357,159	13,940	1,622,845
(Increase)/decrease in accounts receivable	(120,449)	(33,207)	(29,871)	(20,448)	(59,663)	(5,986)	(9,563)	(279,187)
(Increase)/decrease in net pension asset	1,114	1,101	1,142	(7,252)	(781)	-	(6,868)	(11,544)
(Increase)/decrease in deferred outflows	(56,438)	2,280	(5,068)	(72,762)	(15,653)	-	(97,353)	(244,994)
Increase/(decrease) in accounts payable	76,022	(44,572)	(3,566)	66,388	8,194	45,364	(13,750)	134,080
Increase/(decrease) in accrued liabilities	25,654	1,024	7,449	22,424	61,582	-	42,851	160,984
Increase/(decrease) in compensated absences	(3,277)	(442)	(1,689)	3,449	7,786	-	(4,694)	1,133
Increase/(decrease) in customer deposits	-	-	-	32,601	-	-	-	32,601
Increase/(decrease) in net pension liability	30,113	(2,257)	1,758	46,707	9,341	-	59,920	145,582
Increase/(decrease) in deferred inflows	513	(298)	(206)	2,764	406	-	3,012	6,191
Total adjustments	629,600	(74,264)	43,241	504,467	80,615	396,537	(12,505)	1,567,691
Net cash provided (used) by operating activities	<u>\$ 1,003,082</u>	<u>\$ (42,028)</u>	<u>\$ 265,894</u>	<u>\$ 357,592</u>	<u>\$ 300,239</u>	<u>\$ 668,626</u>	<u>\$ (1,276,043)</u>	<u>\$ 1,277,362</u>
Noncash investing, capital, and financing activities								
Contributions of capital assets	\$ 593,360	\$ -	\$ -	\$ 514,026	\$ -	\$ -	\$ -	\$ 1,107,386
Total noncash investing, capital and financing activities	<u>\$ 593,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 514,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,107,386</u>

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

NOTES TO FINANCIAL STATEMENTS

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

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. Council has budgetary authority over all city departments and is accountable for all fiscal matters. City sales taxes, property taxes, user fees and development impact fees fund the majority of the costs of providing services to citizens including 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 a potential component 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, 2024

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 financed in whole or in part 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 or are imposed 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 does allocate 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) grants and contributions that are restricted to meeting the operational or capital 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 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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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.
- 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.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

- 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, general government resources.

The City reports the following major Proprietary funds:

- The *water utility fund* accounts for the operations of the government'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 set 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.

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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting and Budgetary Control (Continued)

detailed line-item budgets for all departments. All appropriations lapse at the end of the calendar year. Budgets for the General Fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Budgets for proprietary funds are not legally required.

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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Due to/Due from other funds - All cash and cash equivalents are accounted for in a pooled cash process. The money from each fund is combined to simplify the banking process. A particular fund may make disbursements of funds that have not physically been received. This technically requires that they draw from other fund's resources within the combined total. When this cash deficit occurs a due to account is charged in the funds requiring additional funds and a due from account is selected to offset the use of funds.

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, 2024

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, *deferred outflows of resources*, 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. The City reports deferred charges on refunding and deferred outflows related to pensions (discussed below) in this category. 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, *deferred inflows of resources*, 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 carryover 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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

reported as debt service expenditures. The face amount of debt issued is reported as other financing sources.

Leases- The City has 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 (a) the discount rate it uses to discount the expected lease payments to present value, (b) lease term, and (c) 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.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Key estimates and judgements include how the City determines (a) the discount rate it uses to discount the expected lease receipts to present value, (b) lease term, and (c) 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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 which 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 – 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, 2024 was \$1,111. The carrying amount of deposits was \$2,450,197 and the bank balance was \$2,084,613. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,834,613 was uninsured and uncollateralized.

Investments

The 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.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

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

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, 2024, the City had the following recurring fair value measurements:

Investments	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Money Market	\$ 285,225	\$ -	\$ 285,224	\$ -
Certificates of Deposit	3,033,313		3,033,313	
Treasury bonds	16,798,735	16,798,735		
Utah Public Treasurers'				-
Investment Finance Fund	28,776,286	-	28,776,286	
Total Investments	<u>\$48,893,559</u>	<u>\$16,798,735</u>	<u>\$32,094,823</u>	<u>\$ -</u>

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, 2024 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.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments	Investment Maturities (in Years)			
	Less Than 1	1-5	6-10	More than 10
Money Market	\$ 285,225	\$ -	\$ -	\$ -
Certificates of Deposit	704,524	2,328,789		
Treasury bonds	2,059,869	14,738,866		
Utah Public Treasurers' Investment Finance Fund	28,776,286		-	-
Total investments	\$31,825,904	\$17,067,655	\$ -	\$ -

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, 2024, the City’s investments had the following credit ratings:

Investments	Fair Value	Quality Ratings				
		AAA	AA+	A	More than A-	Unrated
Money Market	\$ 285,225	\$ -	\$ -	\$ -	\$ -	\$ 285,225
Certificates of Deposit	3,033,313					3,033,313
Treasury bonds	16,798,735		6,024,433	999,510	995,190	8,779,602
Utah Public Treasurers' Investment Finance Fund	28,776,286	-	-	-	-	28,776,286
Total investments	\$48,893,559	\$ -	\$ 6,024,433	\$ 999,510	\$ 995,190	\$40,874,426

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.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

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, 2024 are as follows:

Cash on hand and on deposit:

Petty Cash	\$	1,111
Cash on Deposit		2,450,200
PTIF Investment		28,776,286
Investments		20,117,273
Total cash and investments	\$	51,344,870

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

Cash and cash equivalents	\$	31,713,141
Restricted cash and cash equivalents		19,631,729
Total Cash and investments	\$	51,344,870

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 3 ACCOUNTS RECEIVABLE, NET & ALLOWANCE FOR DOUBTFUL ACCOUNTS

	General	Streets Improvement	Enterprise funds	Non major Gov't'l	Total
Receivables:					
Accounts	\$ 108,834	\$ -	\$ 2,603,550	\$ -	\$ 2,712,384
Taxes	6,778,431	-	-	410,000	7,188,431
Intergovernmental	-	99,491	-	198,531	298,022
Leases	958,627	-	-	-	958,627
Interest	18,983	-	-	-	18,983
Less: allowance for uncollectible accounts	-	-	(1,222,161)	-	(1,222,161)
	<u>\$7,864,875</u>	<u>\$ 99,491</u>	<u>\$ 1,381,389</u>	<u>\$608,531</u>	<u>\$ 9,954,286</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 \$27,628 and interest revenue of \$24,656. At June 30, 2024, the City reports a lease receivable and an equal deferred inflow of resources related to leases of \$958,627.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables help when expenditures during the year exceed revenues. 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, 2024.

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.

	In	Out
Governmental:		
General Fund	\$ 3,517,500	\$ 4,680,467
Street Improvements	406,000	-
Park Improvements	4,990,300	650,000
Class C Roads	-	13,448
Rap Tax	-	300,000
Government Buildings	478,948	937,500
Capital Equipment	1,420,152	-
Fire Protection	60,000	-
Real Estate Property	-	5,400,000
Storm Water	-	30,000
Recreation	1,138,515	-
Total Transfers	<u>\$ 12,011,415</u>	<u>\$ 12,011,415</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2024, is as follows:

Primary Government	Beginning			Ending
Governmental activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 40,959,702	\$ 1,001,507	\$ -	\$ 41,961,209
Construction in progress	13,538,455	10,082,621	-	23,621,076
Total capital assets not being depreciated	<u>54,498,157</u>	<u>11,084,128</u>	<u>-</u>	<u>65,582,285</u>
Capital assets being depreciated:				
Buildings	22,273,378	98,697	-	22,372,075
Improvements	31,337,411	804,808	-	32,142,219
Machinery and equipment	8,983,422	1,195,621	162,804	10,016,239
Infrastructure	53,643,915	1,630,266	-	55,274,181
Right to use assets	147,473	222,652	147,473	222,652
Total capital assets being depreciated	<u>116,385,599</u>	<u>3,952,044</u>	<u>310,277</u>	<u>120,027,366</u>
Less accumulated depreciation for:				
Buildings	7,049,807	445,089	-	7,494,896
Improvements	16,641,128	1,350,046	-	17,991,174
Machinery and equipment	5,131,726	640,089	88,318	5,683,497
Infrastructure	33,789,382	1,637,307	-	35,426,689
Right to use assets	118,044	85,091	147,473	55,662
Total accumulated depreciation	<u>62,730,087</u>	<u>4,157,622</u>	<u>235,791</u>	<u>66,651,918</u>
Total capital assets, being depreciated, net	<u>53,655,512</u>	<u>(205,578)</u>	<u>74,486</u>	<u>53,375,448</u>
Governmental activities capital assets, net	<u>\$ 108,153,669</u>	<u>\$ 10,878,550</u>	<u>\$ 74,486</u>	<u>\$ 118,957,733</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 222,863
Public safety	563,356
Highways and public works	2,645,928
Parks and recreation	716,945
Community Development	8,530
Total depreciation expense - governmental activities	<u>\$ 4,157,622</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 6 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2024:

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Water stock/rights	\$ 25,717	\$ -	\$ -	\$ 25,717
Land	345,526	572,821	-	918,347
Construction in progress	1,470,656	915,446	-	2,386,101
Total capital assets not being depreciated	<u>1,841,899</u>	<u>1,488,267</u>	<u>-</u>	<u>3,330,165</u>
Capital assets being depreciated:				
Buildings	924,212	45,744	-	969,956
Improvements	26,241,512	441,873	-	26,683,385
Machinery and equipment	5,407,528	744,655	-	6,152,183
Infrastructure	18,439,521	1,277,175	-	19,716,696
Total capital assets being depreciated	<u>51,012,773</u>	<u>2,509,447</u>	<u>-</u>	<u>53,522,220</u>
Less accumulated depreciation for:				
Buildings	155,333	19,275		174,608
Improvements	9,947,795	862,522		10,810,317
Machinery and equipment	3,596,262	335,464		3,931,726
Infrastructure	5,969,145	405,584		6,374,729
Total accumulated depreciation	<u>19,668,535</u>	<u>1,622,845</u>	<u>-</u>	<u>21,291,380</u>
Total capital assets, being depreciated, net	<u>31,344,238</u>	<u>886,602</u>	<u>-</u>	<u>32,230,840</u>
Business-type activities capital assets, net	<u>\$ 33,186,137</u>	<u>\$ 2,374,869</u>	<u>\$ -</u>	<u>\$ 35,561,005</u>

Depreciation expense was charged to functions/programs as follows:

Business-type activities:	
Culinary water	\$ 676,348
Sewer	2,107
Garbage	73,292
Storm Water	430,596
Ambulance	69,403
Transportation	357,159
Recreation	13,940
Total depreciation expense - business-type activities	<u>\$ 1,622,845</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

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, 2024, 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, 2024, 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 \$4,916,000 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, 2024, the general fund and streets improvement fund developer and customer deposits balance held by the City was \$2,404,772 and \$86,979 respectively. Additionally, the City collects and holds deposits from developers for storm water. As of June 30, 2024, the enterprise fund customer and developer deposits balances held by the City was \$333,563.

NOTE 9 LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities of the City for the year ended June 30, 2024:

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2024</u>	<u>Due within one year</u>
Governmental activities					
Bonds payable					
General obligation bonds	\$ 4,080,000	\$ -	\$ (295,000)	\$ 3,785,000	\$ 300,000
Revenue bonds	1,752,000		(843,000)	909,000	752,000
Unamortized Bond Premium	48,534	-	(4,045)	44,489	-
Total bonds payable	<u>5,880,534</u>	<u>-</u>	<u>(1,142,045)</u>	<u>4,738,489</u>	<u>1,052,000</u>
Leases Payable	108,142	222,652	(150,555)	180,239	68,913
Compensated absences	548,427	408,037	(404,487)	551,977	413,983
Net pension liability	1,105,188	274,854	-	1,380,042	-
Governmental activity long-term liabilities	<u>\$ 7,642,291</u>	<u>\$ 905,543</u>	<u>\$ (1,697,087)</u>	<u>\$ 6,850,747</u>	<u>\$ 1,534,896</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, 2024

NOTE 9 LONG-TERM LIABILITIES (Continued)

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, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	330,000	76,862	406,862
2030-2034	1,810,000	238,538	2,048,538
2035	395,000	13,826	408,826
Total	<u>\$ 3,785,000</u>	<u>\$ 713,500</u>	<u>\$ 4,498,500</u>

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.

The annual debt service requirements to maturity for the 2020 sales and franchise tax refunding bond, as of June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 752,000	\$ 10,908	\$ 762,908
2026	157,000	1,884	158,884
Total	<u>\$ 909,000</u>	<u>\$ 12,792</u>	<u>\$ 921,792</u>

Leases payable

At the end of the year, the City has two lease agreements for vehicles and equipment. These leases have a combined present value of \$124,576. 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.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 9 LONG-TERM LIABILITIES (Continued)

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>
2025	\$ 68,913	\$ 94	\$ 69,007
2026	55,663	-	55,663
2027	55,663	-	55,663
Total	<u>\$ 180,239</u>	<u>\$ 94</u>	<u>\$ 180,333</u>

The following is a summary of the long-term liabilities of the business-type activities of the City for the year ended June 30, 2024:

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2024</u>	<u>Due within one year</u>
Business-type activities					
Bond Payable					
Water Revenue Bond	\$ 7,045,000	\$ -	\$ (239,000)	\$ 6,806,000	\$ 247,000
Total Bond Payable	7,045,000	-	(239,000)	6,806,000	247,000
Compensated absences	\$ 195,991	\$ 161,842	\$ (160,710)	\$ 197,123	\$ 147,843
Net pension liability	264,314	145,582	-	409,896	-
Business-type activity long-term liabilities	<u>\$ 7,505,305</u>	<u>\$ 307,424</u>	<u>\$ (399,710)</u>	<u>\$ 7,413,019</u>	<u>\$ 394,843</u>

2023 Water revenue bond

In fiscal year 2023, the City issued water revenue bonds in the amount of \$7,045,000. The proceeds from these bonds were used to improve the water system in the City. The Bond carries a 3.10-5.30% interest rate with annual principal and semi-annual interest payments from 2024-2043.

A summary of the principal and interest amounts for the remaining bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 247,000	\$ 290,994	\$ 537,994
2026	255,000	282,834	537,834
2027	263,000	274,155	537,155
2028	273,000	264,907	537,907
2029	282,000	255,054	537,054
2030-2034	1,585,000	1,102,916	2,687,916
2035-2039	1,957,000	729,279	2,686,279
2040-2043	1,944,000	207,070	2,151,070
Total	<u>\$ 6,806,000</u>	<u>\$ 3,407,209</u>	<u>\$ 10,213,209</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

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.

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, 2024

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 percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year to to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on 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	1.50% 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	1.50% per year to June 30, 2020 2.00% per year July 1, 2020 to present	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, 2024

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, 2024 are as follows:

<u>Utah Retirement Systems</u>	<u>Employee</u>	<u>Employer</u>	<u>401(k)</u>
Noncontributory 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			
Noncontributory			
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, 2024

NOTE 11 RETIREMENT PLANS (Continued)

For fiscal year ended June 30, 2024, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 333,347	\$ -
Public Safety System	264,556	-
Firefighters System	25,596	106,709
Tier 2 Public Employees System	354,847	-
Tier 2 Public Safety and Firefighter	387,398	27,569
Tier 2 DC Only System	51,017	-
Tier 2 DC Public Safety and Firefighter System	26,538	-
Total Contributions	\$ 1,443,299	\$ 134,278

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, 2024, we reported a net pension asset of \$393,882 and a net pension liability of \$1,789,938.

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2022	Change (Decrease)
Noncontributory System	\$ 555,799	\$ -	0.2396137%	0.2339896%	0.0000562%
Public Safety System	911,277	-	0.6371833%	0.5691081%	-0.2192480%
Firefighters System	-	393,882	1.6782785%	1.5692631%	0.1090154%
Tier 2 Public Employees System	154,373	-	0.0793128%	0.0743667%	0.0049461%
Tier 2 Public Safety and Firefighter	168,489	-	0.4472849%	0.4253317%	0.0219532%
	\$ 1,789,938	\$ 393,882			

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 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, 2024, we recognized pension expense of \$1,098,322.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 11 RETIREMENT PLANS (Continued)

At June 30, 2024 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	\$ 946,478	\$ 14,030
Changes in assumptions	499,594	3,579
Net difference between projected and actual earnings on pension plan investments	419,129	-
Changes in proportion and differences between contributions and proportionate share of contributions	23,302	113,721
Contributions subsequent to the measurement date	709,094	-
	\$ 2,597,597	\$ 131,330

\$709,094 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, 2023.

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
2024	\$ 447,239
2025	371,691
2026	828,405
2027	(115,935)
2028	30,477
Thereafter	195,296
	\$ 1,757,173

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 11 RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2024, we recognized pension expense of \$374,232.

At June 30, 2024 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	\$ 389,177	\$ -
Changes in assumptions	166,784	-
Net difference between projected and actual earnings on pension plan investments	180,741	-
Changes in proportion and differences between contributions and proportionate share of contributions	116	5,785
Contributions subsequent to the measurement date	165,314	-
	\$ 902,132	\$ 5,785

\$165,314 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, 2023.

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
2024	\$ 238,500
2025	228,639
2026	339,806
2027	(75,912)
2028	-
Thereafter	-
	\$ 731,033

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 11 RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2024, we recognized pension expense of \$405,352.

At June 30, 2024 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	\$ 158,793	\$ -
Changes in assumptions	80,075	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,205	8,044
Contributions subsequent to the measurement date	115,868	-
	\$ 486,381	\$ 8,044

\$115,868 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, 2023.

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
2024	\$ 141,582
2025	22,866
2026	254,765
2027	(56,744)
2028	-
Thereafter	-
	\$ 362,469

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 11 RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2024, we recognized pension expense of (\$96,940).

At June 30, 2024 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	\$ 258,966	\$ -
Changes in assumptions	41,612	-
Net difference between projected and actual earnings on pension plan investments	72,884	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	95,045
Contributions subsequent to the measurement date	12,798	-
	\$ 386,260	\$ 95,045

\$12,798 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, 2023.

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
2024	\$ 37,406
2025	79,778
2026	165,959
2027	(4,726)
2028	-
Thereafter	-
	\$ 278,417

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

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, 2024, we recognized pension expense of \$201,097.

At June 30, 2024 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	\$ 49,445	\$ 2,528
Changes in assumptions	88,362	122
Net difference between projected and actual earnings on pension plan investments	17,432	-
Changes in proportion and differences between contributions and proportionate share of contributions	15,156	2,458
Contributions subsequent to the measurement date	201,972	-
	\$ 372,367	\$ 5,108

\$201,972 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, 2023.

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
2024	\$ 14,040
2025	20,189
2026	35,024
2027	11,021
2028	15,084
Thereafter	69,929
	\$ 165,287

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

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, 2024, we recognized pension expense of \$214,580.

At June 30, 2024 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	\$ 90,097	\$ 11,502
Changes in assumptions	122,762	3,457
Net difference between projected and actual earnings on pension plan investments	17,631	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,826	2,390
Contributions subsequent to the measurement date	213,141	-
	\$ 450,457	\$ 17,349

\$213,141 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, 2023.

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
2024	\$ 15,710
2025	20,219
2026	32,852
2027	10,426
2028	15,394
Thereafter	125,366
	\$ 219,967

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

NOTE 11 RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement 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, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35.00%	6.87%	2.40%
Debt securities	20.00%	1.540%	0.31%
Real assets	18.00%	5.43%	0.98%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	3.86%	0.58%
Cash and cash equivalents	0.00%	0.24%	0.00%
Totals	100%		5.45%
	Inflation		2.50%
	Expected arithmetic nominal return		7.95%

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2024

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.

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>	<u>1% Decrease 5.85%</u>	<u>Discount Rate 6.85%</u>	<u>1% Increase 7.85%</u>
Noncontributory System	\$ 2,884,570	\$ 555,799	\$ (1,394,388)
Public Safety System	2,859,337	911,277	(676,272)
Firefighters System	470,035	(393,882)	(1,096,377)
Tier 2 Public Employees System	530,402	154,372	(137,238)
Tier 2 Public Safety and Firefighter	542,876	168,489	(131,028)
Total	<u>\$ 7,287,220</u>	<u>\$ 1,396,055</u>	<u>\$ (3,435,303)</u>

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of 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, 2024

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>2024</u>	<u>2023</u>	<u>2022</u>
401(k) Plan			
Employer Contributions	\$ 143,097	\$ 111,432	\$ 85,986
Employee Contributions	90,054	61,395	23,093
457(b) Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	24,054	33,599	20,168
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 34,523	\$ 31,915	\$ 22,875
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, 2024

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	\$ 171,142
Project Area Station Park:	371,740
Total Tax increment received by RDA	<u>\$ 542,882</u>

Property Tax Increment Expended:

Administrative costs	\$ 14,185
Reimbursements of site improvements	-
Site and Improvements	1,322,804
Debt Service	176,207
Total tax increment expended by RDA	<u>\$ 1,513,196</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, 2024.

NOTE 15 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 Nine Fiscal Years*

FY:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>Noncontributory Retirement System</u>										
Proportion of the net pension liability (asset)	0.2324696%	0.2347858%	0.2468659%	0.2557718%	0.2446235%	0.2586764%	0.2484495%	0.2495566%	0.2339896%	0.2396137%
Proportionate share of the net pension liability (asset)	\$ 1,009,438	\$ 1,328,532	\$ 1,585,181	\$ 1,120,613	\$ 1,801,340	\$ 974,917	\$ 127,440	\$ (1,429,237)	\$ 400,765	\$ 555,799
Covered payroll	\$ 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	\$ 1,834,433
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.50%	69.84%	78.57%	54.45%	93.30%	46.80%	6.41%	-72.84%	22.85%	30.30%
Plan fiduciary net position as a percentage of the total pension liability	90.20%	87.80%	87.30%	91.90%	87.00%	93.70%	99.20%	108.70%	97.50%	96.90%
<u>Public Safety System</u>										
Proportion of the net pension liability (asset)	0.4834734%	0.4804408%	0.5036553%	0.4630506%	0.5133541%	0.5234708%	0.5130430%	0.5934960%	0.6591081%	0.6371833%
Proportionate share of the net pension liability (asset)	\$ 608,008	\$ 860,590	\$ 1,022,056	\$ 726,368	\$ 1,320,647	\$ 840,494	\$ 425,950	\$ (482,003)	\$ 852,276	\$ 911,277
Covered employee payroll	\$ 672,392	\$ 657,178	\$ 681,096	\$ 601,403	\$ 658,188	\$ 709,501	\$ 728,598	\$ 795,645	\$ 917,915	\$ 863,761
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	90.40%	130.95%	150.06%	120.78%	200.65%	118.46%	58.46%	-60.58%	92.85%	105.50%
Plan fiduciary net position as a percentage of the total pension liability	90.50%	87.10%	86.50%	90.20%	84.70%	90.90%	95.50%	104.20%	93.60%	93.44%
<u>Firefighters Retirement System</u>										
Proportion of the net pension liability (asset)	0.7932077%	0.9723325%	0.9896594%	1.0992229%	1.3238220%	1.1802855%	1.1828680%	1.2827649%	1.5692631%	1.6782785%
Proportionate share of the net pension liability (asset)	\$ (45,263)	\$ (17,611)	\$ (7,802)	\$ (68,652)	\$ 171,895	\$ (146,379)	\$ (330,754)	\$ (748,129)	\$ (407,544)	\$ (393,882)
Covered employee payroll	\$ 249,516	\$ 261,402	\$ 278,072	\$ 321,437	\$ 400,633	\$ 377,897	\$ 385,902	\$ 427,669	\$ 570,563	\$ 640,792
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-18.10%	-6.74%	-2.81%	-21.36%	41.96%	-38.74%	-85.71%	-174.93%	-71.43%	-61.47%
Plan fiduciary net position as a percentage of the total pension liability	103.50%	101.00%	100.40%	103.00%	94.30%	105.00%	110.50%	120.10%	108.40%	106.79%
<u>Tier 2 Public Employees Retirement System</u>										
Proportion of the net pension liability (asset)	0.0662400%	0.0769399%	0.0884248%	0.0843521%	0.0694376%	0.0604181%	0.0536094%	0.0580138%	0.0743667%	0.0793128%
Proportionate share of the net pension liability (asset)	\$ (2,007)	\$ (168)	\$ 9,864	\$ 7,437	\$ 29,739	\$ 13,588	\$ 7,711	\$ (24,554)	\$ 80,977	\$ 154,373
Covered employee payroll	\$ 325,232	\$ 497,100	\$ 725,155	\$ 826,279	\$ 811,752	\$ 839,908	\$ 857,340	\$ 1,075,825	\$ 1,614,893	\$ 2,050,605
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.60%	-0.03%	1.36%	0.90%	3.66%	1.62%	0.90%	-2.28%	5.01%	7.53%
Plan fiduciary net position as a percentage of the total pension liability	103.50%	100.20%	95.10%	97.40%	90.80%	96.50%	98.30%	103.80%	92.30%	89.58%
<u>Tier 2 Public Safety and Firefighters Retirement System</u>										
Proportion of the net pension liability (asset)	0.3472113%	0.3364296%	0.3211270%	0.3679596%	0.3583076%	0.3647224%	0.3331782%	0.3238576%	0.4253317%	0.4472849%
Proportionate share of the net pension liability (asset)	\$ (5,136)	\$ (4,915)	\$ (2,788)	\$ (4,258)	\$ 8,978	\$ 34,307	\$ 29,884	\$ (16,369)	\$ 35,483	\$ 168,489
Covered employee payroll	\$ 143,656	\$ 200,184	\$ 265,325	\$ 388,478	\$ 479,372	\$ 601,026	\$ 666,381	\$ 774,462	\$ 1,308,649	\$ 1,694,784
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-3.60%	-2.46%	-1.05%	-1.10%	1.87%	5.71%	4.48%	-2.11%	2.71%	9.94%
Plan fiduciary net position as a percentage of the total pension liability	120.50%	110.70%	103.60%	103.00%	95.60%	89.60%	93.10%	102.80%	96.40%	89.10%

* 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 10 Fiscal Years

FY:	2015	2016	2017	2018	2019	2020	2022	2023	2024
<u>Noncontributory System</u>									
Actuarial determined contributions	\$ 347,340	\$ 364,381	\$ 377,418	\$ 369,626	\$ 359,226	\$ 381,007	\$ 328,023	\$ 324,338	\$ 333,347
Contributions in relation to the contractually required contribution	(347,340)	(364,381)	(377,418)	(369,626)	(359,226)	(381,007)	(328,023)	(324,338)	(333,347)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,880,643	\$ 1,978,004	\$ 2,055,898	\$ 2,014,328	\$ 1,960,962	\$ 2,079,482	\$ 1,790,483	\$ 1,834,853	\$ 1,881,903
Contributions as a percentage of covered payroll	18.47%	18.42%	18.36%	18.35%	18.32%	18.32%	18.32%	17.68%	17.71%
<u>Public Safety System</u>									
Actuarial determined contributions	\$ 221,087	\$ 232,303	\$ 212,799	\$ 217,210	\$ 219,585	\$ 236,920	\$ 292,255	\$ 313,757	\$ 264,556
Contributions in relation to the contractually required contribution	(221,087)	(232,303)	(212,799)	(217,210)	(219,585)	(236,920)	(292,255)	(313,757)	(264,556)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 649,491	\$ 682,441	\$ 624,760	\$ 639,324	\$ 678,084	\$ 730,672	\$ 858,560	\$ 921,731	\$ 777,193
Contributions as a percentage of covered payroll	34.04%	34.04%	34.06%	33.97%	32.38%	32.42%	34.04%	34.04%	34.04%
<u>Firefighters System</u>									
Contractually required contribution	\$ 9,743	\$ 10,687	\$ 11,216	\$ 14,708	\$ 18,371	\$ 17,940	\$ 21,919	\$ 22,049	\$ 25,596
Contributions in relation to the contractually required contribution	(9,743)	(10,687)	(11,216)	(14,708)	(18,371)	(17,940)	(21,919)	(22,049)	(25,596)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 255,056	\$ 267,840	\$ 286,178	\$ 378,287	\$ 398,504	\$ 389,144	\$ 475,759	\$ 610,770	\$ 709,033
Contributions as a percentage of covered payroll	3.82%	3.99%	3.92%	3.89%	4.61%	4.61%	4.61%	3.61%	3.61%
<u>Tier 2 Public Employees System*</u>									
Contractually required contribution	\$ 61,674	\$ 90,548	\$ 119,949	\$ 124,153	\$ 128,322	\$ 134,517	\$ 193,210	\$ 310,932	\$ 354,847
Contributions in relation to the contractually required contribution	(61,674)	(90,548)	(119,949)	(124,153)	(128,322)	(134,517)	(193,210)	(310,932)	(354,847)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 412,808	\$ 607,294	\$ 804,483	\$ 821,660	\$ 826,546	\$ 858,984	\$ 1,202,162	\$ 1,942,110	\$ 2,216,728
Contributions as a percentage of covered payroll	14.94%	14.91%	14.91%	15.11%	15.53%	15.66%	16.07%	16.01%	16.01%
<u>Tier 2 Public Safety and Firefighters System*</u>									
Contractually required contribution	\$ 40,329	\$ 50,860	\$ 75,123	\$ 88,795	\$ 109,404	\$ 133,397	\$ 196,597	\$ 324,918	\$ 387,398
Contributions in relation to the contractually required contribution	(40,329)	(50,860)	(75,123)	(88,795)	(109,404)	(133,397)	(196,597)	(324,918)	(387,398)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 178,842	\$ 226,046	\$ 337,786	\$ 422,199	\$ 503,903	\$ 691,004	\$ 945,028	\$ 1,589,832	\$ 1,864,725
Contributions as a percentage of covered payroll	22.55%	22.50%	22.24%	21.03%	21.71%	19.30%	20.80%	20.44%	20.78%
<u>Tier 2 Public Employees DC Only System*</u>									
Contractually required contribution	\$ 2,402	\$ 2,683	\$ 2,835	\$ 11,539	\$ 26,968	\$ 31,465	\$ 39,688	\$ 47,255	\$ 51,017
Contributions in relation to the contractually required contribution	(2,402)	(2,683)	(2,835)	(11,539)	(26,968)	(31,465)	(39,688)	(47,255)	(51,017)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 35,749	\$ 40,107	\$ 42,531	\$ 172,489	\$ 403,117	\$ 470,330	\$ 593,244	\$ 769,413	\$ 824,182
Contributions as a percentage of covered payroll	6.72%	6.69%	6.67%	6.69%	6.69%	6.69%	6.69%	6.14%	6.19%
<u>Tier 2 Public Safety and Firefighter DC Only System*</u>									
Contractually required contribution	\$ -	\$ -	\$ -	\$ 3,120	\$ 4,503	\$ 5,023	\$ 8,392	\$ 13,177	\$ 26,538
Contributions in relation to the contractually required contribution	-	-	-	(3,120)	(4,503)	(5,023)	(8,392)	(13,177)	(26,538)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ 26,352	\$ 38,064	\$ 42,464	\$ 72,364	\$ 139,845	\$ 293,712
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	11.84%	11.83%	11.83%	-11.60%	9.42%	9.04%

* 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, 2024

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, 2024**

	Debt Service			Capital Projects
	Police	RAP	G.O. Bond 2015 Park	Governmental
	Sales Tax Revenue Bond	Sales Tax Revenue Bond		Buildings Improvement
ASSETS				
Cash and cash equivalents	\$ 5,468	\$ 160,529	\$ -	\$ 309,765
Receivables				
Taxes	-	-	410,000	-
Restricted cash and cash equivalents	-	-	43,253	-
Total assets	<u>\$ 5,468</u>	<u>\$ 160,529</u>	<u>\$ 453,253</u>	<u>\$ 309,765</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>
Deferred inflows of Resources:				
Deferred property taxes levied for future years	<u>-</u>	<u>-</u>	<u>410,000</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>410,000</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Debt service	-	-	43,253	-
Assigned, for:				
Debt service	5,468	160,529	-	-
Capital projects	-	-	-	309,743
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>5,468</u>	<u>160,529</u>	<u>43,253</u>	<u>309,743</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,468</u>	<u>\$ 160,529</u>	<u>\$ 453,253</u>	<u>\$ 309,765</u>

FARMINGTON CITY CORPORATION

Combining Balance Sheet - Continued

Nonmajor Governmental Funds

June 30, 2024

	Capital Projects				Permanent Fund	Total Governmental Funds
	Capital Equipment	Fire Protection	Real Estate Property Asset	Class C Roads	Cemetery Perpetual Care	
ASSETS						
Cash and cash equivalents	\$ 1,175,640	\$ 681,258	\$ 137,741	\$ -	\$ -	\$ 2,470,401
Receivables						
Taxes				-		410,000
Intergovernmental	-			198,531		198,531
Restricted cash and cash equivalents		108,177		2,189,488	112,355	2,453,273
Total assets	<u>\$ 1,175,640</u>	<u>\$ 789,435</u>	<u>\$ 137,741</u>	<u>\$ 2,388,019</u>	<u>\$ 112,355</u>	<u>\$ 5,532,205</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 675,693	\$ -	\$ 29,425	\$ -	\$ 705,140
Total liabilities	<u>-</u>	<u>675,693</u>	<u>-</u>	<u>29,425</u>	<u>-</u>	<u>705,140</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	-	-	-	2,358,594	-	2,358,594
Impact fees	-	108,177	-	-	-	108,177
Perpetual care	-	-	-	-	112,355	112,355
Debt service	-	-	-	-	-	43,253
Assigned, for:						
Debt service	-	-	-	-	-	165,997
Capital projects	1,175,640	5,565	137,741	-	-	1,628,689
Unassigned:	-	-	-	-	-	-
Total fund balances	<u>1,175,640</u>	<u>113,742</u>	<u>137,741</u>	<u>2,358,594</u>	<u>112,355</u>	<u>4,417,065</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,175,640</u>	<u>\$ 789,435</u>	<u>\$ 137,741</u>	<u>\$ 2,388,019</u>	<u>\$ 112,355</u>	<u>\$ 5,532,205</u>

FARMINGTON CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Debt Service			Capital Projects
	Police Sales Tax Revenue Bond	RAP Sales Tax Revenue Bond	G.O. Bond 2015 Park	Governmental Buildings Improvement
REVENUES				
Taxes	\$ -	\$ 702,414	\$ 410,000	\$ -
Charges for services	-	-	-	30
Impact fees	-	-	-	98,621
Interest	2,579	7,945	4,777	54,634
Increase in fair value	637	2,038	1,494	15,333
Total revenues	<u>3,216</u>	<u>712,397</u>	<u>416,271</u>	<u>168,618</u>
EXPENDITURES				
Current:				
Debt service:				
Principal retirement	71,723	377,811	295,000	-
Interest and fiscal charges	958	9,681	112,606	-
Capital outlay	-	-	-	437,788
Total expenditures	<u>72,681</u>	<u>387,492</u>	<u>407,606</u>	<u>437,788</u>
Excess revenues over (under) expenditures	<u>(69,465)</u>	<u>324,905</u>	<u>8,665</u>	<u>(269,170)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	478,948
Transfers out	-	(300,000)	-	(937,500)
Total other financing sources and uses	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>(458,552)</u>
Net change in fund balance	(69,465)	24,905	8,665	(727,722)
Fund balances - beginning of year	74,933	135,624	34,588	1,037,465
Fund balances - end of year	<u>\$ 5,468</u>	<u>\$ 160,529</u>	<u>\$ 43,253</u>	<u>\$ 309,743</u>

FARMINGTON CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Continued
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Capital Projects				Permanent Fund	Total
	Capital Equipment	Fire Protection	Real Estate Property Asset	Class C Roads	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 700,592	\$ -	\$ 1,813,006
Intergovernmental	-	-	-	1,101,863	-	1,101,863
Charges for services	-	-	-	-	24,633	24,663
Impact fees	-	176,735	-	-	-	275,356
Interest	46,998	19,885	57,500	62,576	4,096	260,990
Increase in fair value	13,544	5,834	16,294	19,004	1,331	75,509
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>60,542</u>	<u>202,454</u>	<u>73,794</u>	<u>1,884,035</u>	<u>30,060</u>	<u>3,551,387</u>
EXPENDITURES						
Current:						
Debt service:						
Principal retirement	30,158	56,063	-	-	-	830,755
Interest and fiscal charges	753	1,011	-	-	-	125,009
Capital outlay	<u>1,115,375</u>	<u>720,706</u>	<u>76,000</u>	<u>952,230</u>	<u>-</u>	<u>3,302,099</u>
Total expenditures	<u>1,146,286</u>	<u>777,780</u>	<u>76,000</u>	<u>952,230</u>	<u>-</u>	<u>4,257,863</u>
Excess revenues over (under) expenditures	<u>(1,085,744)</u>	<u>(575,326)</u>	<u>(2,206)</u>	<u>931,805</u>	<u>30,060</u>	<u>(706,476)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	15,150	-	5,441,170	-	-	5,456,320
Transfers in	1,420,152	60,000	-	-	-	1,959,100
Transfers out	-	-	(5,400,000)	(13,448)	-	(6,650,948)
Total other financing sources and uses	<u>1,435,302</u>	<u>60,000</u>	<u>41,170</u>	<u>(13,448)</u>	<u>-</u>	<u>764,472</u>
Net change in fund balance	349,558	(515,326)	38,964	918,357	30,060	57,996
Fund balances - beginning of year	826,082	629,068	98,777	1,440,237	82,295	4,359,069
Fund balances - end of year	<u>\$ 1,175,640</u>	<u>\$ 113,742</u>	<u>\$ 137,741</u>	<u>\$ 2,358,594</u>	<u>\$ 112,355</u>	<u>\$ 4,417,065</u>

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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 2,579	\$ 1,579
Increase in fair value	-	-	637	637
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>3,216</u>	<u>2,216</u>
EXPENDITURES				
Debt service				
Principal	71,723	71,723	71,723	-
Interest	961	961	958	3
Total expenditures	<u>72,684</u>	<u>72,684</u>	<u>72,681</u>	<u>3</u>
Excess (deficit) of revenues over (under) expenditures	<u>(71,684)</u>	<u>(71,684)</u>	<u>(69,465)</u>	<u>2,219</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(71,684)	(71,684)	(69,465)	2,219
Fund balances - beginning	74,933	74,933	74,933	-
Fund balances - ending	<u>\$ 3,249</u>	<u>\$ 3,249</u>	<u>\$ 5,468</u>	<u>\$ 2,219</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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 650,000	\$ 650,000	\$ 702,414	\$ 52,414
Interest	2,000	2,000	7,945	5,945
Increase in fair value			2,038	2,038
Total revenues	<u>652,000</u>	<u>652,000</u>	<u>712,397</u>	<u>60,397</u>
EXPENDITURES				
Debt service				
Principal	377,811	377,811	377,811	-
Interest	9,792	9,792	9,681	111
Total expenditures	<u>387,603</u>	<u>387,603</u>	<u>387,492</u>	<u>111</u>
Excess (deficit) of revenues over (under) expenditures	<u>264,397</u>	<u>264,397</u>	<u>324,905</u>	<u>60,508</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	-
Total other financing sources (uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	-
Net change in fund balance	(35,603)	(35,603)	24,905	60,508
Fund balances - beginning	<u>135,624</u>	<u>135,624</u>	<u>135,624</u>	-
Fund balances - ending	<u>\$ 100,021</u>	<u>\$ 100,021</u>	<u>\$ 160,529</u>	<u>\$ 60,508</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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 409,000	\$ 409,000	\$ 410,000	\$ 1,000
Interest	1,000	1,000	4,777	3,777
Increase in fair value	-	-	1,494	1,494
Total revenues	<u>410,000</u>	<u>410,000</u>	<u>416,271</u>	<u>6,271</u>
EXPENDITURES				
Current:				
Debt service				
Principal	290,000	290,000	295,000	(5,000)
Interest	120,000	120,000	112,606	7,394
Total expenditures	<u>410,000</u>	<u>410,000</u>	<u>407,606</u>	<u>2,394</u>
Excess (deficit) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>8,665</u>	<u>8,665</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	8,665	8,665
Fund balances - beginning	34,588	34,588	34,588	-
Fund balances - ending	<u>\$ 34,588</u>	<u>\$ 34,588</u>	<u>\$ 43,253</u>	<u>\$ 8,665</u>

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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 355,400	\$ 355,400	\$ 98,621	\$ (256,779)
Charges for services	-	-	30	30
Interest	4,500	4,500	54,634	50,134
Increase in fair value	-	-	15,333	15,333
Total revenues	<u>359,900</u>	<u>359,900</u>	<u>168,618</u>	<u>(191,282)</u>
EXPENDITURES				
Current:				
Capital outlay	965,500	965,500	437,788	527,712
Total expenditures	<u>965,500</u>	<u>965,500</u>	<u>437,788</u>	<u>527,712</u>
Excess (deficit) of revenues over (under) expenditures	<u>(605,600)</u>	<u>(605,600)</u>	<u>(269,170)</u>	<u>336,430</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	465,500	478,948	478,948	-
Transfers out	-	(937,500)	(937,500)	-
Total other financing sources (uses)	<u>465,500</u>	<u>(458,552)</u>	<u>(458,552)</u>	<u>-</u>
Net change in fund balance	(140,100)	(1,064,152)	(727,722)	336,430
Fund balances - beginning	1,037,465	1,037,465	1,037,465	-
Fund balances - ending	<u>\$ 897,365</u>	<u>\$ (26,687)</u>	<u>\$ 309,743</u>	<u>\$ 336,430</u>

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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 46,998	\$ 44,998
Increase in fair value			13,544	13,544
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>60,542</u>	<u>58,542</u>
EXPENDITURES				
Current:				
Capital outlay	1,525,240	1,585,340	1,115,375	469,965
Debt service				
Principal	30,159	30,159	30,158	1
Interest	753	753	753	-
Total expenditures	<u>1,556,152</u>	<u>1,616,252</u>	<u>1,146,286</u>	<u>469,966</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,554,152)</u>	<u>(1,614,252)</u>	<u>(1,085,744)</u>	<u>528,508</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,420,152	1,420,152	1,420,152	-
Sale of capital assets	15,000	15,000	15,150	150
Total other financing sources (uses)	<u>1,435,152</u>	<u>1,435,152</u>	<u>1,435,302</u>	<u>150</u>
Net change in fund balance	(119,000)	(179,100)	349,558	528,658
Fund balances - beginning	826,082	826,082	826,082	-
Fund balances - ending	<u>\$ 707,082</u>	<u>\$ 646,982</u>	<u>\$ 1,175,640</u>	<u>\$ 528,658</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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 5,000	\$ 5,000	\$ 57,500	\$ 52,500
Increase in fair valaue			16,294	16,294
Miscellaneous Income	-	-	-	-
Total revenues	5,000	5,000	73,794	68,794
 EXPENDITURES				
Current:				
Capital outlay	-	76,000	76,000	-
Total expenditures	-	76,000	76,000	-
Excess (deficit) of revenues over (under) expenditures	5,000	(71,000)	(2,206)	68,794
 OTHER FINANCING SOURCES (USES)				
Transfers out	(5,700,000)	(5,700,000)	(5,400,000)	300,000
Sale of capital assets	5,700,000	5,740,000	5,441,170	(298,830)
Total other financing sources (uses)	-	40,000	41,170	1,170
Net change in fund balance	5,000	(31,000)	38,964	69,964
Fund balances - beginning	98,777	98,777	98,777	-
Fund balances - ending	\$ 103,777	\$ 67,777	\$ 137,741	\$ 69,964

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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 250,600	\$ 250,600	\$ 176,735	\$ (73,865)
Interest	5,000	5,000	19,885	14,885
Increase in fair value			5,834	5,834
Total revenues	<u>255,600</u>	<u>255,600</u>	<u>202,454</u>	<u>(53,146)</u>
EXPENDITURES				
Current:				
Capital outlay	-	602,000	720,706	(118,706)
Debt service				
Principal	656,063	56,063	56,063	-
Interest	1,011	1,011	1,011	-
Total expenditures	<u>657,074</u>	<u>659,074</u>	<u>777,780</u>	<u>(118,706)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(401,474)</u>	<u>(403,474)</u>	<u>(575,326)</u>	<u>(171,852)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	60,000	60,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Net change in fund balance	(401,474)	(403,474)	(515,326)	(111,852)
Fund balances - beginning	629,068	629,068	629,068	-
Fund balances - ending	<u>\$ 227,594</u>	<u>\$ 225,594</u>	<u>\$ 113,742</u>	<u>\$ (111,852)</u>

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Class C Road Fund- Capital Projects Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 640,000	\$ 640,000	\$ 700,592	\$ 60,592
Intergovernmental	900,000	900,000	1,101,863	201,863
Interest	2,000	2,000	62,576	60,576
Increase in fair value			19,004	19,004
Total revenues	<u>1,542,000</u>	<u>1,542,000</u>	<u>1,884,035</u>	<u>342,035</u>
EXPENDITURES				
Capital Outlay	<u>1,542,000</u>	<u>1,542,000</u>	<u>952,230</u>	<u>589,770</u>
Total expenditures	<u>1,542,000</u>	<u>1,542,000</u>	<u>952,230</u>	<u>589,770</u>
Excess (deficit) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>931,805</u>	<u>931,805</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>-</u>	<u>(13,448)</u>	<u>(13,448)</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>(13,448)</u>	<u>(13,448)</u>	<u>-</u>
Net change in fund balance	-	(13,448)	918,357	931,805
Fund balances - beginning	<u>1,440,237</u>	<u>1,440,237</u>	<u>1,440,237</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,440,237</u>	<u>\$ 1,426,789</u>	<u>\$ 2,358,594</u>	<u>\$ 931,805</u>

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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 7,500	\$ 7,500	\$ 24,633	\$ 17,133
Interest	1,000	1,000	4,096	3,096
Increase in fair value	-	-	1,331	1,331
Total revenues	8,500	8,500	30,060	21,560
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	8,500	8,500	30,060	21,560
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	8,500	8,500	30,060	21,560
Fund balances - beginning	82,295	82,295	82,295	-
Fund balances - ending	\$ 90,795	\$ 90,795	\$ 112,355	\$ 21,560

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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 4,130,000	\$ 4,130,000	\$ 514,487	\$ (3,615,513)
Intergovernmental	-	-	-	-
Contributions	-	-	-	-
Interest	14,000	14,000	228,930	214,930
Increase in fair value	-	-	61,756	61,756
Other income	-	-	-	-
Total revenues	<u>4,144,000</u>	<u>4,144,000</u>	<u>805,173</u>	<u>(3,338,827)</u>
EXPENDITURES				
Current:				
Capital outlay	1,510,300	1,816,750	1,046,149	770,601
Debt service				
Principal	165,671	165,671	165,671	-
Interest	6,223	6,223	5,888	335
Total expenditures	<u>1,682,194</u>	<u>1,988,644</u>	<u>1,217,708</u>	<u>770,936</u>
Excess (deficit) of revenues over (under) expenditures	<u>2,461,806</u>	<u>2,155,356</u>	<u>(412,535)</u>	<u>(2,567,891)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,990,300	4,990,300	4,990,300	-
Transfers out	-	(650,000)	(650,000)	-
Total other financing sources (uses)	<u>4,990,300</u>	<u>4,340,300</u>	<u>4,340,300</u>	<u>-</u>
Net change in fund balance	7,452,106	6,495,656	3,927,765	(2,567,891)
Fund balances - beginning	2,517,144	2,517,144	2,517,144	-
Fund balances - ending	<u>\$ 9,969,250</u>	<u>\$ 9,012,800</u>	<u>\$ 6,444,909</u>	<u>\$ (2,567,891)</u>

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, 2024

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 2,632,000	\$ 2,632,000	\$ 312,557	\$ (2,319,443)
Charges for Services	14,000	14,000	48,208	34,208
Contributions	-	535,000	11,946,029	11,411,029
Interest	150,000	150,000	306,353	156,353
Increase in fair value	-	-	114,049	114,049
Total Revenues	2,796,000	3,331,000	12,727,196	9,396,196
EXPENDITURES				
Current:				
Developer Reimbursement	-	200,000	-	200,000
Capital outlay	772,000	13,807,000	9,215,575	4,591,425
Debt service				
Principal	64,734	64,734	64,734	-
Interest	1,519	1,519	1,519	-
Total expenditures	838,253	14,073,253	9,281,828	4,791,425
Excess (deficit) of revenues over (under) expenditures	1,957,747	(10,742,253)	3,445,368	14,187,621
OTHER FINANCING SOURCES (USES)				
Transfers in	406,000	406,000	406,000	-
Sale of assets	-	-	100	100
Total other financing sources (uses)	406,000	406,000	406,100	100
Net change in fund balance	2,363,747	(10,336,253)	3,851,468	14,187,721
Fund balances - beginning	1,872,135	1,872,135	1,872,135	-
Fund balances - ending	\$ 4,235,882	\$ (8,464,118)	\$ 5,723,603	\$ 14,187,721

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>	96
Revenue Capacity <i>These schedules contain information to help the reader assess a significant local revenue source, the property tax.</i>	101
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>	105
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>	110
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 Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 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	\$ 114,039,005
Restricted	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	7,304,924
Unrestricted	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	17,841,169
Total governmental activities net position	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	139,185,098
Business-type activities										
Net investment in capital assets	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	35,756,342
Restricted	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	2,293,741
Unrestricted	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	10,021,854
Total business-type activities net position	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	48,071,937
Primary government										
Net investment in capital assets	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	149,795,347
Restricted	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	9,598,665
Unrestricted	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	27,863,023
Total primary government net position	\$ 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	\$ 187,257,035

FARMINGTON CITY CORPORATION

2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 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	\$ 3,285,809
Public safety	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	8,331,830
Highways and public works	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	3,945,474
Parks and cemetery	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	1,975,974
Community development	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	1,427,580
Economic development	-	350,000	-	185,329	355,619	414,252	758,842	375,313	157,108	88,164
Interest on long-term debt	191,551	369,988	365,801	319,250	281,470	236,479	202,648	170,248	149,740	130,193
Total governmental activities expenses	<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>	<u>19,185,024</u>
Business-type activities:										
Water utility	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	3,098,714
Sewer utility	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	2,565,507
Garbage utility	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	1,884,048
Storm water utility	1,049,891	928,215	923,160	929,855	1,025,571	1,002,911	936,924	937,124	1,177,221	1,251,922
Ambulance service	301,751	434,728	347,699	362,876	414,154	308,022	572,343	954,559	2,152,468	658,409
Transportation utility	-	-	-	-	5,198	82,221	171,414	337,270	417,494	437,890
Recreation	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	2,385,766
Total business-type activities expenses	<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>	<u>12,282,256</u>
Total primary government expenses	<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>	<u>\$ 31,467,280</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 745,430	\$ 1,241,815	\$ 1,017,393	\$ 974,554	\$ 1,150,283	\$ 1,660,545	\$ 1,015,154	\$ 122,077	\$ 120,994	\$ 277,608
Public safety	264,604	260,003	257,286	378,367	279,601	222,074	222,408	443,218	550,700	612,536
Highways and public works	-	-	-	-	726,849	378,227	428,165	1,241,429	12,455	52,726
Parks and cemetery	57,759	49,731	53,096	299,005	1,281,217	451,647	624,780	2,012,230	191,539	130,536
Community development	179,908	202,394	129,797	103,105	95,698	116,416	131,485	1,401,008	827,653	981,650
Operating grants and contributions	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	1,261,274
Capital grants and contributions	2,010,379	342,136	379,830	1,099,513	5,091,548	8,857,852	254,291	736,806	14,092,175	14,318,771
Total governmental activities program revenues	<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>	<u>17,635,101</u>
Business-type activities:										
Charges for services										
Water utility	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	3,174,133
Sewer utility	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	2,597,743
Garbage utility	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	2,106,701
Storm water utility	725,731	754,580	793,493	1,112,131	1,279,611	1,069,175	1,161,122	1,688,268	901,239	1,105,047
Ambulance service	363,568	435,498	509,105	612,349	549,647	653,692	821,560	1,339,073	1,695,559	878,033
Transportation utility	-	-	-	-	635,505	641,807	654,116	663,426	668,005	709,979
Recreation	550,427	677,226	827,995	951,659	974,334	610,263	908,392	1,061,542	1,080,374	1,122,228

FARMINGTON CITY CORPORATION

2 - Changes in net position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating grants and contributions	9,240	-	7,255	-	-	-	-	-	2,384	5,873
Capital grants and contributions	412,081	102,094	-	481,413	545,484	1,650,823	2,179,772	155,774	3,197,540	1,891,777
Total business-type activities program revenues	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	13,591,514
Total primary government program revenues	<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>	<u>31,226,615</u>
Net (Expense)/Revenue										
Governmental activities	(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)	(1,549,923)
Business-type activities	(163,374)	(530,065)	(602,951)	431,968	1,013,170	1,935,291	2,712,564	1,627,182	779,423	1,309,258
Total primary government	<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>	<u>\$ (240,665)</u>
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 5,453,117
General sales and use tax	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	9,021,796
Franchise tax	995,717	1,007,291	1,024,805	466,279	384,976	359,164	326,079	365,671	348,309	373,039
Energy use tax	484,678	465,601	568,990	1,147,972	1,166,886	1,192,053	1,253,577	1,319,590	1,595,733	1,631,354
Impact fees	772,265	1,896,845	2,651,634	-	-	-	-	-	-	-
Interest earnings	34,262	47,021	123,368	213,052	313,690	405,757	182,198	210,079	792,746	1,067,944
Net increase (decrease) in invest.	-	-	(33,934)	(74,110)	62,730	(46,390)	(57,447)	(338,134)	(102,601)	337,880
Gain (loss) on sale of assets	309,372	48,072	59,976	89,930	92,105	22,523	473,178	69,825	312,543	5,382,480
Miscellaneous	24,543	21,631	14,449	26,090	26,800	20,913	60,914	-	157,649	36,570
Transfers	(388,694)	(435,227)	(599,355)	(711,492)	(733,362)	(798,547)	(561,721)	(983,056)	(682,000)	(1,108,515)
Total governmental activities	<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>	<u>22,195,665</u>
Business-type activities:										
Impact fees	279,808	982,221	1,150,847	-	-	-	-	-	-	-
Interest earnings	28,334	25,576	80,601	142,564	193,684	182,109	66,305	72,892	607,030	857,347
Net increase (decrease) in invest.	-	-	(9,329)	(26,599)	19,445	-	-	(140,490)	(36,206)	147,845
Gain (loss) on sale of assets	-	53,731	29,996	(36,484)	71,439	-	6,656	-	-	-
Transfers	388,694	435,227	599,355	711,492	733,362	797,173	561,721	983,056	682,000	1,108,515
Total business-type activities	<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>	<u>2,113,707</u>
Total primary government	<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>	<u>\$ 24,309,372</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 20,645,742
Business-type activities	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	3,422,965
Total primary government	<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>	<u>\$ 24,068,707</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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023*	2024
General fund										
Restricted	\$ 36,128	\$ 14,015	\$ 208,366	\$ 139,481	\$ 153,929	\$ 269,743	\$ 734,632	\$ 982,017	\$ 15,712	\$ 12,282
Assigned	104,486	104,564	103,802	106,488	104,049	104,049	104,049	100,227	-	-
Unassigned	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	6,235,697
Total general fund	<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>	<u>\$ 6,247,979</u>
All other governmental funds										
Restricted for:										
Class C Roads*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440,237	\$ 2,358,594
Perpetual care	215,607	179,242	178,736	191,995	189,164	198,654	207,178	219,251	82,295	112,355
Debt service	86,792	51,906	63,555	76,165	78,129	81,079	85,346	86,971	34,588	43,253
Impact fees	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	2,408,302
Redevelopment	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	2,066,455
Assigned, reported in:										
Debt service funds	101,639	109,226	252,607	327,673	295,508	55,670	329,338	440,862	210,557	165,997
Capital projects funds	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	11,497,076
Total all other governmental funds	<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>	<u>\$18,652,032</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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023*	2024
REVENUES										
Taxes	\$ 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	\$ 16,479,307
Licenses and permits	623,011	1,061,056	833,068	643,349	723,802	679,738	817,565	1,251,343	704,289	896,952
Intergovernmental	651,510	1,034,011	854,863	880,423	1,013,193	973,863	2,488,860	1,244,735	1,478,670	1,669,996
Fines and forfeitures	197,911	178,369	174,271	157,990	227,104	172,152	167,828	180,687	184,630	232,336
Charges for services	287,612	320,528	256,887	249,246	231,246	230,491	222,526	271,392	368,083	474,263
Impact fees	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	1,102,400
Contributions	247,632	342,136	423,734	1,099,513	5,091,548	6,394,680	254,291	99,120	9,461,294	11,946,029
Interest	44,582	90,674	119,002	208,682	372,050	401,391	177,687	210,079	792,746	1,067,944
Net increase (decrease) in fair value of investments				(74,110)	-	(46,390)	(57,447)	(338,134)	(102,601)	337,880
Special assessments	15,044	7,710	424	-	-	-	-	-	-	-
Miscellaneous revenue	160,798	210,681	207,795	293,453	243,409	929,529	190,653	934,797	240,158	116,725
Total revenues	14,589,273	16,991,737	19,023,702	18,651,696	24,673,650	25,215,834	18,130,883	21,816,226	28,940,676	34,323,832
EXPENDITURES										
Current:										
General government	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	3,085,636
Public safety	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	7,498,997
Highways and public works*	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	908,947
Parks and cemetery	779,820	849,202	870,819	948,908	977,938	969,399	1,004,073	1,077,595	1,269,699	1,412,312
Community development	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	1,445,639
Economic development	-	350,000	-	185,329	355,619	414,252	758,842	393,642	166,166	94,435
Debt service:										
Principal retirement	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	1,288,955
Interest and fiscal charges	154,643	386,662	357,406	319,220	323,195	469,581	248,710	188,560	156,078	136,491
Developer Reimbursements	-	-	-	-	-	-	-	-	125,519	-
Capital outlay:	5,667,386	11,784,469	3,191,947	7,516,155	5,719,048	2,361,914	3,761,634	2,744,055	27,873,310	14,489,330
Total expenditures	13,581,485	23,802,219	15,750,820	21,163,490	20,825,186	16,056,963	20,756,545	16,624,407	42,722,354	30,360,742
Excess (deficiency) revenues over (under) expenditures	1,007,788	(6,810,482)	3,272,882	(2,511,794)	3,848,464	9,158,871	(2,625,662)	5,191,819	(13,781,678)	3,963,090
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	500,000	93,000	-	350,000	151,565	-	-	-	-	222,652
Proceeds from sale of capital assets	48,518	157,199	132,412	157,682	92,105	41,714	473,189	69,825	312,543	5,456,966
Transfers in	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	10,872,900
Transfers (out)	(1,963,519)	(2,519,446)	(2,376,639)	(3,051,851)	(2,136,116)	(2,916,014)	(959,721)	(3,883,056)	(7,463,822)	(11,981,415)
Total other financing sources (uses)	6,200,697	3,210,466	(466,943)	934,799	635,308	(756,655)	(88,532)	4,586,769	(369,457)	4,571,103
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	7,208,485	(3,600,016)	2,772,005	(1,576,995)	4,483,772	8,402,216	(2,714,194)	9,778,588	(14,151,136)	8,534,193
Fund balances - beginning of year	5,763,094	12,971,579	9,371,563	12,143,568	10,566,572	15,050,344	23,452,560	20,738,366	30,516,954	16,365,818
Fund balances - end of year	\$ 12,971,579	\$ 9,371,563	\$ 12,143,568	\$10,566,573	\$15,050,344	\$23,452,560	\$20,738,366	\$30,516,954	\$ 16,365,818	\$ 24,900,011
Debt service as a percentage of noncapital expenditures	9.84%	14.24%	14.21%	14.17%	13.27%	13.27%	15.64%	13.95%	14.18%	8.61%

* Beginning in FY23, the Class C road fund was reported separately from the Highways and Public Works 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					
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%
2024	2,622,893	621,621	98,505	3,343,019	0.1502%	6,118,693	54.64%

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 Direct and Overlapping Rates	
	Farmington			Davis County			Davis County School District				Total Special Districts
	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total County Rate	Operating Rate	Debt Service Rate	Total School Rate		
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%	0.4795%	0.1629%	0.6424%	0.0597%	0.9665%
2024	0.1355%	0.0147%	0.1502%	0.1414%	0.0000%	0.1414%	0.4599%	0.1629%	0.6228%	0.0718%	0.9862%

Source: Utah State Tax Commission

Percentages are applied to the taxable value.

FARMINGTON CITY CORPORATION

7 - Principal Taxpayers Current Year and Ten Years Ago

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Station Park Centercal LLC	\$ 191,980,765	1	5.74%	\$ 162,487,870	1	11.89%
Lagoon Investment Company	89,849,095	2	2.69%	21,428,383	2	1.57%
ICO Station Parkway LLC	57,543,314	3	1.72%			
Covey Park Lane LLC	49,655,100	4	1.49%			
Avanti Farmington LLC	22,655,049	5	0.68%			
Pacificorp	19,121,620	6	0.57%	16,112,578	4	1.18%
Farmington East LC	18,753,450	7	0.56%			
Bri at Station Park LLC	17,520,734	8	0.52%			
Questar Gas	14,336,682	9	0.43%	4,035,674	10	0.30%
Legacy House of Park Lane LLC	12,669,790	10	0.38%			
Park Lane Village Partners LLC				20,773,228	3	1.52%
SLC Pipeline LLC				7,483,205	5	0.55%
Smiths Food King Properties				6,153,853	6	0.45%
Oakridge Golf & Country				5,763,976	7	0.42%
Harmons Station Park				4,738,561	8	0.35%
Shreya Management Inc.				4,037,630	9	0.30%
Total, principal taxpayers	\$ 494,085,599		14.78%	\$ 253,014,958		18.53%
Total, all taxpayers	\$ 3,343,018,777			\$ 1,365,434,204		

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
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 %	91,822	3,782,301	98.17 %
2024	4,989,692	4,748,925	95.17 %	99,211	4,848,136	97.16 %

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 Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Per Capita
	General Obligation Bonds (1)	Revenue Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Capital Leases				
2015	8,602,506	978,000	37,000	2,029,837	-	96,680	11,744,023	1.3687%	21,482	546.69
2016	8,063,582	3,878,000	-	1,855,965	-	48,746	13,846,293	1.5078%	22,214	623.31
2017	7,446,212	3,284,000	-	1,565,140	-	-	12,295,352	1.2156%	22,933	536.14
2018	6,806,842	4,039,000	-	1,582,500	-	-	12,428,342	1.1558%	23,232	534.97
2019	6,151,472	4,615,000	-	1,336,753	-	117,717	12,220,942	0.9750%	25,339	482.30
2020	5,479,102	3,907,000	-	906,737	-	39,873	10,332,712	0.7742%	26,508	389.80
2021	4,959,732	3,182,000	-	503,307	-	-	8,645,039	0.6312%	24,531	352.41
2022	4,422,579	2,583,000	-	268,930	-	-	7,274,509	0.5050%	24,775	293.62
2023	4,128,534	1,752,000	-	108,142	7,045,000	-	13,033,676	0.8134%	25,660	507.94
2024	3,829,489	909,000	-	180,239	6,806,000	-	11,724,728	N/A	25,771	454.96

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

N/A = information not available

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on Demographic and Economic Statistics table.

(3) United States Census Bureau

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
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
2024	3,829,489	43,253	3,786,236	0.1133%	146.92

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.

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	\$ 524,065,620	7.82%	\$ 40,967,994
Davis County	86,546,445	7.71%	6,669,462
Weber Basin Water Conservancy District	8,560,000	7.71%	659,691
Subtotal, overlapping debt (a)			48,297,147
Farmington City - direct (c)	4,918,728	100%	4,918,728
Total direct and overlapping			<u>\$ 53,215,875</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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 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	\$ 244,747,714
Total net debt applicable to limit	8,380,379	8,030,340	7,401,396	6,755,113	6,033,174	5,362,833	4,845,095	4,335,608	4,093,946	3,786,236
Legal debt margin	\$ 85,778,181	\$ 83,175,020	\$ 92,641,244	\$ 105,932,607	\$ 132,838,146	\$ 144,852,207	\$ 151,668,425	\$ 173,074,680	\$ 227,736,340	\$ 240,961,478
Total net debt applicable to the limit the limit as a percentage of debt limit	8.90%	8.80%	7.40%	5.99%	4.34%	3.57%	3.10%	2.44%	1.77%	1.55%

Legal Debt Margin Calculation for Fiscal Year 2024

Total Estimated Assessed Value	\$ 6,118,692,847
Debt limit - 4% of total assessed value	244,747,714
General Obligation Bonds	3,829,489
Less: Amount set aside for repayment of general obligation debt	43,253
Total net debt applicable to debt limit	<u>3,786,236</u>
Legal debt margin	<u>\$ 240,961,478</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 1	Net Available Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2024	3,174,133	2,124,303	1,049,830	239,000	298,650	537,650	1.95

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Debt Service Requirements			Coverage
		Principal	Interest	Total	
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
2024	-	-	-	-	N/A

1 Includes unrestricted operating expenses, excluding depreciation.

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
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	1,602,441	62,449	2.3%	30.2	9,109
2024	25,771	Not available	Not available	3.0%	31.7	9,149

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 United States Census Information

School Enrollment: Davis County (estimate)

FARMINGTON CITY CORPORATION

15 - Principal Employers

Current Year and Ten Years Ago

Employer	2024			2015		
	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			
Integrity Marketing Group, LLC	250-499	5	N/A			
Davis County Administration Offices	100-249	6	N/A	250-499	3	N/A
Canyon Creek Elementary	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>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>	<u>2024</u>
General Government	7.0	7.0	7.0	7.0	7.5	7.5	8.5	9.0	11.0	10.0
Public Safety										
Police										
Officers	16.0	17.0	17.0	21.0	21.0	22.0	23.0	23.0	25.0	29.0
Civilians	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Fire										
Firefighters & Paramedics	22.0	18.0	25.0	25.0	17.0	18.0	16.0	16.0	16.0	18.0
Civilians	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	2.0	1.0
Community Development	7.5	7.5	8.0	8.0	10.0	10.0	12.0	10.0	11.0	11.0
Highways and Streets	6.0	7.5	9.0	9.0	9.0	9.0	9.0	10.0	10.0	11.0
Parks & Cemetery	5.5	6.5	6.0	7.0	7.0	7.0	6.0	8.0	8.0	9.0
Recreation and Special Events	6.5	6.5	6.5	6.5	9.0	9.0	9.0	8.0	8.0	9.0
Water and Other Utilities	10.0	11.0	11.0	12.0	10.0	10.0	9.0	7.0	8.0	10.0
Total Employees	<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>102.0</u>	<u>110.0</u>

Data source: Farmington City Finance Department

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

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police call volume							11,673	12,513	14,916	13,861
Community Development										
Building permits issued	454	910	561	528	1,002	622	716	631	529	603
Recreation and Special Events										
Youth in recreation programs*	6,681	8,767	8,825	11,649	11,430	5,979	10,321	11,758	8,008	9,527
Adults in recreation programs*									3,479	3,812
Water & Other Utilities										
Water utility customers	5,412	5,590	5,824	5,959	6,031	6,102	6,199	6,294	6,402	6,805
Average daily water consumption (gallons)	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	1,535,452

Data source: Farmington City finance department and various City departments

* Began breaking out adult participants from youth participants in FY23

FARMINGTON CITY CORPORATION
18 - Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	89	97.5	98.0	98.5	99.5	100.0	100.3	103.8	105.8
Streetlights	950	968	976	984	1,002	948	977	996	1,016	1,033
Traffic Signals*					7	7	7	8	10	10
Parks & Cemetery										
Parks acreage	83	88	88	88	113	120	121	121	127	127
Parks	14	14	14	14	13	13	13	13	14	14
Boweries	14	14	14	15	10	10	10	10	10	10
Soccer fields	14	14	14	14	17	17	17	17	17	17
Baseball/Softball diamonds	3	3	3	3	3	7	7	7	7	7
Trails (miles)						39.7	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	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Pickleball courts					8	8	8	8	8	8
Community centers	1	1	1	1	1	1	1	1	1	1
Water & Other Utilities										
Water mains (miles)	110.0	116.0	117.0	118.0	118.0	119.0	119.5	120.3	126.8	129.8
Fire hydrants	1,340	1,413	1,413	1,418	1,422	1,496	1,515	1,547	1,583	1,598

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, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 26, 2024.

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
December 26, 2024



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 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, 2024.

State compliance requirements were tested for the year ended June 30, 2024, in the following areas:

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Fraud Risk Assessment
- Government Fees
- Cash Management
- Enterprise Fund Transfers
- Tax Levy Revenue Recognition
- Impact Fees
- Utah Retirement Systems
- Public Treasurer's Bond

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, 2024.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are in our letter to management dated December 26, 2024 as items 24-1 through 24-3. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying letter to management dated December 26, 2024 as items 24-1 through 24-3. The City's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
December 26, 2024

FARMINGTON CITY

**CORRESPONDENCE WITH
THOSE CHARGED
WITH GOVERNANCE**



GILBERT & STEWART

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JAMES E. STEWART, CPA

December 26, 2024

Honorable Mayor and City Council
Farmington City
Farmington City, UT

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Farmington City for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 31, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by Farmington City are described in Note 1 to the financial statements. We noted no transactions entered into by Farmington City during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the capital assets' useful life is based on the historical life of similar assets. We evaluated the key factors and assumptions used to develop the capital assets' useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered In Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 26, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The following matters are items noticed during our audit which related to Utah State compliance issues:

Utah State Legal Compliance Findings – Current Year:

24-1 Budgetary Compliance

Finding: State law requires that a city's actual expenditures in any given fund do not exceed the budgeted expenditures for that fund. During our audit we noted that the City's Fire Protection Capital Projects Fund expenditures exceeded budgeted amounts by \$118,706.

Recommendation: It is recommended that near year-end the City reviews year-to-date expenditures by fund and compare them against budgeted amounts to determine if an amended budget should be proposed and approved.

City's Response: The City will make the necessary changes to ensure actual expenditures by fund do not exceed budgeted amounts.

24-2 Fund Balance

Finding: State law requires that a city's unrestricted general fund balance cannot exceed 35% of the total revenue of the general fund for the fiscal year under audit. During our audit we noted that the City's unrestricted general fund balance exceeded 35% of the total revenue of the general fund by \$444,793.

Recommendation: It is recommended that the City brings the unrestricted fund balance in accordance with Utah State law.

City's Response: The City will make the necessary changes to reduce unrestricted fund balance in accordance with Utah State law.

24-3 Public Treasurer's Bond

Finding: State law requires that a city's treasurer is to be properly bonded or insured in accordance with amounts set forth in Utah Administrative Code R628-4-4 for the Money Management Council. During our audit we noted that the City's treasurer was under-bonded/insured by \$219,476.

Recommendation: It is recommended that the City annually reviews treasurer bond coverage and compares it against the requirements provided by the Money Management Council to ensure proper coverage is maintained.

City's Response: The City will make the necessary changes to ensure that proper treasurer bond coverage is maintained.

Utah State Legal Compliance Findings – Prior Year:

No findings

We wish to express our appreciation to the City personnel for the friendly and enthusiastic help extended to us during the course of our examination.

This information is intended solely for the use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties. If you have any questions concerning the above items, we will be happy to discuss them with you.

Sincerely,

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants