

Annual Comprehensive Financial Report



FARMINGTON

MORE TIME FOR LIVING

**Farmington City Corporation
Farmington, Utah**

**Fiscal Year Ended
June 30, 2025**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of

FARMINGTON CITY CORPORATION
FARMINGTON, UTAH

Fiscal Year Ended
June 30, 2025

Mayor
Brett Anderson

City Council
Roger Child Scott Isaacson
Melissa Layton Amy Shumway
Alex Leeman

City Manager
Brigham Mellor

Finance Director
Levi Ball

FARMINGTON CITY CORPORATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
June 30, 2025

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INTRODUCTORY SECTION

December 17, 2025

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, 2025. 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 reviews 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 24 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,



Levi Ball
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, 2024

Christopher P. Morill

Executive Director/CEO

**Farmington City Officials
June 30, 2025**

Mayor	Brett Anderson
Council Members	Roger Child Melissa Layton Alex Leeman Scott Isaacson Amy Shumway
City Manager	Brigham Mellor
Assistant City Manager	Chad Boshell
Recorder	DeAnn Carlile
Treasurer	Shannon Harper
Building Official	Eric Miller
City Attorney	Paul Roberts
City Engineer	Chad Boshell
Finance Director	Levi Ball
Fire Chief	Shelby Willis
Human Resource Manager	Kadi Jacobsen
Parks & Recreation Director	Colby Thackeray
Planning Director	Lyle Gibson
Police Chief	Austin Anderson
Public Works Director	Larry Famuliner

RESIDENTS OF FARMINGTON

**MAYOR BRETT ANDERSON
& CITY COUNCIL**

BRIGHAM MELLOR
City Manager

CHAD BOSHELL
Assistant City Manager
City Engineer
Capital Projects

DEANN CARLILE
City Recorder
Records Management
Elections

LEVI BALL
Finance Director

Accounting
Cash Management
Procurement
Information Technology
Risk Management

COLBY THACKERAY
Parks & Recreation
Director

Parks and Cemetery
Recreation Programs
Special Events
Performing Arts

AUSTIN ANDERSON
Police Chief

Patrol
Dispatch
Investigations
Crossing Guards

SHELBY WILLIS
Fire Chief

Ambulance
Emergency Management
Firefighters
Paramedics/EMTS

LYLE GIBSON
Community
Development Director

Building Inspection
Planning
Zoning
Zoning Enforcement

LARRY FAMULINER
Public Works Director

Streets & Sidewalks
Water
Sewer
Waste Collection
Storm Water
Fleet Management

PAUL ROBERTS
City Attorney

Communications
Human Resources
Legal

FINANCIAL SECTION



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
Farmington, Utah

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, 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.

Change in Accounting Principle

As discussed in note 15 to the financial statements, in fiscal year 2025 the City adopted new accounting guidance, GASB 101, *Compensated Absences*. Our opinions were not modified with respect to this matter.

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 17, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC

Provo, Utah

December 17, 2025

Management's Discussion and Analysis

Fiscal Year ended June 30, 2025

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.

The MD&A is comprised of these main sections:

- Overview of the financial statements
- Condensed comparative financial data
- Analysis of overall operations
- Analysis of individual funds
- Analysis of budgetary variations
- Capital asset and long-term debt activity
- Known facts, decisions, or conditions of future significance

OVERVIEW OF THE 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., community development and public safety) are those principally supported by taxes and intergovernmental revenues. Business-type activities (e.g., utility services and ambulance services) are those that recover all – or a significant portion – of their costs through user fees. Recreation activities are treated as business-type activities due to the collection of user fees even though they are heavily subsidized by the General Fund.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The statements are designed to show the city's overall financial health and long-term position, not just whether it had enough cash in the current year.

Economic resources measurement focus means the statements include all assets (buildings, roads, equipment) and all liabilities (loans, bonds, unpaid bills, employee benefits).

Accrual basis of accounting means transactions are recorded when they happen, not when cash is received or paid. Revenue is recorded when it's earned (for example, when taxes are levied). Expenses are recorded when they're incurred (for example, when work is done or services are used).

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 proprietary (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 revenues, 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.

Proprietary Funds (Business-type)

There are two types of proprietary funds – enterprise funds and internal service funds. Both fund types operate in many ways like private-sector businesses. Farmington City does not have any internal service funds but does have several 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 funds financial statements include separate information for each of the City's seven (7) enterprise funds. The proprietary funds financial 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.

CONDENSED COMPARATIVE FINANCIAL DATA

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.

Farmington City's Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Assets						
Current and other assets	\$34,070,080	\$37,968,165	\$22,235,175	\$23,724,875	\$56,305,255	\$61,693,040
Capital assets	124,836,901	118,957,733	40,551,269	35,561,005	165,388,170	154,518,738
Total Assets	<u>158,906,981</u>	<u>156,925,898</u>	<u>62,786,444</u>	<u>59,285,880</u>	<u>221,693,425</u>	<u>216,211,778</u>
Total deferred outflows of resources	2,163,303	2,002,747	580,264	594,850	2,743,567	2,597,597
Liabilities						
Long-term liabilities	6,288,328	6,850,747	7,276,924	7,413,019	13,565,252	14,263,766
Other liabilities	5,696,951	6,506,918	2,522,834	4,365,699	8,219,786	10,872,617
Total liabilities	<u>11,985,279</u>	<u>13,357,665</u>	<u>9,799,758</u>	<u>11,778,718</u>	<u>21,785,037</u>	<u>25,136,383</u>
Total deferred inflows of resources	6,576,285	6,385,882	27,802	30,075	6,604,087	6,415,957
Net Position:						
Net inv in capital assets	120,744,054	114,039,005	41,753,671	35,756,342	162,497,725	149,795,347
Restricted	4,438,145	7,304,924	1,360,597	2,293,741	5,798,742	9,598,665
Unrestricted	17,326,521	17,841,169	10,424,880	10,021,854	27,751,401	27,863,023
Total net position	<u>\$142,508,720</u>	<u>\$139,185,098</u>	<u>\$53,539,148</u>	<u>\$48,071,937</u>	<u>\$196,047,868</u>	<u>\$187,257,035</u>

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.

Farmington City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
Program revenues:						
Charges for services	\$1,963,286	\$2,055,056	\$13,071,517	\$11,693,864	\$15,034,803	\$13,748,920
Operating grants and contributions	1,414,307	1,261,274	10,834	5,873	1,425,141	1,267,147
Capital grants and contributions	4,125,055	14,318,771	4,266,694	1,891,777	8,391,749	16,210,548
General revenues:						
Property taxes	6,645,462	5,453,117	-	-	6,645,462	5,453,117
Sales taxes	9,225,277	9,021,796	-	-	9,225,277	9,021,796
Franchise taxes	363,678	373,039	-	-	363,678	348,309
Energy use taxes	1,582,341	1,631,354	-	-	1,582,341	1,631,354
Interest earnings	1,040,672	1,067,944	847,799	857,347	1,888,471	1,925,291
Change in fair value	349,719	337,880	161,761	147,845	511,480	485,725
Insurance proceeds & rebates	74,376	36,570	-	-	74,376	36,570
Gain on sale of assets	297,646	5,382,480	103,863	-	401,509	5,382,480
Total revenues	<u>27,081,819</u>	<u>40,939,281</u>	<u>18,462,468</u>	<u>14,596,706</u>	<u>45,544,287</u>	<u>55,535,987</u>
Expenses:						
General government	3,461,733	3,285,809	-	-	3,461,733	3,285,809
Public safety	9,128,168	8,331,830	-	-	9,128,168	8,331,830
Highways and public works	4,896,471	3,945,474	-	-	4,896,471	3,945,474
Parks and cemetery	2,453,390	1,975,974	-	-	2,453,390	1,975,974
Community development	1,545,230	1,427,580	-	-	1,545,230	1,427,580
Economic development	505,521	88,164	-	-	505,521	88,164
Interest on long-term debt	111,415	130,593	-	-	111,415	130,593
Water utility	-	-	3,183,711	3,098,714	3,183,711	3,098,714
Sewer utility	-	-	3,589,379	2,565,507	3,589,379	2,565,507
Garbage utility	-	-	1,871,053	1,884,048	1,871,053	1,884,048
Storm water utility	-	-	1,523,133	1,251,922	1,523,133	1,251,922
Ambulance service	-	-	833,813	658,409	833,813	658,409
Transportation utility	-	-	775,542	437,890	775,542	437,890
Recreation	-	-	2,704,773	2,385,766	2,704,773	2,385,766
Total expenses	<u>22,101,928</u>	<u>19,185,424</u>	<u>14,481,404</u>	<u>12,282,256</u>	<u>36,583,332</u>	<u>31,467,680</u>
Increase (decrease) before transfers	<u>4,979,891</u>	<u>21,753,857</u>	<u>3,981,064</u>	<u>2,314,450</u>	<u>8,960,955</u>	<u>24,068,307</u>
Transfers	(1,513,855)	(1,108,515)	1,513,855	1,108,515	-	-
Increase (decrease) in net position	<u>3,466,036</u>	<u>20,645,342</u>	<u>5,494,919</u>	<u>3,422,965</u>	<u>8,960,955</u>	<u>24,068,307</u>
Net position – beginning	<u>139,042,683</u>	<u>118,539,756</u>	<u>48,044,229</u>	<u>44,648,972</u>	<u>187,086,912</u>	<u>163,188,728</u>
Net position – ending	<u>142,508,720</u>	<u>139,185,098</u>	<u>53,539,148</u>	<u>48,071,937</u>	<u>196,047,868</u>	<u>187,257,035</u>

FY25 beginning net position is not consistent with FY24 ending net position due to a change in accounting principle for Government Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. See note 15 in the notes to the financial statements.

ANALYSIS OF OVERALL OPERATIONS

Significant Changes from the Prior Year Statement of Activities

Revenues

Property taxes increased by \$1,019,000 due to the rate increase approved by the city council mostly for public safety wages increases and to cover inflationary impacts on expenses. Sales tax remained mostly flat with only a 2.2% increase over the prior year.

Charges for services in business-type activities increased year over year by \$1,286,000 due utility rate increases. The majority of that increase (\$1,055,000) was due to a rate increase implemented by Central Davis Sewer District.

Capital grants and contributions decreased by over \$7.8M from year to year due to large-dollar, one-time FY24 transactions related to the business park and other various developments. “Gain on sale of capital assets” decreased nearly \$5m in FY25 compared to prior year due to a one-time transaction in FY24 for a gain on sale of property of over \$5M (land for a satellite campus of Weber State University).

General government

FY25 showed an increase to expenditures of \$152,000 due mainly to employee pay rate increases.

Public safety

Total expenses increased by \$793,000 in FY25 due mainly to a concerted effort by the city to prioritize public safety and be more competitive in police officer wages.

Highways and public works

A reduction in FY25 compared to FY24 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 INDIVIDUAL FUNDS

The General Fund

Revenues exceeded expenditures by \$1.9m largely due to taxes, charges for services, and investment interest all being higher than anticipated in FY25.

The General Fund's ending unrestricted fund balance remains strong at \$6.2 million. The unassigned fund balance as a percentage of revenues was 35.09%. 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 – The final year of debt service (\$178,000) for the Regional Park on 650 West occurred in FY25. Outside of the bond payment there was very little activity. This redevelopment area was created in 1990 and ended in 2024. Going forward the property tax increment Farmington City collected that was attributed to other taxing entities will divert back to those entities. The property tax increment attributed to Farmington City will get received directly into the General Fund.

Station Park RDA Fund – During FY25 this fund incurred \$611,000 for a few projects in conjunction with the Western Sports Park renovation project. Power was relocated underground along Clarke Lane and conduit was installed to facilitate the installation of a new intersection and traffic signal. This also involved reimbursing Davis County for a portion of the cost of the digital sign which will allow the city to be able to advertise for city events going forward.

There was also a large transfer of \$1,473,000 to the Park Improvement Fund to help pay for the construction of North Cottonwood Commons.

Debt Service Funds

RAP Sales Tax Revenue Bond Fund – The final year of debt service (\$384,000) for the Regional Park on 650 West occurred in FY25. There was also a large transfer of \$452,000 to the Park Improvement Fund to help pay for the construction of North Cottonwood Commons.

Police Sales Tax Revenue Bond Fund – The only activity in FY25 was to pay for some trustee fees relating to the debt service for the Regional Park on 650 West which was paid off in FY24. A small remaining fund balance was transferred to the General Fund to close out this fund going forward.

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 – UDOT Class C funds distributed from the state

as part of the local government assistance program as well as local transportation sales tax support the costs of road maintenance projects in this fund. During FY25 the Public Works Department continued to put an emphasis on improving the condition of sidewalks, spending \$207,000 on repairs which is more than the prior two fiscal years (FY23 \$9,000 and FY24 \$137,000). Also, in FY25 \$1,256,000 was spent on road overlays, improvements, and routine maintenance.

Government Buildings Fund – There was very little activity in FY25 due to delays in anticipated capital projects. HVAC repairs were made to city hall and the police station. The roof of the fire station was damaged during a wind storm and cost \$122,000 to replace. An insurance claim was filed and after paying a \$25,000 deductible the city recovered the remaining \$97,000 of that cost.

Capital Streets Fund – The business park roadways in north station park were completed in FY25 and placed into service completing a multi-year project which will lay the foundation for economic growth. The total cost of the project was \$25,887,000 over several years with \$2,359,000 being spent in FY25 out of the Capital Streets Fund. This was a large road project supported financially and conceptually by both Davis County and the State of Utah demonstrating the recognition of the economic impact that the business park will provide to not only Davis County but much of northern Utah.

Transportation impact fees are subject to the timing of development projects and got a huge boost increasing over \$1,100,00 from the prior year. Continued growth in impact fees is expected as the business park development gains momentum. The final year of debt service for street light replacement occurred in FY25. The General Fund transferred \$152,000 to this fund in FY25 to help fund ongoing expenses.

Capital Equipment Fund – In FY25 \$450,000 was transferred from the General Fund to support the cost of replacing vehicles throughout the city. That transfer in addition to existing fund balance supported several vehicle replacements for Police, Fire, and Parks & Rec. The total cost of these vehicles purchased in FY25 was about \$782,000.

Real Property Fund – During FY25, the City received \$195,000 as part of an agreement exchanging land and right-of-way easements required for the business park roadway project. The city also sold a small playground park for \$30,000 which will save the city money going forward not having to maintain the park and pay for playground replacements.

Park Improvement Fund – The construction of a new major park in the north station park area called North Cottonwood Commons commenced in FY25. Significant resources from several different funding sources are being used for the construction of this park. The funding sources include RAP tax, park impact fees, storm water impact fees, RDA property tax increment, and settlement money from land condemned as part of the UDOT West Davis Corridor highway. Nearly \$5,125,000 was spent out of the Park Improvement Fund on the construction during FY25 and several million more will be spent during FY26 when the park is anticipated to be completed. This park will be a landmark destination in the area featuring the tallest slides along the Wasatch front, a splash pad and water play area, ninja warrior course, amphitheater, pickleball and basketball courts, and scenic pathways over Shepard Creek.

Park impact fees collected in FY25 increased by nearly \$430,000 but were significantly below the budgeted amount (\$1,600,000 less than budget). The anticipated development that would generate

that revenue was delayed but will come when the development in the business park gains momentum. During FY25 \$2,195,000 was transferred in from other funds to support the construction of the North Cottonwood Commons.

Capital Fire Fund – The final year of debt service (\$28,000) for the ladder truck occurred in FY25. There was little activity in FY25 on new west-side fire station which began during FY24. Additional costs of \$53,000 were incurred on the fire station design. Construction of the fire station is anticipated to begin in FY26. Fire impact fees collected totaled \$327,000, an increase of \$151,000 from the prior year.

Permanent Funds

Cemetery Perpetual Care Fund – The purpose of this fund is to ensure that funds are available for the care and maintenance of the cemetery. Fifty percent of the revenues from the sale of burial rights are added to the fund. Only the interest earnings of the fund may be transferred to the general fund for the operational costs of the cemetery.

The city council may, at its discretion, authorize by resolution the use of perpetual care funds (not solely interest earnings) for the following purposes:

- a. For partial reimbursement of the city's general fund for cemetery operational expenses not provided by perpetual care interest transfers;
- b. To purchase land and/or to make improvements or to pay for development costs of an expansion of the existing cemetery and/or development of a new cemetery;
- c. To purchase capital equipment valued in excess of twenty thousand dollars (\$20,000.00) if the use of such equipment for cemetery purposes is proportionate to the monetary contribution made from the perpetual care fund.

Revenue from sale of burial rights and marker fees were almost \$26,000, an increase of \$1,000 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 FY25 budget included a 3% water rate increase with actual customer billings increasing approximately \$200,000.

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 \$1,499,443 in ARPA funding in FY22 and \$1,499,443 in ARPA funding during FY23. All \$2,998,886 of the ARPA proceeds were spent in FY25 conjunction with the bond proceeds on the construction of the water projects listed above. Prior to FY25 the ARPA proceeds were shown as restricted cash and unearned revenue in the government-wide Statement of Net Position and in the enterprise-funds' Statement of Net Position. Now that we have spent the money it is reported as earned revenue in FY25.

Although none of major water projects were completed in FY25, there was significant work done. The following amounts were spent on these projects:

- Main Street Waterline Replacement - \$2,624,000
- Shepard Creek Wellhouse - \$1,089,000
- Farmington Canyon Water Tank - \$40,000

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 FY25 budget included a utility rate increase enacted by the sewer district. Between a growth in accounts and the rate increase, approximately 40% more was collected and transmitted to the sewer district in FY25 as compared to FY24.

Garbage Utility Fund – The Garbage Utility Fund is used to account for the revenues and expenses associated with providing waste collection services. The FY25 budget included a 6.7% fee increase to accommodate the increased costs to the city from contracted service providers and rising costs.

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 FY25 budget included a 5% increase in the storm water utility fee. The Storm Water Fund paid for \$795,000 of the cost of the new park North Cottonwood Commons which will also serve as a storm water basin.

Ambulance Service Fund – During FY25 Farmington City switched to a different contracted ambulance billing agency. Operating expenses (\$833,000) exceeded operating revenues (\$737,000) by \$96,000.

Transportation Utility Fund – The Transportation Utility Fund was established during FY19 to provide for additional street/road maintenance needs. In FY25 the Transportation Utility Fund enacted a 5.9% rate increase to help accumulate a cash 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 FY25 transfer was \$1,543,000, up \$404,000 from the prior fiscal year. Wages and benefits increased year-to-year by \$125,000 due to reclasses, COLA, and market adjustments.

ANALYSIS OF BUDGETARY VARIATIONS

Significant General Fund variations between original and final budget amounts

During FY25, as requested by Administration, the Farmington City Council adopted amendments to various fund and department budgets. Some significant (over \$50,000) budget amendments in the General Fund were as follows:

General Plan Amendment (\$92,000 exp increase, partial carryover)

During FY24 Community Development incurred only \$23,000 of the \$100,000 originally budgeted for the city's 'general plan'. This budget amendment requests carrying over the \$77,000 unspent amount from FY24 to FY25. In addition, the State of Utah's Division of Water Resources has awarded to Farmington a \$15,000 technical assistance grant to add a water element to the city's general plan. The total of this general plan budget amendment is therefore \$92,000 (\$77,000 plus \$15,000).

IT support and cyber security (\$85,000 exp increase, per FY24 ongoing BA)

A FY24 budget amendment (June 2024) requested an increase for IT services and certain cyber security measures. Although the budget increase was for ongoing costs, due to the timing of submitting the FY25 budget in May 2025, it wasn't included in the FY25 original adopted budget. Administration is now requesting the amendment for FY25 and has appropriately included this increase in the FY26 base budget.

Fire Overtime Payroll (\$265,000 exp increase)

Overtime costs in the Fire department were much higher than anticipated during FY25. Staffing vacancies with part-time firefighters are ideal but proving to be more difficult to secure. As a result, more and more open shifts are filled with full-time staff paid at overtime rates.

Dispatch E911 taxes paid to Bountiful (\$117,252 exp increase)

Starting 1/1/25 Farmington City switched dispatch services from Davis County to Bountiful City. Dispatch centers or PSAPs (Public Safety Answering Point) receive E911 tax revenue from the State which is allocated based on the average call volume over the prior three years. In our agreement to work with Bountiful we agreed to pay them the estimated amount of E911 tax revenue that will continue to flow to Davis County during the three-year transition of call volume. These dispatch costs are allocated across Police, Fire and Ambulance.

Police Overtime Payroll (\$75,000 exp increase)

The Police Department had an overage in overtime largely due to patrol coverage and covering two officers on grave shifts. There were also a few unanticipated incidents resulting in additional overtime including the officer-involved shooting, Main Street shooting, and residential burglary. Lastly, in FY25 the Police Department received a large pay increase overall and the original overtime budget did not increase adequately to factor in that pay increase. Part of this payroll overage also includes the leave payouts for retirement.

Significant General Fund variations between final budget amounts and results of operations

General Fund Revenue Significant Variances:

Property Tax – Property taxes came in \$385,000 higher than budgeted due to growth in the number of taxable properties through development.

Vehicle Registration Fees – Vehicle registration fees were \$81,000 higher than budgeted.

Energy Sales and Use Tax – Energy sales receipts were \$118,000 lower than budgeted. This revenue is generated from energy sales on utilities for power and gas.

Licenses and Permits – Overall the revenue received from licenses and permits was \$94,000 higher than budgeted. Included in this are business licenses, building permits, and excavation permits. These fees fluctuate from year-to-year depending on economic growth.

Interest Revenue – Due to higher-than-anticipated rates and cash investment balances, interest received exceeded budget by \$181,000.

Miscellaneous Revenue – Miscellaneous revenue includes one-time events such as the sale of small equipment or insurance claim proceeds. It also includes police report fees and credit card service fees. All of these fees fluctuate from year-to-year. Miscellaneous revenue came in \$68,000 higher than budgeted.

General Fund Expenditure Significant Variances:

General Government/City Attorney – This program had savings in professional and technical due to not requiring as much outside legal help as anticipated (\$49,000).

Community Development/Planning and Zoning – A delay in projects resulted in temporary savings with contracted professional services (\$60,000).

Community Development/Inspection – Due to the temporary slowing in development, this department spent less than budgeted (\$109,000) for its contracted building inspection services.

Other Financing Sources (Uses):

The city entered into an agreement to finance the purchase of fixed building cameras for police, parks, and recreation departments for \$128,000. The financing proceeds weren't budgeted. The city sold several vehicles and other pieces of equipment at auction for \$73,000. The sales proceeds weren't budgeted.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets

Similar to the government-wide financial statements explained earlier in the MD&A, capital assets are organized into two main activities – governmental and business-type. Capital assets are also categorized into major asset classes as shown in the chart below.

Capital Assets – Governmental and Business-type (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Water Rights	\$-	\$-	\$25,717	\$25,717	\$25,717	\$25,717
Land	41,969,249	41,961,209	918,348	918,347	42,887,597	42,879,556
Construction in progress	7,169,008	23,621,076	5,441,117	2,386,101	12,610,125	26,007,177
Buildings	14,502,574	14,877,179	773,815	795,348	15,276,389	15,672,527
Improvements	14,475,649	14,151,045	15,281,102	15,873,068	29,756,751	30,024,113
Machinery & Equipment	4,406,302	4,332,742	2,588,372	2,220,457	6,994,674	6,553,199
Infrastructure	42,100,312	19,847,492	15,471,560	13,341,967	57,571,872	33,189,459
Right to Use Assets	213,806	166,990	51,239	-	265,045	166,990
Total	<u>\$124,836,900</u>	<u>\$118,957,733</u>	<u>\$40,551,270</u>	<u>35,561,005</u>	<u>\$165,388,170</u>	<u>\$154,518,738</u>

Here are some of the significant asset (over \$50,000) additions during FY25 for each of the major asset classes:

Construction in Progress

- City Hall Boiler Replacement - \$76,000
- North Cottonwood Commons construction – \$5,920,000
- Main Street Widening UDOT Project (city match) - \$111,000
- Rock Mill Renovation Master Plan Consulting - \$78,000
- West Fire Station Engineering - \$68,000
- Public Works Material Storage Shed Engineering - \$62,000
- Main Street Waterline Replacement - \$2,624,000
- Shepard Creek Wellhouse - \$1,089,000

Buildings

- City Hall Boiler Replacement - \$76,000

Improvements

- Street surface treatments for various roads – \$1,060,000
- Street Light Clarke Lane - \$485,000
- Resurface Mountain View and Ranches Tennis Courts - \$60,000
- Woodland Well Drive and SCADA Panel Rebuild - \$98,000
- Shepard Lane Interchange Betterments - \$95,000

- Drainage Line Glovers 1100 West 70% Portion w/UDOT - \$78,000

Machinery and Equipment

- Fire Truck - \$379,000
- Police Patrol Vehicles (5) - \$308,000
- Parks Vehicles (2) - \$94,000
- Ambulance - \$333,000
- Water Service Truck - \$215,000
- Water Pickup Truck - \$63,000

Infrastructure

- Business Park Roadways - \$25,887,000
 - Prior year costs - \$23,098,000 (Placed into service in FY25)
 - FY25 Costs - \$2,789,000
- Stormwater Infrastructure Western Sports Park - \$93,000
- Developer contributions to the city from various new housing developments - \$1,160,000

Right-to-Use

- The city entered into a lease for fixed building cameras in FY25. The cameras were placed at the police station, gym, and Station Park Ball Fields. The total value of the right-to-use asset was \$192,000. Refer to note 9 in the notes to the financial statements for more detail on lease activity.

Farmington City disposed of several vehicles and smaller pieces of equipment from both governmental and business-type activities.

Please refer to the Note 6 for more detailed information on capital asset activity.

Long-Term Debt

Farmington City had no other significant debt activity during FY25. 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 Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$3,485,000	\$3,785,000	\$-	\$ -	\$3,485,000	\$3,785,000
Revenue Bonds	156,037	909,000	6,559,000	6,806,000	6,715,037	7,715,000
Unamortized Bond Premium	40,444	44,489	-	-	40,444	44,489
Lease Payable	237,444	180,239	35,228	-	272,672	180,239
Compensated Absences	717,082	551,977	224,564	197,123	941,646	749,100
Net Pension Liability	1,707,984	1,380,042	458,133	409,896	2,166,117	1,789,938
Total	<u>\$6,343,991</u>	<u>\$6,850,747</u>	<u>\$7,276,925</u>	<u>\$7,413,019</u>	<u>\$13,620,916</u>	<u>\$14,263,766</u>

KNOWN FACTS, DECISIONS, OR CONDITIONS OF FUTURE SIGNIFICANCE

As part of the FY26 budgeting process, the city council adopted rate increases for all customer utilities roughly 8%. These rate increases will have a positive impact on the stability of the enterprise funds. City Council did not increase property taxes in FY26. Regarding payroll, the FY26 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. In place of a cost-of-living adjustment Sworn Police Officers received targeted adjustments ranging from 2%-21% relative to their experience to place them accurately within the existing step and grade program. Market pay adjustments were budgeted for certain positions lagging behind peers in other government entities. The city must provide competitive pay in order to retain competent staffing.

At the time of preparing this report Farmington City is finalizing a \$6m sales tax revenue bond to pay for a new fire station on the west side. Construction is anticipated to start in FY26.

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, 2025

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 20,953,453	\$ 11,489,857	\$ 32,443,310
Receivables:			
Taxes	7,588,650	-	7,588,650
Accounts (net of allowance)	108,658	1,413,243	1,521,901
Intergovernmental	248,465	-	248,465
Interest	18,334	-	18,334
Leases	928,994	-	928,994
Restricted cash and cash equivalents	3,978,586	9,266,374	13,244,960
Net pension asset	244,940	65,701	310,641
Capital assets (not being depreciated):			
Water shares/rights	-	25,717	25,717
Land	41,969,249	918,348	42,887,597
Construction in progress	7,169,008	5,441,117	12,610,125
Capital Assets (net of accumulated depreciation):			
Buildings	14,502,574	773,815	15,276,389
Improvements	14,475,649	15,281,102	29,756,751
Machinery and equipment	4,406,302	15,471,560	19,877,862
Infrastructure	42,100,313	2,588,372	44,688,685
Right to use assets	213,805	51,239	265,044
Total assets	158,906,981	62,786,444	221,693,425
DEFERRED OUTFLOW OF RESOURCES			
Pension related costs	2,163,303	580,264	2,743,567
Total Deferred outflow of resources	2,163,303	580,264	2,743,567
LIABILITIES			
Accounts payable	2,388,220	1,916,578	4,304,798
Accrued liabilities	660,545	215,982	876,527
Accrued Interest Payable	24,699	22,744	47,443
Unearned revenue	-	-	-
Developer and customer deposits	2,623,488	367,530	2,991,018
Non current liabilities:			
Due within one year	1,077,125	432,229	1,509,354
Due in more than one year	5,211,203	6,844,695	12,055,898
Total liabilities	11,985,279	9,799,758	21,785,037
DEFERRED INFLOW OF RESOURCES			
Deferred property taxes levied for future years	5,543,638	-	5,543,638
Deferred - Leases	928,994	-	928,994
Pension related costs	103,653	27,802	131,455
Total Deferred inflow of resources	6,576,285	27,802	6,604,087
NET POSITION			
Net investment in capital assets	120,744,054	41,753,671	162,497,725
Restricted for:			
Net Pension Assets	244,940	65,701	310,641
Liquor Law	19,156	-	19,156
Class C roads	2,903,652	-	2,903,652
Perpetual care	144,646	-	144,646
Debt service	98,919	-	98,919
Impact fee	552,238	1,294,896	1,847,134
Redevelopment	474,594	-	474,594
Unrestricted	17,326,521	10,424,880	27,751,401
Total net position	\$ 142,508,720	\$ 53,539,148	\$ 196,047,868

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, 2025

Function/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,461,733	\$ 258,291	\$ -	\$ -	\$ (3,203,442)	\$ -	\$ (3,203,442)
Public safety	9,128,168	641,349	36,815	364,237	(8,085,767)	-	(8,085,767)
Highways and public works	4,896,471	20,238	1,279,907	2,817,547	(778,779)	-	(778,779)
Parks and cemetery	2,453,390	130,281	97,085	943,271	(1,282,753)	-	(1,282,753)
Community development	1,545,230	913,127	500	-	(631,603)	-	(631,603)
Economic development	505,521	-	-	-	(505,521)	-	(505,521)
Interest on long-term debt	111,415	-	-	-	(111,415)	-	(111,415)
Total governmental activities	<u>22,101,927</u>	<u>1,963,286</u>	<u>1,414,307</u>	<u>4,125,055</u>	<u>(14,599,279)</u>	<u>-</u>	<u>(14,599,279)</u>
Business-type activities:							
Water utility	3,183,711	3,328,781	-	3,683,881	-	3,828,951	3,828,951
Sewer utility	3,589,379	3,652,828	-	-	-	63,449	63,449
Garbage utility	1,871,053	2,310,876	-	-	-	439,823	439,823
Storm water utility	1,523,133	1,142,512	-	582,813	-	202,192	202,192
Ambulance service	833,813	737,232	10,834	-	-	(85,747)	(85,747)
Transportation utility	775,542	798,306	-	-	-	22,764	22,764
Recreation	2,704,773	1,100,982	-	-	-	(1,603,791)	(1,603,791)
Total business-type activities	<u>14,481,404</u>	<u>13,071,517</u>	<u>10,834</u>	<u>4,266,694</u>	<u>-</u>	<u>2,867,641</u>	<u>2,867,641</u>
Total primary government	<u>\$ 36,583,331</u>	<u>\$ 15,034,803</u>	<u>\$ 1,425,141</u>	<u>\$ 8,391,749</u>	<u>(14,599,279)</u>	<u>2,867,641</u>	<u>(11,731,638)</u>
General revenues:							
Property taxes					\$ 6,645,462	\$ -	\$ 6,645,462
General sales and use tax					9,225,277	-	9,225,277
Franchise taxes					363,678	-	363,678
Energy use tax					1,582,341	-	1,582,341
Interest earnings					1,040,672	847,799	1,888,471
Increase in fair value					349,719	161,761	511,480
Insurance proceeds & Rebates					74,376	-	74,376
Gain (loss) on sale of capital assets					297,646	103,863	401,509
Transfers					(1,513,855)	1,513,855	-
Total general revenues and transfers					<u>18,065,316</u>	<u>2,627,278</u>	<u>20,692,594</u>
Change in net position					3,466,037	5,494,919	8,960,956
Net position- beginning					139,185,098	48,071,937	187,257,035
Restatement of net position (see note 15)					(142,415)	(27,708)	(170,123)
Net position - ending					<u>\$ 142,508,720</u>	<u>\$ 53,539,148</u>	<u>\$ 196,047,868</u>

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

FARMINGTON CITY CORPORATION

Balance Sheet
Governmental Funds
June 30, 2025

		Special Revenue		Capital Projects		Nonmajor	Total
	General	US-89	Station	Street	Park	Governmental	Governmental
	Fund	RDA	Park	Improvements	Improvements	Funds	Funds
			RDA				
ASSETS							
Cash and cash equivalents	\$ 7,389,241	\$ -	\$ -	\$ 5,600,832	\$ 6,404,493	\$ 1,558,887	\$ 20,953,453
Receivables							
Taxes	7,177,650	-	-	-	-	411,000	7,588,650
Accounts receivable (net of allowance)	107,521	-	-	-	-	1,137	108,658
Intergovernmental	-	-	-	-	-	248,465	248,465
Leases	928,994	-	-	-	-	-	928,994
Interest	18,334	-	-	-	-	-	18,334
Restricted cash and cash equivalents	19,156	244,811	230,783	-	-	3,483,836	3,978,586
Total assets	<u>\$ 15,640,896</u>	<u>\$ 244,811</u>	<u>\$ 230,783</u>	<u>\$ 5,600,832</u>	<u>\$ 6,404,493</u>	<u>\$ 5,703,325</u>	<u>\$ 33,825,140</u>
LIABILITIES, DEFERRED INFLOWS							
OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 144,688	\$ 1,000	\$ -	\$ 8,705	\$ 2,151,252	\$ 82,574	\$ 2,388,219
Accrued liabilities	660,545	-	-	-	-	-	660,545
Developer and customer deposits	2,536,509	-	-	86,979	-	-	2,623,488
Total liabilities	<u>3,341,742</u>	<u>1,000</u>	<u>-</u>	<u>95,684</u>	<u>2,151,252</u>	<u>82,574</u>	<u>5,672,252</u>
Deferred inflows of Resources:							
Deferred property taxes levied for future years	5,132,638	-	-	-	-	411,000	5,543,638
Deferred inflows related to leases	928,994	-	-	-	-	-	928,994
Total deferred inflows of resources	<u>6,061,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,000</u>	<u>6,472,632</u>
Fund Balances:							
Restricted for:							
Class C roads	-	-	-	-	-	2,903,652	2,903,652
Liquor law	19,156	-	-	-	-	-	19,156
Perpetual care	-	-	-	-	-	144,646	144,646
Debt service	-	-	-	-	-	98,919	98,919
Impact fees	-	-	-	-	-	552,238	552,238
Redevelopment	-	243,811	230,783	-	-	-	474,594
Assigned, for:							
Debt Service	-	-	-	-	-	-	-
Capital projects	-	-	-	5,505,148	4,253,241	1,510,296	11,268,685
Unassigned:	6,218,366	-	-	-	-	-	6,218,366
Total fund balances	<u>6,237,522</u>	<u>243,811</u>	<u>230,783</u>	<u>5,505,148</u>	<u>4,253,241</u>	<u>5,209,751</u>	<u>21,680,256</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,640,896</u>	<u>\$ 244,811</u>	<u>\$ 230,783</u>	<u>\$ 5,600,832</u>	<u>\$ 6,404,493</u>	<u>\$ 5,703,325</u>	<u>\$ 33,825,140</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, 2025

Total fund balances - governmental fund types:	\$ 21,680,256
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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	\$ 196,075,833	
Accumulated depreciation	(71,238,932)	
		124,836,901

Long-term assets, which include net pension assets, are not available to pay for current period expenditures and, therefore, are deferred in the funds.	244,940
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Accrued interest is not recorded in the funds.	(24,699)
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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	(3,641,037)	
Leases payable	(181,780)	
Compensated absences	(717,082)	
Bond premium	(40,444)	
Net pension liability	(1,707,984)	
		(6,288,327)

Deferred inflows and outflows of resources related to pensions are not available financial resources and are not reported in the governmental funds.	2,059,649
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Net position of government activities	\$ 142,508,719
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FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

		Special Revenue		Capital Projects		Nonmajor	Total
	General	US-89	Station	Street	Park	Governmental	Governmental
	Fund	RDA	Park	Improvements	Improvements	Funds	Funds
			RDA				
REVENUES							
Taxes	\$ 15,323,816	\$ 192,375	\$ 457,420	\$ -	\$ -	1,843,147	\$ 17,816,758
Licenses and permits	824,801	-	-	-	-	-	824,801
Intergovernmental	483,991	-	-	-	-	1,276,812	1,760,803
Fines and forfeitures	216,164	-	-	-	-	-	216,164
Charges for services	414,325	-	-	19,333	-	25,986	459,644
Impact fees	-	-	-	1,420,173	943,271	579,244	2,942,688
Contributions	-	-	-	514,739	39,500	-	554,239
Interest	224,804	9,471	26,768	285,068	295,975	198,587	1,040,673
Change in fair value of Investments	72,326	3,583	11,151	100,293	99,052	63,314	349,719
Miscellaneous	160,372	-	-	-	-	97,087	257,459
Total revenues	17,720,599	205,429	495,339	2,339,606	1,377,798	4,084,177	26,222,948
EXPENDITURES							
Current:							
General government	2,593,311	1,186	640,038	-	-	-	3,234,535
Public safety	8,511,629	-	-	-	-	-	8,511,629
Highways and public works	1,024,083	-	-	-	-	-	1,024,083
Parks and cemetery	1,572,291	-	-	-	-	-	1,572,291
Community development	1,508,119	-	-	-	-	-	1,508,119
Economic development	498,813	-	-	-	-	-	498,813
Debt service:							
Principal retirement	113,308	175,991	-	13,250	169,000	707,972	1,179,521
Interest and fiscal charges	-	2,414	-	95	3,292	112,034	117,835
Capital outlay	-	-	-	2,426,716	5,592,174	2,783,754	10,802,644
Total expenditures	15,821,554	179,591	640,038	2,440,061	5,764,466	3,603,760	28,449,470
Excess revenues over (under) expenditures	1,899,045	25,838	(144,699)	(100,455)	(4,386,668)	480,417	(2,226,522)
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	72,883	-	-	-	-	319,640	392,523
Issuance of Debt	128,099	-	-	-	-	-	128,099
Transfers in	35,371	-	-	152,000	2,195,000	450,000	2,832,371
Transfers out	(2,145,855)	-	(1,473,000)	(270,000)	-	(457,371)	(4,346,226)
Total other financing sources and uses	(1,909,502)	-	(1,473,000)	(118,000)	2,195,000	312,269	(993,233)
Net change in fund balance	(10,457)	25,838	(1,617,699)	(218,455)	(2,191,668)	792,686	(3,219,755)
Fund balances - beginning of year	6,247,979	217,973	1,848,482	5,723,603	6,444,909	4,417,065	24,900,011
Fund balances - end of year	\$ 6,237,522	\$ 243,811	\$ 230,783	\$ 5,505,148	\$ 4,253,241	\$ 5,209,751	\$ 21,680,256

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, 2025

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

Net changes in fund balances - total governmental funds \$ (3,219,754)

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. (5,028,411)

Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position. 10,441,230

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. 561,226

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. (94,877)

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		(128,099)	
Bonds payable	\$	1,052,963	
Leases payable		126,558	
			1,051,422

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. (228,527)

In the Statement of Activities, accrued interest on debt is recorded. 2,375

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. (22,690)

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 \$ 3,466,038

FARMINGTON CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 14,925,000	\$ 14,925,000	\$ 15,323,816	\$ 398,816
Licenses and permits	730,825	730,825	824,801	93,976
Intergovernmental	436,080	473,780	483,991	10,211
Fines and forfeitures	175,000	175,000	216,164	41,164
Charges for services	352,180	352,180	414,325	62,145
Interest	115,700	115,700	224,804	109,104
Change in fair value of investments	-	-	72,326	72,326
Miscellaneous	92,500	92,500	160,372	67,872
Total revenues	16,827,285	16,864,985	17,720,599	855,614
EXPENDITURES				
Current:				
General government:				
Legislative	162,024	162,024	126,820	35,204
Administration	1,099,748	1,256,249	1,258,107	(1,858)
City attorney	693,343	584,343	525,805	58,538
General buildings	731,948	703,148	682,579	20,569
Total general government	2,687,063	2,705,764	2,593,311	112,453
Public safety				
Police department	5,244,005	5,458,144	5,328,655	129,489
Fire department	2,931,266	3,263,579	3,182,974	80,605
Total public safety	8,175,271	8,721,723	8,511,629	210,094
Highways and public works	993,333	1,068,833	1,024,083	44,750
Total highways and public works	993,333	1,068,833	1,024,083	44,750
Community development				
Engineering	228,751	232,751	219,619	13,132
Planning and zoning	741,807	840,807	767,130	73,677
Inspection	658,422	658,422	521,370	137,052
Total community development	1,628,980	1,731,980	1,508,119	223,861
Economic development	485,261	529,361	498,813	30,548
Parks and cemetery	1,458,239	1,509,540	1,572,291	(62,751)
Debt Service				
Principal	-	113,500	113,308	192
Total expenditures	15,428,147	16,380,701	15,821,554	559,147
Excess (deficit) of revenues over (under) expenditures	1,399,138	484,284	1,899,045	1,414,761
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	72,883	72,883
Issuance of Debt	-	-	128,099	128,099
Transfers in	34,040	36,040	35,371	(669)
Transfers out	(2,145,855)	(2,145,855)	(2,145,855)	-
Total other financing sources (uses)	(2,111,815)	(2,109,815)	(1,909,502)	200,313
Net change in fund balance	(712,677)	(1,625,531)	(10,457)	1,615,074
Fund balances - beginning	6,247,979	6,247,979	6,247,979	-
Fund balances - ending	\$ 5,535,302	\$ 4,622,448	\$ 6,237,522	\$ 1,615,074

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, 2025

	Budgeted Amounts			
	Original	Final	Actual Totals	Variance with Final Budget
REVENUES				
Taxes	\$ 171,000	\$ 171,000	\$ 192,375	\$ 21,375
Interest	3,600	3,600	9,471	5,871
Change in fair value	-	-	3,583	3,583
Total revenues	174,600	174,600	205,429	30,829
EXPENDITURES				
General Government	7,400	7,400	1,186	6,214
Debt service				
Principal	178,103	178,103	175,991	2,112
Interest and fees	1,500	1,500	2,414	(914)
Capital Outlay	-	-	-	-
Total expenditures	187,003	187,003	179,591	7,412
Excess (deficit) of revenues over (under) expenditures	(12,403)	(12,403)	25,838	38,241
OTHER FINANCING SOURCES (USES)				
Total other financing sources and uses	-	-	-	-
Net change in fund balance	(12,403)	(12,403)	25,838	38,241
Fund balances - beginning	217,973	217,973	217,973	-
Fund balances - ending	\$ 205,570	\$ 205,570	\$ 243,811	\$ 38,241

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, 2025

	Budgeted Amounts			
	Original	Final	Actual Totals	Variance with Final Budget
REVENUES				
Taxes	\$ 370,000	\$ 370,000	\$ 457,420	\$ 87,420
Interest	22,100	22,100	26,768	4,668
Change in fair value	-	-	11,151	11,151
Miscellaneous	-	-	-	-
Total revenues	392,100	392,100	495,339	103,239
EXPENDITURES				
General Government	630,000	644,800	640,038	4,762
Total expenditures	630,000	644,800	640,038	4,762
Excess (deficit) of revenues over (under) expenditures	(237,900)	(252,700)	(144,699)	108,001
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,473,000)	(1,473,000)	(1,473,000)	-
Total other financing sources	(1,473,000)	(1,473,000)	(1,473,000)	-
Net change in fund balance	(1,710,900)	(1,725,700)	(1,617,699)	108,001
Fund balances - beginning	1,848,482	1,848,482	1,848,482	-
Fund balances - ending	\$ 137,582	\$ 122,782	\$ 230,783	\$ 108,001

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

FARMINGTON CITY CORPORATION

Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities - Enterprise							
	Major Proprietary Funds							
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Transportation Utility	Recreation	Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 5,100,542	\$ 377,853	\$ 1,317,165	\$ 1,613,148	\$ 1,008,717	\$ 942,510	\$ 1,129,922	\$ 11,489,857
Accounts receivable - net	297,128	333,349	210,594	98,902	397,307	69,713	6,250	1,413,243
Total current assets	5,397,670	711,202	1,527,759	1,712,050	1,406,024	1,012,223	1,136,172	12,903,100
Noncurrent assets:								
Restricted cash and cash equivalents	7,971,478	-	-	1,294,896	-	-	-	9,266,374
Net pension asset	21,186	901	3,697	12,767	3,976	-	23,174	65,701
Capital Assets:								
Water share/rights	25,717	-	-	-	-	-	-	25,717
Land	30,000	-	-	888,348	-	-	-	918,348
Construction in progress	4,576,387	-	-	864,730	-	-	-	5,441,117
Equipment, buildings, and improvements	31,460,240	111,001	1,383,156	19,103,512	1,487,802	3,185,474	285,034	57,016,219
Less: Accumulated depreciation	(12,800,499)	(27,676)	(827,164)	(6,733,423)	(768,661)	(1,523,490)	(169,219)	(22,850,132)
Total noncurrent assets	31,284,509	84,226	559,689	15,430,830	723,117	1,661,984	138,989	49,883,344
Total assets	36,682,179	795,428	2,087,448	17,142,880	2,129,141	2,674,207	1,275,161	62,786,444
DEFERRED OUTFLOWS OF RESOURCES								
Pension related costs	187,111	7,956	32,648	112,761	35,118	-	204,670	580,264
Total deferred outflow of resources	187,111	7,956	32,648	112,761	35,118	-	204,670	580,264
LIABILITIES								
Current liabilities:								
Accounts payable	1,004,402	523,850	200,474	2,845	18,790	65,689	100,528	1,916,578
Accrued liabilities	49,610	2,228	8,735	33,816	14,416	-	107,177	215,982
Accrued interest payable	22,744	-	-	-	-	-	-	22,744
Compensated absences - current	45,543	2,930	6,152	32,042	17,257	-	64,499	168,423
Current portion of long-term debt	255,000	-	-	-	-	-	8,806	263,806
Total current liabilities	1,377,299	529,008	215,361	68,703	50,463	65,689	281,010	2,587,533
Noncurrent liabilities:								
Customer deposits	-	-	-	367,530	-	-	-	367,530
Unearned revenue	-	-	-	-	-	-	-	-
Compensated absences- (net of current)	15,181	977	2,051	10,681	5,752	-	21,500	56,141
Net pension liability	147,729	6,282	25,777	89,027	27,726	-	161,592	458,133
Long-term debt (net of current portion)	6,304,000	-	-	-	-	-	26,421	6,330,421
Total noncurrent liabilities	6,466,910	7,259	27,828	467,238	33,478	-	209,513	7,212,225
Total liabilities	7,844,209	536,267	243,189	535,941	83,941	65,689	490,522	9,799,758
DEFERRED INFLOWS OF RESOURCES								
Pension related costs	8,965	381	1,564	5,403	1,682	-	9,807	27,802
Total deferred outflow of resources	8,965	381	1,564	5,403	1,682	-	9,807	27,802
NET POSITION								
Net investment in capital assets	24,529,234	83,325	555,992	14,123,167	719,141	1,661,984	80,828	41,753,671
Restricted - impact fees	-	-	-	1,294,896	-	-	-	1,294,896
Restricted -Net Pension Asset	21,186	901	3,697	12,767	3,976	-	23,174	65,701
Unrestricted	4,465,696	182,510	1,315,654	1,283,467	1,355,519	946,534	875,500	10,424,880
Total net position	\$ 29,016,116	\$ 266,736	\$ 1,875,343	\$ 16,714,297	\$ 2,078,636	\$ 2,608,518	\$ 979,502	\$ 53,539,148

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, 2025

	Business-Type Activities - Enterprise Funds						
	Major Proprietary Funds						
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Transportation Utility	Total
Operating revenues:							
Charges for services:	\$ 3,244,187	\$ 3,652,816	\$ 2,310,831	\$ 1,142,340	\$ 736,351	\$ 798,306	\$ 12,984,309
Connection and servicing fees	46,950	-	-	-	-	-	46,950
Miscellaneous	37,644	12	45	172	881	-	40,258
Total operating revenues	3,328,781	3,652,828	2,310,876	1,142,512	737,232	798,306	13,071,517
Operating expenses:							
Salaries, wages, and benefits	1,057,068	45,843	176,107	728,065	462,394	-	4,279,519
Contract services	80,086	3,428,839	1,566,922	49,114	65,638	-	5,190,599
Maintenance and supplies	679,073	6,562	10,790	164,795	157,833	-	1,801,827
Administration and overhead	204,822	106,028	43,148	62,216	52,413	387,674	941,133
Depreciation	722,002	2,107	74,086	518,943	95,535	387,868	1,827,666
Water purchases	150,292	-	-	-	-	-	150,292
Total operating expenses	2,893,343	3,589,379	1,871,053	1,523,133	833,813	775,542	14,191,036
Operating income	435,438	63,449	439,823	(380,621)	(96,581)	22,764	(1,119,519)
Nonoperating revenues (expenses):							
Interest income	536,844	8,896	40,703	147,345	41,821	26,034	847,799
Change in fair value	55,521	3,564	13,859	46,979	14,964	9,285	161,761
Gain (loss) on sale of capital assets	90,725	-	-	-	13,138	-	103,863
Intergovernmental	2,998,886	-	-	-	10,834	-	3,009,720
Interest expense	(290,368)	-	-	-	-	-	(290,368)
Total nonoperating revenues (expenses)	3,391,608	12,460	54,562	194,324	80,757	35,319	3,832,775
Net income (loss) before contributions and transfers	3,827,046	75,909	494,385	(186,297)	(15,824)	58,083	2,713,256
Developer contributions	330,110	-	-	271,325	-	-	601,435
Impact fees	354,885	-	-	311,488	-	-	666,373
Transfers in	-	-	-	-	-	-	1,543,855
Transfers out	-	-	-	(30,000)	-	-	(30,000)
Total contributions and transfers	684,995	-	-	552,813	-	-	2,781,663
Change in net position	4,512,041	75,909	494,385	366,516	(15,824)	58,083	5,494,919
Total net position - beginning	24,511,410	191,611	1,379,614	16,353,206	2,100,395	2,550,435	48,071,937
Restatement of net position (see Note 15)	(7,335)	(784)	1,344	(5,425)	(5,935)	-	(27,708)
Total net position - ending	\$ 29,016,116	\$ 266,736	\$ 1,875,343	\$ 16,714,297	\$ 2,078,636	\$ 2,608,518	\$ 53,539,148

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, 2025

	Business-Type Activities - Enterprise Funds							
	Major Proprietary Funds							Total
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Services	Transportation Utility	Recreation	
Cash Flows From Operating Activities								
Receipts from customers and users	\$ 3,355,870	\$ 3,573,221	\$ 2,303,294	\$ 1,147,555	\$ 748,556	\$ 805,873	\$ 1,105,295	\$ 13,039,664
Receipts from Customer deposits	-	-	-	33,968	-	-	-	33,968
Payments to suppliers of goods and services	(229,207)	(3,298,307)	(1,549,595)	(360,531)	(321,933)	(369,515)	(832,086)	(6,961,174)
Payments to employees and related benefits	(1,033,356)	(44,387)	(171,985)	(703,026)	(464,712)	-	(1,777,268)	(4,194,734)
Net cash provided (used) by operating activities	2,093,307	230,527	581,714	117,966	(38,089)	436,358	(1,504,059)	1,917,724
Cash Flows From Noncapital Financing Activities								
Transfers in	-	-	-	-	-	-	1,543,855	1,543,855
Transfers out	-	-	-	(30,000)	-	-	-	(30,000)
Net cash provided (used) by noncapital financing activities	-	-	-	(30,000)	-	-	1,543,855	1,513,855
Cash Flows From Capital and Related Financing Activities								
Acquisition and construction of capital assets	(4,214,118)	-	(75,716)	(1,409,792)	(335,798)	(128,334)	-	(6,163,758)
Impact fees collected	354,885	-	-	311,488	-	-	-	666,373
Principal paid on capital debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	90,725	-	-	-	24,450	-	-	115,175
Intergovernmental revenue	-	-	-	-	10,834	-	-	10,834
Principal paid on capital debt	(247,000)	-	-	-	-	-	(28,823)	(275,823)
Interest paid on capital debt	(290,994)	-	-	-	-	-	-	(290,994)
Net cash provided (used) by capital and related financing activities	(4,306,502)	-	(75,716)	(1,098,304)	(300,514)	(128,334)	(28,823)	(5,938,193)
Cash Flows From Investing Activities								
Interest on investments	592,365	12,460	54,562	194,324	56,785	35,319	63,745	1,009,560
Net increase (decrease) in cash and cash equivalents	(1,620,830)	242,987	560,560	(816,014)	(281,818)	343,343	74,718	(1,497,054)
Cash and cash equivalents - beginning	14,692,850	134,866	756,605	3,724,058	1,290,535	599,167	1,055,204	22,253,285
Cash and cash equivalents - ending	\$ 13,072,020	\$ 377,853	\$ 1,317,165	\$ 2,908,044	\$ 1,008,717	\$ 942,510	\$ 1,129,922	\$ 20,756,231
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income	\$ 435,438	\$ 63,449	\$ 439,823	\$ (380,621)	\$ (96,581)	\$ 22,764	\$ (1,603,791)	\$ (1,119,519)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	722,002	2,107	74,086	518,943	95,535	387,868	27,125	1,827,666
(Increase)/decrease in accounts receivable	27,089	(79,607)	(7,582)	5,043	11,324	7,567	4,313	(31,853)
(Increase)/decrease in net pension asset	7,410	320	1,030	6,100	1,696	-	7,942	24,498
(Increase)/decrease in deferred outflows	1,474	96	(1,477)	11,664	2,288	-	540	14,585
Increase/(decrease) in accounts payable	887,932	243,373	72,737	(85,340)	7,602	18,159	29,421	1,173,884
Increase/(decrease) in accrued liabilities	(2,866)	(251)	(1,472)	934	(53,651)	-	6,099	(51,207)
Increase/(decrease) in compensated absences	(2,383)	333	283	4,873	(8,045)	-	4,673	(266)
Increase/(decrease) in customer deposits	-	-	-	33,968	-	-	-	33,968
Increase/(decrease) in net pension liability	17,780	733	4,298	3,289	1,951	-	20,187	48,238
Increase/(decrease) in deferred inflows	(569)	(26)	(12)	(887)	(208)	-	(568)	(2,270)
Total adjustments	1,657,869	167,078	141,891	498,587	58,492	413,594	99,732	3,037,243
Net cash provided (used) by operating activities	\$ 2,093,307	\$ 230,527	\$ 581,714	\$ 117,966	\$ (38,089)	\$ 436,358	\$ (1,504,059)	\$ 1,917,724
Noncash investing, capital, and financing activities								
Contributions of capital assets	\$ 330,110	\$ -	\$ -	\$ 271,325	\$ -	\$ -	\$ -	\$ 601,435
Total noncash investing, capital and financing activities	\$ 330,110	\$ -	\$ -	\$ 271,325	\$ -	\$ -	\$ -	\$ 601,435

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, 2025

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, 2025

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, 2025

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, 2025

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 and 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 fiscal year commencing the following July 1. The tentative operating budget includes proposed expenditures and the means of financing them. The tentative operating budget is reviewed and adopted by the City Council. The Council also sets a date for a public hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection ten days prior to the budget hearing. After the budget hearing, the tentative operating 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, 2025

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, 2025

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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

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, 2025

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.

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, 2025

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, 2025

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, 2025

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, 2025, was \$1,355. The carrying amount of deposits was \$2,767,000 and the bank balance was \$2,247,341. Of the bank balance, \$329,498 was covered by federal depository insurance and \$1,917,843 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, 2025

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, 2025, the City had the following recurring fair value measurements:

Investments	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Money Market	\$ 1,230,233	\$ -	\$ 1,230,233	\$ -
Certificates of Deposit	2,398,439	-	2,398,439	-
Treasury bonds	17,643,103	17,643,103	-	-
Utah Public Treasurers'				-
Investment Finance Fund	21,648,140	-	21,648,140	
Total Investments	<u>\$42,919,915</u>	<u>\$ 17,643,103</u>	<u>\$25,276,812</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, 2025 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, 2025

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments	Investment Maturities (in Years)			
	Less Than 1	1-5	6-10	More than 10
Money Market	\$ 1,230,233	\$ -	\$ -	\$ -
Certificates of Deposit	1,473,757	924,682	-	-
Treasury bonds	2,834,754	14,808,349	-	-
Utah Public Treasurers' Investment Finance Fund	21,648,140	-	-	-
Total investments	<u>\$27,186,884</u>	<u>\$ 15,733,031</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Investments	Fair Value	Quality Ratings				
		AAA	AA+	A	More than A-	Unrated
Money Market	\$ 1,230,233	\$ -	\$ -	\$ -	\$ -	\$ 1,230,233
Certificates of Deposit	2,398,439	-	-	-	-	2,398,439
Treasury bonds	17,643,103		15,500,053	-	1,008,494	1,134,556
Utah Public Treasurers' Investment Finance Fund	21,648,140	-	-	-	-	21,648,140
Total investments	<u>\$42,919,915</u>	<u>\$ -</u>	<u>\$ 15,500,053</u>	<u>\$ -</u>	<u>\$ 1,008,494</u>	<u>\$26,411,368</u>

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

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

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, 2025, are as follows:

Cash on hand and on deposit:

Petty Cash	\$	1,355
Cash on Deposit		2,767,000
PTIF Investment		21,648,140
Investments		21,271,775
Total cash and investments	\$	45,688,270

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

Cash and cash equivalents	\$	32,443,310
Restricted cash and cash equivalents		13,244,960
Total Cash and investments	\$	45,688,270

NOTE 3 ACCOUNTS RECEIVABLE, NET & ALLOWANCE FOR DOUBTFUL ACCOUNTS

	General	Enterprise funds	Non major Govt'l	Total
Receivables:				
Accounts	\$ 107,521	\$ 1,810,250	\$ 1,137	\$ 1,918,908
Taxes	7,177,650	-	411,000	7,588,650
Intergovernmental	-	-	248,465	248,465
Leases	928,994	-	-	928,994
Interest	18,334	-	-	18,334
Less: allowance for uncollectible accounts	-	-	-	-
	-	(397,007)	-	(397,007)
	<u>\$ 8,232,499</u>	<u>\$ 1,413,243</u>	<u>\$ 660,602</u>	<u>\$ 10,306,344</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 \$29,633 and interest revenue of \$23,965. At June 30, 2025, the City reports a lease receivable and an equal deferred inflow of resources related to leases of \$899,361.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

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, 2025.

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

	<u>In</u>	<u>Out</u>
Governmental:		
General Fund	\$ 35,371	\$ 2,145,855
RDA - Station Park	-	1,473,000
Street Improvements	152,000	270,000
Park Improvements	2,195,000	-
Police Sales Tax	-	5,371
Rap Tax	-	452,000
Capital Equipment	450,000	-
Storm Water	-	30,000
Recreation	1,543,855	-
Total Transfers	<u>\$ 4,376,226</u>	<u>\$ 4,376,226</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2025, is as follows:

Primary Government	Beginning			Ending
Governmental activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 41,961,209	\$ 8,040	\$ -	\$ 41,969,249
Construction in progress	23,621,076	5,426,928	21,878,996	7,169,008
Total capital assets not being depreciated	<u>65,582,285</u>	<u>5,434,968</u>	<u>21,878,996</u>	<u>49,138,257</u>
Capital assets being depreciated:				
Buildings	22,372,075	76,450	-	22,448,525
Improvements	32,142,219	1,581,266	-	33,723,485
Machinery and equipment	10,016,239	862,082	536,274	10,342,047
Infrastructure	55,274,181	24,798,586	-	80,072,767
Right to use assets	222,652	128,099	-	350,751
Total capital assets being depreciated	<u>120,027,366</u>	<u>27,446,483</u>	<u>536,274</u>	<u>146,937,575</u>
Less accumulated depreciation for:				
Buildings	7,494,896	451,055	-	7,945,951
Improvements	17,991,174	1,256,662	-	19,247,836
Machinery and equipment	5,683,497	693,645	441,397	5,935,745
Infrastructure	35,426,689	2,545,765	-	37,972,454
Right to use assets	55,662	81,284	-	136,946
Total accumulated depreciation	<u>66,651,918</u>	<u>5,028,411</u>	<u>441,397</u>	<u>71,238,932</u>
Total capital assets, being depreciated, net	<u>53,375,448</u>	<u>22,418,072</u>	<u>94,877</u>	<u>75,698,643</u>
Governmental activities capital assets, net	<u>\$ 118,957,733</u>	<u>\$ 27,853,041</u>	<u>\$ 21,973,873</u>	<u>\$ 124,836,901</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 202,930
Public safety	590,365
Highways and public works	3,494,058
Parks and recreation	732,385
Community Development	8,673
Total depreciation expense - governmental activities	<u>\$ 5,028,411</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 6 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Water stock/rights	\$ 25,717	\$ -	\$ -	\$ 25,717
Land	918,348	-	-	918,348
Construction in progress	2,386,101	4,565,171	1,510,155	5,441,117
Total capital assets not being depreciated	<u>3,330,166</u>	<u>4,565,171</u>	<u>1,510,155</u>	<u>6,385,182</u>
Capital assets being depreciated:				
Buildings	969,956	-	-	969,956
Improvements	26,683,384	304,241	-	26,987,625
Machinery and equipment	6,152,184	770,798	280,227	6,642,755
Infrastructure	19,716,697	2,635,138	-	22,351,835
Right to use assets	-	64,049	-	64,049
Total capital assets being depreciated	<u>53,522,221</u>	<u>3,774,225</u>	<u>280,227</u>	<u>57,016,219</u>
Less accumulated depreciation for:				
Buildings	174,607	21,534	-	196,141
Improvements	10,810,317	896,206	-	11,706,523
Machinery and equipment	3,931,726	391,572	268,915	4,054,383
Infrastructure	6,374,731	505,544	-	6,880,275
Right to use assets	-	12,810	-	12,810
Total accumulated depreciation	<u>21,291,381</u>	<u>1,827,666</u>	<u>268,915</u>	<u>22,850,132</u>
Total capital assets, being depreciated, net	<u>32,230,840</u>	<u>1,946,559</u>	<u>-</u>	<u>34,166,087</u>
Business-type activities capital assets, net	<u>\$ 35,561,006</u>	<u>\$ 6,511,730</u>	<u>\$ 1,510,155</u>	<u>\$ 40,551,269</u>

Depreciation expense was charged to functions/programs as follows:

Business-type activities:	
Culinary water	\$ 722,002
Sewer	2,107
Garbage	74,086
Storm Water	518,943
Ambulance	95,535
Transportation	387,868
Recreation	27,125
Total depreciation expense - business-type activities	<u>\$ 1,827,666</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

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, 2025, 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, 2025, 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 \$5,132,638 and \$411,000, 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, 2025, the general fund and streets improvement fund developer and customer deposits balance held by the City was \$2,536,509 and \$86,979 respectively. Additionally, the City collects and holds deposits from developers for storm water. As of June 30, 2025, the enterprise fund customer and developer deposits balances held by the City was \$367,530.

NOTE 9 LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities of the City for the year ended June 30, 2025:

	Balance at June 30, 2024	Additions	Reductions	Balance at June 30, 2025	Due within one year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 3,785,000	\$ -	\$ (300,000)	\$ 3,485,000	\$ 310,000
Revenue bonds	909,000	-	(752,963)	156,037	156,037
Unamortized Bond Premium	44,489	-	(4,045)	40,444	-
Total bonds payable	4,738,489	-	(1,057,008)	3,681,481	466,037
Leases Payable	180,239	128,099	(126,558)	181,780	73,276
Compensated absences	694,392	22,690	-	717,082	537,812
Net pension liability	1,380,042	327,942	-	1,707,984	-
Governmental activity long-term liabilities	<u>\$ 6,993,162</u>	<u>\$ 478,731</u>	<u>\$ (1,183,566)</u>	<u>\$ 6,288,327</u>	<u>\$ 1,077,125</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, 2025

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, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	345,000	67,788	412,788
2031-2035	1,860,000	184,576	2,044,576
Total	<u>\$ 3,485,000</u>	<u>\$ 606,912</u>	<u>\$ 4,091,912</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, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 156,037	\$ 1,884	\$ 157,921
Total	<u>\$ 156,037</u>	<u>\$ 1,884</u>	<u>\$ 157,921</u>

Leases payable

In 2023 the city entered into a lease agreement for police dash and body cameras. This lease has a present value of \$111,326 at June 30, 2025.

In 2025 the city entered into a lease agreement for fixed building cameras at the police department, baseball fields which will be reported as governmental activities and the recreation center which will be reported in the business type activities. This lease has a present value of \$105,681 at June 30, 2025.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 9 LONG-TERM LIABILITIES (Continued)

Due to the implementation of Government Accounting Standards Board (GASB) 87, Leases, The intangible right-to-use lease assets will be amortized over the remaining lease term. The financed purchase assets will be depreciated over the useful lives of the assets. There are no residual value guarantees in these leases.

A summary of the principal and interest amounts for the 2023 lease is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 55,663	\$ -	\$ 55,663
2027	55,663	-	55,663
Total	<u>\$ 111,326</u>	<u>\$ -</u>	<u>\$ 111,326</u>

A summary of the principal and interest amounts for the 2025 lease is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 26,421	\$ -	\$ 26,421
2027	26,420	-	26,420
2028	26,420	-	26,420
2029	26,420	-	26,420
Total	<u>\$ 105,681</u>	<u>\$ -</u>	<u>\$ 105,681</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, 2025:

	<u>Balance at June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2025</u>	<u>Due within one year</u>
Business-type activities					
Bond Payable					
Water Revenue Bond	\$ 6,806,000	\$ -	\$ (247,000)	\$ 6,559,000	\$ 255,000
Total Bond Payable	6,806,000	-	(247,000)	\$ 6,559,000	255,000
Leases Payable	-	64,049	(28,822)	\$ 35,227	8,806
Compensated absences	\$ 224,831	\$ (267)	\$ -	\$ 224,564	\$ 168,423
Net pension liability	408,896	49,237	-	458,133	-
Business-type activity long-term liabilities	<u>\$ 7,439,727</u>	<u>\$ 113,019</u>	<u>\$ (275,822)</u>	<u>\$ 7,276,924</u>	<u>\$ 432,229</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 2025-2043.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 9 LONG-TERM LIABILITIES (Continued)

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>
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	293,000	244,557	537,557
2031-2035	1,649,000	1,038,378	2,687,378
2036-2040	2,050,000	637,055	2,687,055
2041-2043	1,494,000	118,277	1,612,277
Total	\$ 6,559,000	\$ 3,115,217	\$ 9,674,217

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.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 11 RETIREMENT PLANS (Continued)

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The 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.

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, 2025

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, 2025 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	0.70%	15.19%	N/A
Noncontributory System			
15 Local Government Div. Tier 1	N/A	16.97%	N/A
Public Safety System			
Noncontributory			
122 tier 2 DB Hybrid Public Safety N//A	4.73%	25.33%	NA
Noncontributory			
43 Other Div A with 2.5 % COLA	N/A	33.54%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	1.61%	N/A
132 Tier 2 DB Hybrid Firefighters	4.73%	14.08%	N/A
Tier 2 DC Only			
211 Local Government	N/A	5.19%	10.00%
222 Public Safety	N/A	11.33%	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 has opted to pay the employee portion of the costs shown in the contribution rate summary above for both the Public Safety and Firefighter Retirement Systems.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 11 RETIREMENT PLANS (Continued)

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 318,604	\$ -
Public Safety System	266,138	-
Firefighters System	12,035	112,502
Tier 2 Public Employees System	365,987	16,759
Tier 2 Public Safety and Firefighter	471,385	105,668
Tier 2 DC Public Employees Plan	56,241	-
Tier 2 DC Public Safety and Firefighter System	37,060	-
Total Contributions	<u>\$ 1,527,450</u>	<u>\$ 234,929</u>

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

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

At June 30, 2025, we reported a net pension asset of \$310,640 and a net pension liability of \$2,166,118.

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2023	Change (Decrease)
Noncontributory System	\$ -	\$ 784,278	0.2473192%	0.2396137%	0.0077055%
Public Safety System	-	944,610	0.6104890%	0.6371833%	-0.0269943%
Firefighters System	310,640	-	1.7684910%	167.8278500%	0.0902125%
Tier 2 Public Employees System	-	232,068	0.0778129%	0.0793128%	-0.0014999%
Tier 2 Public Safety and Firefighter	-	205,162	0.4536077%	0.4472849%	0.0063228%
	<u>\$ 310,640</u>	<u>\$ 2,166,118</u>			

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

For the year ended June 30, 2025, we recognized pension expense of \$1,839,039.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 11 RETIREMENT PLANS (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,132,966	\$ 12,378
Changes in assumptions	282,357	3,246
Net difference between projected and actual earnings on pension plan investments	516,643	-
Changes in proportion and differences between contributions and proportionate share of contributions	47,070	115,833
Contributions subsequent to the measurement date	764,533	-
	<u>\$ 2,743,569</u>	<u>\$ 131,457</u>

\$764,533 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 712,100
2026	948,263
2027	(103,381)
2028	14,389
2029	95,062
Thereafter	181,145
	<u>\$ 1,847,578</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 11 RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2025, we recognized pension expense of \$708,250.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 467,317	\$ -
Changes in assumptions	64,874	-
Net difference between projected and actual earnings on pension plan investments	236,237	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	8,261
Contributions subsequent to the measurement date	157,795	-
	<u>\$ 926,223</u>	<u>\$ 8,261</u>

\$157,795 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 443,540
2026	429,989
2027	(95,857)
2028	(17,504)
2029	-
Thereafter	-
	<u>\$ 760,168</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 11 RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2025, we recognized pension expense of \$562,305.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 99,818	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	163,484	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	9,525
Contributions subsequent to the measurement date	136,527	-
	<u>\$ 399,829</u>	<u>\$ 9,525</u>

\$136,527 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 100,165
2026	232,054
2027	(66,404)
2028	(12,037)
2029	-
Thereafter	-
	<u>\$ 253,778</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 11 RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2025, we recognized pension expense of \$19,214.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 341,298	\$ -
Changes in assumptions	24,916	-
Net difference between projected and actual earnings on pension plan investments	88,791	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	93,636
Contributions subsequent to the measurement date	5,909	-
	<u>\$ 460,914</u>	<u>\$ 93,636</u>

\$5,909 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 119,011
2026	209,470
2027	28,428
2028	4,461
2029	-
Thereafter	-
	<u>\$ 361,370</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

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, 2025, we recognized pension expense of \$252,896.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 100,325	\$ 1,599
Changes in assumptions	77,508	24
Net difference between projected and actual earnings on pension plan investments	14,833	-
Changes in proportion and differences between contributions and proportionate share of contributions	31,622	2,206
Contributions subsequent to the measurement date	209,880	-
	<u>\$ 434,168</u>	<u>\$ 3,829</u>

\$209,880 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 26,188
2026	40,741
2027	17,188
2028	21,166
2029	51,186
Thereafter	63,990
	<u>\$ 220,459</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

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, 2025, we recognized pension expense of \$296,374.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,208	\$ 10,780
Changes in assumptions	115,058	3,222
Net difference between projected and actual earnings on pension plan investments	13,298	-
Changes in proportion and differences between contributions and proportionate share of contributions	15,448	2,206
Contributions subsequent to the measurement date	254,422	-
	<u>\$ 522,434</u>	<u>\$ 16,208</u>

\$254,422 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 23,197
2026	36,008
2027	13,265
2028	18,303
2029	43,876
Thereafter	117,155
	<u>\$ 251,804</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 11 RETIREMENT PLANS (Continued)

Actuarial Assumptions

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

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement 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%	7.01%	2.45%
Debt securities	20.00%	2.54%	0.51%
Real assets	18.00%	5.45%	0.98%
Private equity	12.00%	10.05%	1.21%
Absolute return	15.00%	4.36%	0.65%
Cash and cash equivalents	0.00%	0.49%	0.00%
Totals	100%		5.80%
		Inflation	2.50%
		Expected arithmetic nominal return	8.30%

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

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:

	1% Decrease	Discount Rate	1% Increase
System	5.85%	6.85%	7.85%
Noncontributory System	\$ 3,316,852	\$ 784,278	\$ (1,339,732)
Public Safety System	2,901,980	944,610	(652,572)
Firefighters System	676,038	(310,640)	(1,115,160)
Tier 2 Public Employees System	693,132	232,068	(126,594)
Tier 2 Public Safety and Firefighter	699,582	205,162	(190,135)
Total	<u>\$ 8,287,584</u>	<u>\$ 1,855,478</u>	<u>\$ (3,424,193)</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, 2025

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>2025</u>	<u>2024</u>	<u>2023</u>
401(k) Plan			
Employer Contributions	\$ 189,083	\$ 143,097	\$ 111,432
Employee Contributions	102,706	90,054	61,395
457(b) Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	38,716	24,054	33,599
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 33,389	\$ 34,523	\$ 31,915

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 would be covered by insurance would not materially affect the financial statements of the City.

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

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	\$ 192,375
Project Area Station Park:	457,420
Total Tax increment received by RDA	<u>\$ 649,795</u>

Property Tax Increment Expended:

Administrative costs	\$ 29,726
Reimbursements of site improvements	611,800
Site and Improvements	1,473,000
Debt Service	178,103
Total tax increment expended by RDA	<u>\$ 2,292,629</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, 2025.

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE

The City implemented Government Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. The objective of this statement is to better meet the financial statement needs of the users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Upon evaluation of the new standard the beginning balance of Net Position and Compensated Absences were adjusted as follows:

	Governmental Activities	
	Net Position	Compenasted Absences
Original Balance June 30, 2024	\$ 139,185,098	\$ 551,977
Restated for GASB 101	(142,415)	142,415
Restated balance at June 30, 2024	<u>\$ 139,042,683</u>	<u>\$ 694,392</u>
	Business Type Activities	
	Net Position	Compenasted Absences
Original Balance June 30, 2024	\$ 48,071,933	\$ 197,123
Restated for GASB 101	(27,708)	27,708
Restated balance at June 30, 2024	<u>\$ 48,044,225</u>	<u>\$ 224,831</u>

FARMINGTON CITY CORPORATION

Notes to the Financial Statements

June 30, 2025

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated events and transactions which occurred through the date of the audit report, which is the date the financial statements were available to be issued and noted the following:

Subsequent to year-end, the City entered into financing transactions related to the construction of a new fire station. On November 11, 2025, the City closed on the issuance of \$6,050,000 in sales and franchise tax revenue bonds. Additionally, on December 17, 2025, the City completed the sale of roughly 15 acres of land bordering Highway 89 in north Farmington, generating proceeds of \$10,548,000. These transactions occurred after the fiscal year-end and, accordingly, have not been reflected in the financial statements. All proceeds from the bond issuance and land sale will be used to fund the construction of the new fire station on the west side of Farmington.

REQUIRED SUPPLEMENTAL INFORMATION

FARMINGTON CITY CORPORATION

Schedule of the Proportionate Share of the Net Pension Liability Utah Retirement Systems Last Nine Fiscal Years*

FY:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Noncontributory Retirement System</u>										
Proportion of the net pension liability (asset)	0.2347858%	0.2468659%	0.2557718%	0.2446235%	0.2586764%	0.2484495%	0.2495566%	0.2339896%	0.2396137%	0.2731920%
Proportionate share of the net pension liability (asset)	\$ 1,328,532	\$ 1,585,181	\$ 1,120,613	\$ 1,801,340	\$ 974,917	\$ 127,440	\$ (1,429,237)	\$ 400,765	\$ 555,799	\$ 784,278
Covered payroll	\$ 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	\$ 1,895,924
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	69.84%	78.57%	54.45%	93.30%	46.80%	6.41%	-72.84%	22.85%	30.30%	41.37%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	87.30%	91.90%	87.00%	93.70%	99.20%	108.70%	97.50%	96.90%	96.02%
<u>Public Safety System</u>										
Proportion of the net pension liability (asset)	0.4804408%	0.5036553%	0.4630506%	0.5133541%	0.5234708%	0.5130430%	0.5934960%	0.6591081%	0.6371833%	0.6104890%
Proportionate share of the net pension liability (asset)	\$ 860,590	\$ 1,022,056	\$ 726,368	\$ 1,320,647	\$ 840,494	\$ 425,950	\$ (482,003)	\$ 852,276	\$ 911,277	\$ 944,610
Covered employee payroll	\$ 657,178	\$ 681,096	\$ 601,403	\$ 658,188	\$ 709,501	\$ 728,598	\$ 795,645	\$ 917,915	\$ 863,761	\$ 725,235
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	130.95%	150.06%	120.78%	200.65%	118.46%	58.46%	-60.58%	92.85%	105.50%	130.25%
Plan fiduciary net position as a percentage of the total pension liability	87.10%	86.50%	90.20%	84.70%	90.90%	95.50%	104.20%	93.60%	93.44%	93.30%
<u>Firefighters Retirement System</u>										
Proportion of the net pension liability (asset)	0.9723325%	0.9896594%	1.0992229%	1.3238220%	1.1802855%	1.1828680%	1.2827649%	1.5692631%	1.6782785%	1.7684910%
Proportionate share of the net pension liability (asset)	\$ (17,611)	\$ (7,802)	\$ (68,652)	\$ 171,895	\$ (146,379)	\$ (330,754)	\$ (748,129)	\$ (407,544)	\$ (393,882)	\$ (310,640)
Covered employee payroll	\$ 261,402	\$ 278,072	\$ 321,437	\$ 400,633	\$ 377,897	\$ 385,902	\$ 427,669	\$ 570,563	\$ 640,792	\$ 735,048
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-6.74%	-2.81%	-21.36%	41.96%	-38.74%	-85.71%	-174.93%	-71.43%	-61.47%	-42.26%
Plan fiduciary net position as a percentage of the total pension liability	101.00%	100.40%	103.00%	94.30%	105.00%	110.50%	120.10%	108.40%	106.79%	104.64%
<u>Tier 2 Public Employees Retirement System</u>										
Proportion of the net pension liability (asset)	0.0769399%	0.0884248%	0.0843521%	0.0694376%	0.0604181%	0.0536094%	0.0580138%	0.0743667%	0.0793128%	0.0778129%
Proportionate share of the net pension liability (asset)	\$ (168)	\$ 9,864	\$ 7,437	\$ 29,739	\$ 13,588	\$ 7,711	\$ (24,554)	\$ 80,977	\$ 154,373	\$ 232,068
Covered employee payroll	\$ 497,100	\$ 725,155	\$ 826,279	\$ 811,752	\$ 839,908	\$ 857,340	\$ 1,075,825	\$ 1,614,893	\$ 2,050,605	\$ 2,305,151
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.03%	1.36%	0.90%	3.66%	1.62%	0.90%	-2.28%	5.01%	7.53%	10.07%
Plan fiduciary net position as a percentage of the total pension liability	100.20%	95.10%	97.40%	90.80%	96.50%	98.30%	103.80%	92.30%	89.58%	87.44%
<u>Tier 2 Public Safety and Firefighters Retirement System</u>										
Proportion of the net pension liability (asset)	0.3364296%	0.3211270%	0.3679596%	0.3583076%	0.3647224%	0.3331782%	0.3238576%	0.4253317%	0.4472849%	0.4536077%
Proportionate share of the net pension liability (asset)	\$ (4,915)	\$ (2,788)	\$ (4,258)	\$ 8,978	\$ 34,307	\$ 29,884	\$ (16,369)	\$ 35,483	\$ 168,489	\$ 205,162
Covered employee payroll	\$ 200,184	\$ 265,325	\$ 388,478	\$ 479,372	\$ 601,026	\$ 666,381	\$ 774,462	\$ 1,308,649	\$ 1,694,784	\$ 2,070,590
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-2.46%	-1.05%	-1.10%	1.87%	5.71%	4.48%	-2.11%	2.71%	9.94%	9.91%
Plan fiduciary net position as a percentage of the total pension liability	110.70%	103.60%	103.00%	95.60%	89.60%	93.10%	102.80%	96.40%	89.10%	90.10%

* 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:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Noncontributory System</u>										
Actuarial determined contributions	\$ 364,381	\$ 377,418	\$ 369,626	\$ 359,226	\$ 381,007	\$ 356,993	\$ 328,023	\$ 324,338	\$ 333,347	\$ 318,604
Contributions in relation to the contractually required contribution	(364,381)	(377,418)	(369,626)	(359,226)	(381,007)	(356,993)	(328,023)	(324,338)	(333,347)	(318,604)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,978,004	\$ 2,055,898	\$ 2,014,328	\$ 1,960,962	\$ 2,079,482	\$ 1,942,272	\$ 1,790,483	\$ 1,834,853	\$ 1,881,903	\$ 1,907,678
Contributions as a percentage of covered payroll	18.42%	18.36%	18.35%	18.32%	18.32%	18.38%	18.32%	17.68%	17.71%	16.70%
<u>Public Safety System</u>										
Actuarial determined contributions	\$ 232,303	\$ 212,799	\$ 217,210	\$ 219,585	\$ 236,920	\$ 238,708	\$ 292,255	\$ 313,757	\$ 264,556	\$ 266,138
Contributions in relation to the contractually required contribution	(232,303)	(212,799)	(217,210)	(219,585)	(236,920)	(238,708)	(292,255)	(313,757)	(264,556)	(266,138)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 682,441	\$ 624,760	\$ 639,324	\$ 678,084	\$ 730,672	\$ 719,155	\$ 858,560	\$ 921,731	\$ 777,193	\$ 793,584
Contributions as a percentage of covered payroll	34.04%	34.06%	33.97%	32.38%	32.42%	33.19%	34.04%	34.04%	34.04%	33.54%
<u>Firefighters System</u>										
Contractually required contribution	\$ 10,687	\$ 11,216	\$ 14,708	\$ 18,371	\$ 17,940	\$ 18,056	\$ 21,919	\$ 22,049	\$ 25,596	\$ 12,035
Contributions in relation to the contractually required contribution	(10,687)	(11,216)	(14,708)	(18,371)	(17,940)	(18,056)	(21,919)	(22,049)	(25,596)	(12,035)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 267,840	\$ 286,178	\$ 378,287	\$ 398,504	\$ 389,144	\$ 391,675	\$ 475,759	\$ 610,770	\$ 709,033	\$ 747,523
Contributions as a percentage of covered payroll	3.99%	3.92%	3.89%	4.61%	4.61%	4.61%	4.61%	3.61%	3.61%	1.61%
<u>Tier 2 Public Employees System*</u>										
Contractually required contribution	\$ 90,548	\$ 119,949	\$ 124,153	\$ 128,322	\$ 134,517	\$ 145,241	\$ 193,210	\$ 310,932	\$ 354,847	\$ 365,987
Contributions in relation to the contractually required contribution	(90,548)	(119,949)	(124,153)	(128,322)	(134,517)	(145,241)	(193,210)	(310,932)	(354,847)	(365,987)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 607,294	\$ 804,483	\$ 821,660	\$ 826,546	\$ 858,984	\$ 919,245	\$ 1,202,162	\$ 1,942,110	\$ 2,216,728	\$ 2,409,553
Contributions as a percentage of covered payroll	14.91%	14.91%	15.11%	15.53%	15.66%	15.80%	16.07%	16.01%	16.01%	15.19%
<u>Tier 2 Public Safety and Firefighters System*</u>										
Contractually required contribution	\$ 50,860	\$ 75,123	\$ 88,795	\$ 109,404	\$ 133,397	\$ 145,206	\$ 196,597	\$ 324,918	\$ 387,398	\$ 471,385
Contributions in relation to the contractually required contribution	(50,860)	(75,123)	(88,795)	(109,404)	(133,397)	(145,206)	(196,597)	(324,918)	(387,398)	(471,385)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 226,046	\$ 337,786	\$ 422,199	\$ 503,903	\$ 691,004	\$ 677,302	\$ 945,028	\$ 1,589,832	\$ 1,864,725	\$ 2,234,003
Contributions as a percentage of covered payroll	22.50%	22.24%	21.03%	21.71%	19.30%	21.44%	20.80%	20.44%	20.78%	21.10%
<u>Tier 2 Public Employees DC Only System*</u>										
Contractually required contribution	\$ 2,683	\$ 2,835	\$ 11,539	\$ 26,968	\$ 31,465	\$ 35,221	\$ 39,688	\$ 47,255	\$ 51,017	\$ 56,241
Contributions in relation to the contractually required contribution	(2,683)	(2,835)	(11,539)	(26,968)	(31,465)	(35,221)	(39,688)	(47,255)	(51,017)	(56,241)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 40,107	\$ 42,531	\$ 172,489	\$ 403,117	\$ 470,330	\$ 526,476	\$ 593,244	\$ 769,413	\$ 824,182	\$ 1,083,638
Contributions as a percentage of covered payroll	6.69%	6.67%	6.69%	6.69%	6.69%	6.69%	6.69%	6.14%	6.19%	5.19%
<u>Tier 2 Public Safety and Firefighter DC Only System*</u>										
Contractually required contribution	\$ -	\$ -	\$ 3,120	\$ 4,503	\$ 5,023	\$ 8,710	\$ 8,392	\$ 13,177	\$ 26,538	\$ 37,060
Contributions in relation to the contractually required contribution	-	-	(3,120)	(4,503)	(5,023)	(8,710)	(8,392)	(13,177)	(26,538)	(37,060)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ 26,352	\$ 38,064	\$ 42,464	\$ 73,624	\$ 72,364	\$ 139,845	\$ 293,712	\$ 404,338
Contributions as a percentage of covered payroll	0.00%	0.00%	11.84%	11.83%	11.83%	11.83%	-11.60%	9.42%	9.04%	9.17%

* 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, 2025

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, 2025

	Police Sales Tax Revenue Bond	Debt Service RAP Sales Tax Revenue Bond	G.O. Bond 2015 Park	Capital Projects Governmental Buildings Improvement
ASSETS				
Cash and cash equivalents	\$ -	\$ 48,161	\$ -	\$ 171,942
Receivables				
Taxes	-	-	411,000	-
Accounts receivable (net of allowance)	-	-	-	1,137
Restricted cash and cash equivalents	-	-	50,758	257,432
Total assets	<u>\$ -</u>	<u>\$ 48,161</u>	<u>\$ 461,758</u>	<u>\$ 430,511</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of Resources:				
Deferred property taxes levied for future years	-	-	411,000	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>411,000</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Impact fees	-	-	-	257,432
Debt service	-	48,161	50,758	-
Assigned, for:				
Debt service	-	-	-	-
Capital projects	-	-	-	173,079
Unassigned:	-	-	-	-
Total fund balances	<u>-</u>	<u>48,161</u>	<u>50,758</u>	<u>430,511</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 48,161</u>	<u>\$ 461,758</u>	<u>\$ 430,511</u>

FARMINGTON CITY CORPORATION

Combining Balance Sheet - Continued

Nonmajor Governmental Funds

June 30, 2025

	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	\$ 904,893	\$ 60,010	\$ 373,881	\$ -	\$ -	\$ 1,558,887
Receivables						
Taxes	-	-	-	-	-	411,000
Accounts receivable (net of allowance)	-	-	-	-	-	1,137
Intergovernmental	-	-	-	248,465	-	248,465
Restricted cash and cash equivalents	-	294,806	-	2,736,194	144,646	3,483,836
Total assets	<u>\$ 904,893</u>	<u>\$ 354,816</u>	<u>\$ 373,881</u>	<u>\$ 2,984,659</u>	<u>\$ 144,646</u>	<u>\$ 5,703,325</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	<u>\$ 1,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,007</u>	<u>\$ -</u>	<u>\$ 82,574</u>
Total liabilities	<u>1,567</u>	<u>-</u>	<u>-</u>	<u>81,007</u>	<u>-</u>	<u>82,574</u>
Deferred inflows of resources:						
Deferred property taxes levied for future years						411,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,000</u>
Fund Balances:						
Restricted for:						
Class C Roads	-	-	-	2,903,652	-	2,903,652
Impact fees	-	294,806	-	-	-	552,238
Perpetual care	-	-	-	-	144,646	144,646
Debt service	-	-	-	-	-	98,919
Assigned, for:						
Debt service	-	-	-	-	-	-
Capital projects	903,326	60,010	373,881	-	-	1,510,296
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>903,326</u>	<u>354,816</u>	<u>373,881</u>	<u>2,903,652</u>	<u>144,646</u>	<u>5,209,751</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 904,893</u>	<u>\$ 354,816</u>	<u>\$ 373,881</u>	<u>\$ 2,984,659</u>	<u>\$ 144,646</u>	<u>\$ 5,703,325</u>

FARMINGTON CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Debt Service			Capital Projects
	Police	RAP		Governmental
	Sales Tax	Sales Tax	G.O. Bond	Buildings
	Revenue Bond	Revenue Bond	2015 Park	Improvement
REVENUES				
Taxes	\$ -	\$ 717,761	\$ 410,000	\$ -
Impact fees	-	-	-	251,908
Interest	-	5,340	2,086	15,021
Change in fair value	-	1,577	1,715	5,708
Miscellaneous	-	-	-	97,087
Total revenues	-	724,678	413,801	369,724
EXPENDITURES				
Current:				
Debt service:				
Principal retirement	-	379,822	300,000	-
Interest and fiscal charges	97	5,224	106,296	-
Capital outlay	-	-	-	248,956
Total expenditures	97	385,046	406,296	248,956
Excess revenues over (under) expenditures	(97)	339,632	7,505	120,768
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,371)	(452,000)	-	-
Total other financing sources and uses	(5,371)	(452,000)	-	-
Net change in fund balance	(5,468)	(112,368)	7,505	120,768
Fund balances - beginning of year	5,468	160,529	43,253	309,743
Fund balances - end of year	\$ -	\$ 48,161	\$ 50,758	\$ 430,511

FARMINGTON CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Continued
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects				Permanent Fund	Total
	Capital Equipment	Fire Protection	Real Estate Property Asset	Class C Roads	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 715,386	\$ -	\$ 1,843,147
Intergovernmental	-	-	-	1,276,812	-	1,276,812
Charges for services	-	-	-	-	25,986	25,986
Impact fees	-	327,336	-	-	-	579,244
Interest	41,367	7,979	14,094	107,951	4,749	198,587
Change in fair value	13,442	2,643	4,447	32,226	1,556	63,314
Miscellaneous	-	-	-	-	-	97,087
Total revenues	54,809	337,958	18,541	2,132,375	32,291	4,084,177
EXPENDITURES						
Current:						
Debt service:						
Principal retirement	-	28,150	-	-	-	707,972
Interest and fiscal charges	-	417	-	-	-	112,034
Capital outlay	871,123	68,317	8,041	1,587,317	-	2,783,754
Total expenditures	871,123	96,884	8,041	1,587,317	-	3,603,760
Excess revenues over (under) expenditures	(816,314)	241,074	10,500	545,058	32,291	480,417
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	94,000	-	225,640	-	-	319,640
Transfers in	450,000	-	-	-	-	450,000
Transfers out	-	-	-	-	-	(457,371)
Total other financing sources and uses	544,000	-	225,640	-	-	312,269
Net change in fund balance	(272,314)	241,074	236,140	545,058	32,291	792,686
Fund balances - beginning of year	1,175,640	113,742	137,741	2,358,594	112,355	4,417,065
Fund balances - end of year	\$ 903,326	\$ 354,816	\$ 373,881	\$ 2,903,652	\$ 144,646	\$ 5,209,751

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, 2025

	Budgeted Amounts			
	Original	Final	Actual Totals	Variance with Final Budget
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest	-	-	97	(97)
Total expenditures	-	-	97	(97)
Excess (deficit) of revenues over (under) expenditures	-	-	(97)	(97)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(4,040)	(6,040)	(5,371)	669
Total other financing sources (uses)	(4,040)	(6,040)	(5,371)	669
Net change in fund balance	(4,040)	(6,040)	(5,468)	572
Fund balances - beginning	5,468	5,468	5,468	-
Fund balances - ending	\$ 1,428	\$ (572)	\$ -	\$ 572

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget
REVENUES				
Taxes	\$ 700,000	\$ 700,000	\$ 717,761	\$ 17,761
Interest	1,700	1,700	5,340	3,640
Change in fair value	-	-	1,577	1,577
Total revenues	701,700	701,700	724,678	22,978
 EXPENDITURES				
Debt service				
Principal	384,380	384,380	379,822	4,558
Interest	-	-	5,224	(5,224)
Total expenditures	384,380	384,380	385,046	(666)
Excess (deficit) of revenues over (under) expenditures	317,320	317,320	339,632	22,312
 OTHER FINANCING SOURCES (USES)				
Transfers out	(452,000)	(453,000)	(452,000)	1,000
Total other financing sources (uses)	(452,000)	(453,000)	(452,000)	1,000
Net change in fund balance	(134,680)	(135,680)	(112,368)	23,312
Fund balances - beginning	160,529	160,529	160,529	-
Fund balances - ending	\$ 25,849	\$ 24,849	\$ 48,161	\$ 23,312

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget
REVENUES				
Taxes	\$ 410,000	\$ 410,000	\$ 410,000	\$ -
Interest	2,300	2,300	2,086	(214)
Change in fair value	-	-	1,715	1,715
Total revenues	412,300	412,300	413,801	1,501
EXPENDITURES				
Current:				
Debt service				
Principal	300,000	300,000	300,000	-
Interest	110,000	110,000	106,296	3,704
Total expenditures	410,000	410,000	406,296	3,704
Excess (deficit) of revenues over (under) expenditures	2,300	2,300	7,505	5,205
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	2,300	2,300	7,505	5,205
Fund balances - beginning	43,253	43,253	43,253	-
Fund balances - ending	\$ 45,553	\$ 45,553	\$ 50,758	\$ 5,205

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget
REVENUES				
Impact fees	\$ 602,766	\$ 602,766	\$ 251,908	\$ (350,858)
Charges for services	-	-	-	-
Interest	31,300	31,300	15,021	(16,279)
Change in fair value	-	-	5,708	5,708
Other income	-	97,087	97,087	-
Total revenues	634,066	731,153	369,724	(361,429)
EXPENDITURES				
Current:				
Capital outlay	2,700,000	2,943,237	248,956	2,694,281
Total expenditures	2,700,000	2,943,237	248,956	2,694,281
Excess (deficit) of revenues over (under) expenditures	(2,065,934)	(2,212,084)	120,768	2,332,852
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	2,700,000	2,700,000	-	(2,700,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Settlement Income	-	-	-	-
Total other financing sources (uses)	2,700,000	2,700,000	-	(2,700,000)
Net change in fund balance	634,066	487,916	120,768	(367,148)
Fund balances - beginning	309,743	309,743	309,743	-
Fund balances - ending	\$ 943,809	\$ 797,659	\$ 430,511	\$ (367,148)

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, 2025

	Budgeted Amounts			
	Original	Final	Actual Totals	Variance with Final Budget
REVENUES				
Interest	\$ 16,500	\$ 16,500	\$ 41,367	\$ 24,867
Change in fair value	-	-	13,442	13,442
Total revenues	16,500	16,500	54,809	38,309
EXPENDITURES				
Current:				
Capital outlay	401,000	794,500	871,123	(76,623)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	401,000	794,500	871,123	(76,623)
Excess (deficit) of revenues over (under) expenditures	(384,500)	(778,000)	(816,314)	(38,314)
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	450,000	450,000	-
Sale of capital assets	7,000	7,000	94,000	87,000
Total other financing sources (uses)	457,000	457,000	544,000	87,000
Net change in fund balance	72,500	(321,000)	(272,314)	48,686
Fund balances - beginning	1,175,640	1,175,640	1,175,640	-
Fund balances - ending	\$ 1,248,140	\$ 854,640	\$ 903,326	\$ 48,686

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, 2025

	Budgeted Amounts			
	Original	Final	Actual Totals	Variance with Final Budget
REVENUES				
Interest	\$ 1,400	\$ 1,400	\$ 14,094	\$ 12,694
Change in fair value	-	-	4,447	4,447
Miscellaneous Income	-	-	-	-
Total revenues	1,400	1,400	18,541	17,141
EXPENDITURES				
Current:				
Capital outlay	-	8,100	8,041	59
Total expenditures	-	8,100	8,041	59
Excess (deficit) of revenues over (under) expenditures	1,400	(6,700)	10,500	17,200
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Sale of capital assets	-	-	225,640	225,640
Total other financing sources (uses)	-	-	225,640	225,640
Net change in fund balance	1,400	(6,700)	236,140	242,840
Fund balances - beginning	137,741	137,741	137,741	-
Fund balances - ending	\$ 139,141	\$ 131,041	\$ 373,881	\$ 242,840

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget
REVENUES				
Impact fees	\$ 791,960	\$ 791,960	\$ 327,336	\$ (464,624)
Interest	25,800	25,800	7,979	(17,821)
Change in fair value	-	-	2,643	2,643
Total revenues	817,760	817,760	337,958	(479,802)
EXPENDITURES				
Current:				
Capital outlay	13,300,000	13,299,921	68,317	13,231,604
Debt service				
Principal	28,150	28,150	28,150	-
Interest	338	417	417	-
Total expenditures	13,328,488	13,328,488	96,884	13,231,604
Excess (deficit) of revenues over (under) expenditures	(12,510,728)	(12,510,728)	241,074	12,751,802
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of debt	13,300,000	13,300,000	-	(13,300,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	13,300,000	13,300,000	-	(13,300,000)
Net change in fund balance	789,272	789,272	241,074	(548,198)
Fund balances - beginning	113,742	113,742	113,742	-
Fund balances - ending	\$ 903,014	\$ 903,014	\$ 354,816	\$ (548,198)

FARMINGTON CITY CORPORATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Class C Road Fund- Capital Projects Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Totals	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 800,000	\$ 800,000	\$ 715,386	\$ (84,614)
Intergovernmental	1,000,000	1,000,000	1,276,812	276,812
Interest	37,100	37,100	107,951	70,851
Change in fair value	-	-	32,226	32,226
Total revenues	-	1,837,100	2,132,375	295,275
EXPENDITURES				
Capital Outlay	3,136,500	3,159,500	1,587,317	1,572,183
Total expenditures	3,136,500	3,159,500	1,587,317	1,572,183
Excess (deficit) of revenues over (under) expenditures	(1,299,400)	(1,322,400)	545,058	1,867,458
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	(1,299,400)	(1,322,400)	545,058	1,867,458
Fund balances - beginning	2,358,594	2,358,594	2,358,594	-
Fund balances - ending	\$ 1,059,195	\$ 1,036,194	\$ 2,903,652	\$ 1,867,458

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, 2025

	Budgeted Amounts			
	Original	Final	Actual Totals	Variance with Final Budget
REVENUES				
Charges for services	\$ 11,500	\$ 11,500	\$ 25,986	\$ 14,486
Interest	2,700	2,700	4,749	2,049
Change in fair value	-	-	1,556	1,556
Total revenues	14,200	14,200	32,291	18,091
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	14,200	14,200	32,291	18,091
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	14,200	14,200	32,291	18,091
Fund balances - beginning	112,355	112,355	112,355	-
Fund balances - ending	\$ 126,555	\$ 126,555	\$ 144,646	\$ 18,091

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget
REVENUES				
Impact fees	\$ 2,545,300	\$ 2,545,300	\$ 943,271	\$ (1,602,029)
Intergovernmental	-	-	-	-
Contributions	244,488	244,488	39,500	(204,988)
Interest	90,800	90,800	295,975	205,175
Change in fair value	-	-	99,052	99,052
Other income	-	-	-	-
Total revenues	2,880,588	2,880,588	1,377,798	(1,502,790)
EXPENDITURES				
Current:				
Capital outlay	13,091,500	13,091,500	5,592,174	7,499,326
Debt service				
Principal	165,671	165,671	169,000	(3,329)
Interest	6,223	6,223	3,292	2,931
Total expenditures	13,263,394	13,263,394	5,764,466	7,498,928
Excess (deficit) of revenues over (under) expenditures	(10,382,806)	(10,382,806)	(4,386,668)	5,996,138
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of debt	1,180,000	1,180,000	-	1,180,000
Developer Reimbursement	-	-	-	-
Transfers in	2,195,000	2,195,000	2,195,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	3,375,000	3,375,000	2,195,000	1,180,000
Net change in fund balance	(7,007,806)	(7,007,806)	(2,191,668)	7,176,138
Fund balances - beginning	6,444,909	6,444,909	6,444,909	-
Fund balances - ending	\$ (562,897)	\$ (562,897)	\$ 4,253,241	\$ 7,176,138

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget
REVENUES				
Impact fees	\$ 1,527,000	\$ 1,527,000	\$ 1,420,173	\$ (106,827)
Charges for Services	14,000	14,000	19,333	5,333
Contributions	-	-	514,739	514,739
Interest	64,200	64,200	285,068	220,868
Change in fair value	-	-	100,293	100,293
Total Revenues	1,605,200	1,605,200	2,339,606	734,406
EXPENDITURES				
Current:				
Developer Reimbursement	-	-	-	-
Capital outlay	416,000	3,316,000	2,426,716	889,284
Debt service				
Principal	13,250	13,250	13,250	-
Interest	95	95	95	-
Total expenditures	429,345	3,329,345	2,440,061	889,284
Excess (deficit) of revenues over (under) expenditures	1,175,855	(1,724,145)	(100,455)	1,623,690
OTHER FINANCING SOURCES (USES)				
Transfers in	152,000	152,000	152,000	-
Transfers out	(270,000)	(270,000)	(270,000)	-
Settlement	-	-	-	-
Total other financing sources (uses)	(118,000)	(118,000)	(118,000)	-
Net change in fund balance	1,057,855	(1,842,145)	(218,455)	1,623,690
Fund balances - beginning	5,723,603	5,723,603	5,723,603	-
Fund balances - ending	\$ 6,781,458	\$ 3,881,458	\$ 5,505,148	\$ 1,623,690

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	95
<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>	
Revenue Capacity	100
<i>These schedules contain information to help the reader assess a significant local revenue source, the property tax.</i>	
Debt Capacity	104
<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>	
Demographic and Economic Information	109
<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>	
Operating Information	111
<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>	

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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 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	\$ 120,744,054
Restricted	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	4,438,145
Unrestricted	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	17,326,521
Total governmental activities net position	<u>67,204,439</u>	<u>70,603,345</u>	<u>74,887,772</u>	<u>82,116,614</u>	<u>92,460,898</u>	<u>97,061,802</u>	<u>110,374,396</u>	<u>118,539,756</u>	<u>139,185,098</u>	<u>142,508,720</u>
Business-type activities										
Net investment in capital assets	23,647,679	23,198,476	24,908,379	26,171,550	28,117,839	31,063,723	31,591,090	33,142,474	34,867,994	41,753,671
Restricted	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	1,360,597
Unrestricted	2,389,541	3,346,987	3,847,408	4,364,372	5,017,538	6,021,195	7,521,117	8,123,644	10,910,202	10,424,880
Total business-type activities net position	<u>29,309,693</u>	<u>30,558,212</u>	<u>31,781,155</u>	<u>33,812,255</u>	<u>36,726,839</u>	<u>40,074,084</u>	<u>42,616,725</u>	<u>44,648,972</u>	<u>48,071,937</u>	<u>53,539,148</u>
Primary government										
Net investment in capital assets	82,687,478	83,071,735	90,552,243	94,991,768	98,932,108	108,403,363	111,946,624	135,307,467	148,906,999	162,497,725
Restricted	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	5,798,742
Unrestricted	5,836,462	6,837,103	5,089,841	9,435,320	16,179,401	18,790,656	26,534,537	14,948,119	28,751,371	27,751,401
Total primary government net position	<u>\$ 96,514,132</u>	<u>\$ 101,161,557</u>	<u>\$ 106,668,927</u>	<u>\$ 115,928,869</u>	<u>\$ 129,187,737</u>	<u>\$ 137,135,886</u>	<u>\$ 152,991,121</u>	<u>\$ 163,188,728</u>	<u>\$ 187,257,035</u>	<u>\$ 196,047,868</u>

FARMINGTON CITY CORPORATION

2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 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	\$ 3,461,733
Public safety	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	9,128,168
Highways and public works	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	4,896,471
Parks and cemetery	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	2,453,390
Community development	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	1,545,230
Economic development	350,000	-	185,329	355,619	414,252	758,842	375,313	157,108	88,164	505,521
Interest on long-term debt	369,988	365,801	319,250	281,470	236,479	202,648	170,248	149,740	130,593	111,415
Total governmental activities expenses	14,329,452	15,037,066	14,852,216	16,832,456	16,703,323	13,498,303	14,937,584	24,027,098	19,185,424	22,101,928
Business-type activities:										
Water utility	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	3,183,711
Sewer utility	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	3,589,379
Garbage utility	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	1,871,053
Storm water utility	928,215	923,160	929,855	1,025,571	1,002,911	936,924	937,124	1,177,221	1,251,922	1,523,133
Ambulance service	434,728	347,699	362,876	414,154	308,022	572,343	954,559	2,152,468	658,409	833,813
Transportation utility	-	-	-	5,198	82,221	171,414	337,270	417,494	437,890	775,542
Recreation	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	2,704,773
Total business-type activities expenses	7,427,026	7,845,448	8,206,932	8,523,500	9,058,947	9,273,202	10,037,313	13,462,362	12,282,256	14,481,404
Total primary government expenses	\$ 21,756,478	\$ 22,882,514	\$ 23,059,148	\$ 25,355,956	\$ 25,762,270	\$ 22,771,505	\$ 24,974,897	\$ 37,489,460	\$ 31,467,680	\$ 36,583,332
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,241,815	\$ 1,017,393	\$ 974,554	\$ 1,150,283	\$ 1,660,545	\$ 1,015,154	\$ 122,077	\$ 120,994	\$ 277,608	\$ 258,291
Public safety	260,003	257,286	378,367	279,601	222,074	222,408	443,218	550,700	612,536	641,349
Highways and public works	-	-	-	726,849	378,227	428,165	1,241,429	12,455	52,726	20,238
Parks and cemetery	49,731	53,096	299,005	1,281,217	451,647	624,780	2,012,230	191,539	130,536	130,281
Community development	202,394	129,797	103,105	95,698	116,416	131,485	1,401,008	827,653	981,650	913,127
Operating grants and contributions	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	1,414,307
Capital grants and contributions	342,136	379,830	1,099,513	5,091,548	8,857,852	254,291	736,806	14,092,175	14,318,771	4,125,055
Total governmental activities program revenues	3,170,639	2,717,807	4,827,106	9,662,864	12,800,581	5,217,484	13,236,205	16,874,692	17,635,101	7,502,648
Business-type activities:										
Charges for services										
Water utility	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	3,328,781
Sewer utility	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	3,652,828
Garbage utility	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	2,310,876
Storm water utility	754,580	793,493	1,112,131	1,279,611	1,069,175	1,161,122	1,688,268	901,239	1,105,047	1,142,512
Ambulance service	435,498	509,105	612,349	549,647	653,692	821,560	1,339,073	1,695,559	878,033	737,232
Transportation utility	-	-	-	635,505	641,807	654,116	663,426	668,005	709,979	798,306
Recreation	677,226	827,995	951,659	974,334	610,263	908,392	1,061,542	1,080,374	1,122,228	1,100,982

FARMINGTON CITY CORPORATION

2 - Changes in net position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating grants and contributions	-	7,255	-	-	-	-	-	2,384	5,873	10,834
Capital grants and contributions	102,094	-	481,413	545,484	1,650,823	2,179,772	155,774	3,197,540	1,891,777	4,266,694
Total business-type activities program revenues	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	17,349,045
Total primary government program revenues	10,067,600	9,960,304	13,466,006	19,199,534	23,794,819	17,203,250	24,900,700	31,116,477	31,226,615	24,851,693
Net (Expense)/Revenue										
Governmental activities	(11,158,813)	(12,319,259)	(10,025,110)	(7,169,592)	(3,902,742)	(8,280,819)	(1,701,379)	(7,152,406)	(1,550,323)	(14,599,280)
Business-type activities	(530,065)	(602,951)	431,968	1,013,170	1,935,291	2,712,564	1,627,182	779,423	1,309,258	2,867,641
Total primary government	<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>\$ (241,065)</u>	<u>\$ (11,731,639)</u>
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 6,645,462
General sales and use tax	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	9,225,277
Franchise tax	1,007,291	1,024,805	466,279	384,976	359,164	326,079	365,671	348,309	373,039	363,678
Energy use tax	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	1,582,341
Impact fees	1,896,845	2,651,634	-	-	- *	- *	- *	- *	- *	- *
Interest earnings	47,021	123,368	213,052	313,690	405,757	182,198	210,079	792,746	1,067,944	1,040,672
Net increase (decrease) in invest.	-	(33,934)	(74,110)	62,730	(46,390)	(57,447)	(338,134)	(102,601)	337,880	349,719
Gain (loss) on sale of assets	48,072	59,976	89,930	92,105	22,523	473,178	69,825	312,543	5,382,480	297,646
Miscellaneous	21,631	14,449	26,090	26,800	20,913	60,914	-	157,649	36,570	74,376
Transfers	(435,227)	(599,355)	(711,492)	(733,362)	(798,547)	(561,721)	(983,056)	(682,000)	(1,108,515)	(1,513,855)
Total governmental activities	12,042,670	15,718,162	13,472,170	14,398,374	14,246,739	12,881,722	13,489,701	15,317,766	22,195,665	18,065,316
Business-type activities:										
Impact fees	982,221	1,150,847	-	-	- *	- *	- *	- *	- *	- *
Interest earnings	25,576	80,601	142,564	193,684	182,109	66,305	72,892	607,030	857,347	847,799
Net increase (decrease) in invest.	-	(9,329)	(26,599)	19,445	-	-	(140,490)	(36,206)	147,845	161,761
Gain (loss) on sale of assets	53,731	29,996	(36,484)	71,439	-	6,656	-	-	-	103,863
Transfers	435,227	599,355	711,492	733,362	797,173	561,721	983,056	682,000	1,108,515	1,513,855
Total business-type activities	1,496,755	1,851,470	790,973	1,017,930	979,282	634,682	915,458	1,252,824	2,113,707	2,627,278
Total primary government	<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>	<u>\$ 20,692,594</u>
Change in Net Position										
Governmental activities	\$ 883,857	\$ 3,398,903	\$ 3,447,060	\$ 7,228,782	\$ 10,343,997	\$ 4,600,903	\$ 11,788,322	\$ 8,165,360	\$ 20,645,342	\$ 3,466,036
Business-type activities	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	5,494,919
Total primary government	<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>\$ 24,068,307</u>	<u>\$ 8,960,955</u>

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

FARMINGTON CITY CORPORATION

3 - Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023*	2024	2025
General fund										
Restricted	\$ 14,015	\$ 208,366	\$ 139,481	\$ 153,929	\$ 269,743	\$ 734,632	\$ 982,017	\$ 15,712	\$ 12,282	\$ 19,156
Assigned	104,564	103,802	106,488	104,049	104,049	104,049	100,227	-	-	-
Unassigned	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	6,218,366
Total general fund	<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>	<u>\$ 6,237,522</u>
All other governmental funds										
Restricted for:										
Class C Roads*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440,237	\$ 2,358,594	\$ 2,903,652
Perpetual care	179,242	178,736	191,995	189,164	198,654	207,178	219,251	82,295	112,355	144,646
Debt service	51,906	63,555	76,165	78,129	81,079	85,346	86,971	34,588	43,253	98,919
Impact fees	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	552,238
Redevelopment	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	474,594
Assigned, reported in:										
Debt service funds	109,226	252,607	327,673	295,508	55,670	329,338	440,862	210,557	165,997	-
Capital projects funds	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	11,268,685
Total all other governmental funds	<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>	<u>\$15,442,734</u>

* Beginning in FY23, the Class C road fund was reported seperately 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)

	2016	2017	2018	2019	2020	2021	2022	2023*	2024	2025
REVENUES										
Taxes	\$ 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	\$ 17,816,758
Licenses and permits	1,061,056	833,068	643,349	723,802	679,738	817,565	1,251,343	704,289	896,952	824,801
Intergovernmental	1,034,011	854,863	880,423	1,013,193	973,863	2,488,860	1,244,735	1,478,670	1,669,996	1,760,803
Fines and forfeitures	178,369	174,271	157,990	227,104	172,152	167,828	180,687	184,630	232,336	216,164
Charges for services	320,528	256,887	249,246	231,246	230,491	222,526	271,392	368,083	474,263	459,644
Impact fees	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	2,942,688
Contributions	342,136	423,734	1,099,513	5,091,548	6,394,680	254,291	99,120	9,461,294	11,946,029	554,239
Interest	90,674	119,002	208,682	372,050	401,391	177,687	210,079	792,746	1,067,944	1,040,673
Net increase (decrease) in fair value of investments			(74,110)	-	(46,390)	(57,447)	(338,134)	(102,601)	337,880	349,719
Special assessments	7,710	424	-	-	-	-	-	-	-	-
Miscellaneous revenue	210,681	207,795	293,453	243,409	929,529	190,653	934,797	240,158	116,725	257,459
Total revenues	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	26,222,948
EXPENDITURES										
Current:										
General government	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	3,234,535
Public safety	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	8,511,629
Highways and public works*	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	1,024,083
Parks and cemetery	849,202	870,819	948,908	977,938	969,399	1,004,073	1,077,595	1,269,699	1,412,312	1,572,291
Community development	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	1,508,119
Economic development	350,000	-	185,329	355,619	414,252	758,842	393,642	166,166	94,435	498,813
Debt service:										
Principal retirement	1,436,872	1,497,825	1,356,243	1,559,874	1,582,546	1,604,773	1,510,850	1,281,788	1,288,555	1,179,521
Interest and fiscal charges	386,662	357,406	319,220	323,195	469,581	248,710	188,560	156,078	136,891	117,835
Developer Reimbursements	-	-	-	-	-	-	-	125,519	192,658	264,640
Capital outlay:	11,784,469	3,191,947	7,516,155	5,719,048	2,361,914	3,761,634	2,744,055	27,873,310	14,296,672	10,538,004
Total expenditures	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	28,449,470
Excess (deficiency) revenues over (under) expenditures	(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	(2,226,521)
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	157,199	132,412	157,682	92,105	41,714	473,189	69,825	312,543	5,456,966	392,523
Proceeds of bonds	3,500,000	-	1,138,609	1,125,000	178	-	-	-	-	-
Settlement Proceeds	-	-	-	-	-	-	5,500,000	-	-	-
Proceeds of capital leases	93,000	-	350,000	151,565	-	-	-	-	222,652	128,099
Transfers in	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	2,832,371
Transfers (out)	(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)	(4,346,226)
Total other financing sources (uses)	3,210,466	(466,943)	934,799	635,308	(756,655)	(88,532)	4,586,769	(369,457)	4,571,103	(993,233)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(3,600,016)	2,772,005	(1,576,995)	4,483,772	8,402,216	(2,714,194)	9,778,588	(14,151,135)	8,534,193	(3,219,755)
Fund balances - beginning of year	12,971,579	9,371,563	12,143,568	10,566,573	15,050,344	23,452,559	20,738,365	30,516,953	16,365,818	24,900,011
Fund balances - end of year	\$ 9,371,563	\$ 12,143,568	\$ 10,566,573	\$ 15,050,344	\$ 23,452,559	\$ 20,738,365	\$ 30,516,953	\$ 16,365,818	\$ 24,900,011	\$ 21,680,256
Debt service as a percentage of noncapital expenditures	14.24%	14.21%	14.17%	13.27%	13.27%	15.64%	13.95%	14.18%	8.61%	7.20%

* 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					
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%
2025	2,772,123	679,873	98,505	3,550,502	0.1502%	6,541,309	54.28%

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		
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%
2025	0.1607%	0.0134%	0.1741%	0.1382%	0.0000%	0.1382%	0.4599%	0.1629%	0.6228%	0.0691%	1.0042%

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	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Station Park Centercal LLC	\$ 375,839,603	1	10.38%	\$ 179,673,318	1	12.32%
Lagoon Investment Company	162,959,994	2	4.50%	23,797,776	2	1.63%
Covey Park Lane LLC	99,806,852	3	2.76%			
ICO Station Parkway LLC	60,574,848	4	1.67%			
Avanti Farmington LLC	45,524,599	5	1.26%			
Bri at Station Park LLC	42,365,537	6	1.17%			
SN Farmington	21,135,308	7	0.58%			
Farmington East LC	18,797,900	8	0.52%			
Pacificorp	18,600,413	9	0.51%	17,114,380	4	1.17%
Farmington Legacy LLC	18,213,083	10	0.50%			
Park Lane Village Partners LLC				20,392,474	3	1.40%
SLC Pipeline LLC				11,130,154	5	0.76%
Utah School Development FC LLC				8,375,000	6	0.57%
Smiths Food King Properties				6,039,805	7	0.41%
Oakridge Golf & Country				5,646,153	8	0.39%
Questar Gas				4,505,912	9	0.31%
Rose Cove Senior Housing LP				4,109,783	10	0.28%
Total, principal taxpayers	<u>\$ 863,818,137</u>		<u>23.85%</u>	<u>\$ 280,784,755</u>		<u>19.24%</u>
Total, all taxpayers	\$ 3,619,381,747			\$ 1,459,380,223		

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
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 %
2025	6,261,714	5,972,051	95.37 %	146,171	6,118,222	97.71 %

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				
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
2025	3,525,444	156,037	-	181,838	6,559,000	-	10,422,319	N/A	26,163	398.36

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
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
2025	3,525,444	50,758	3,474,686	0.0979%	132.81

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
December 31, 2024

<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	\$ 524,765	8.19%	\$ 42,971
Davis County	81,901,182	8.19%	6,703,712
Weber Basin Water Conservancy District	7,825,000	8.19%	640,521
Subtotal, overlapping debt (a)			7,387,204
Farmington City - direct (c)	3,863,319	112%	4,328,359
Total direct and overlapping			<u>\$ 11,715,564</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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 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	\$ 261,652,344
Total net debt applicable to limit	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	3,474,686
Legal debt margin	<u>\$ 83,175,020</u>	<u>\$ 92,641,244</u>	<u>\$ 105,932,607</u>	<u>\$ 132,838,146</u>	<u>\$ 144,852,207</u>	<u>\$ 151,668,425</u>	<u>\$ 173,074,680</u>	<u>\$ 227,736,340</u>	<u>\$ 240,961,478</u>	<u>\$ 258,177,658</u>
Total net debt applicable to the limit the limit as a percentage of debt limit	8.80%	7.40%	5.99%	4.34%	3.57%	3.10%	2.44%	1.77%	1.55%	1.33%

Legal Debt Margin Calculation for Fiscal Year 2025

Total Estimated Assessed Value	\$ 6,541,308,612
Debt limit - 4% of total assessed value	261,652,344
General Obligation Bonds	3,525,444
Less: Amount set aside for repayment of general obligation debt	50,758
Total net debt applicable to debt limit	<u>3,474,686</u>
Legal debt margin	<u>\$ 258,177,658</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	
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
2025	3,328,781	2,171,341	1,157,440	247,000	290,994	537,994	2.15

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Debt Service Requirements			Coverage
		Principal	Interest	Total	
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
2025	-	-	-	-	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
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
2025	26,163	Not available	Not available	3.1%	31.7	9,288

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)

* Data release postponed to February 5, 2026

FARMINGTON CITY CORPORATION

15 - Principal Employers

Current Year and Ten Years Ago

Employer	2025			2016		
	Estimated Number of Employees	Rank	Percentage of Total City Employment	Estimated Number of Employees	Rank	Percentage of Total City Employment
Davis School District	5000-9999	1	N/A	1550-2999	1	N/A
Lagoon Corporation	1000-1999	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
Farmington High School	100-249	7	N/A			
Farmington City	100-249	8	N/A	80-199	9	N/A
Farmington Junior High	100-249	9	N/A			
Harmons at Station Park	100-249	10	N/A	100-249	6	N/A
Pluralsight				250-499	4	N/A
Smith's Food & Drug				100-249	5	N/A
Thomas Arts, Inc.				100-249	7	N/A
Cabela's				100-249	8	N/A
Multiple employers in range				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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	7.0	7.0	7.0	7.5	7.5	8.5	9.0	11.0	10.0	11.0
Public Safety										
Police										
Officers	17.0	17.0	21.0	21.0	22.0	23.0	23.0	25.0	29.0	29.0
Civilians	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Fire										
Firefighters & Paramedics	18.0	25.0	25.0	17.0	18.0	16.0	16.0	16.0	18.0	19.0
Civilians	0.5	0.5	0.5	1.0	1.0	1.0	1.0	2.0	1.0	1.0
Community Development	7.5	8.0	8.0	10.0	10.0	12.0	10.0	11.0	11.0	11.0
Highways and Streets	7.5	9.0	9.0	9.0	9.0	9.0	10.0	10.0	11.0	10.0
Parks & Cemetery	6.5	6.0	7.0	7.0	7.0	6.0	8.0	8.0	9.0	7.0
Recreation and Special Events	6.5	6.5	6.5	9.0	9.0	9.0	8.0	8.0	9.0	11.0
Water and Other Utilities	11.0	11.0	12.0	10.0	10.0	9.0	7.0	8.0	10.0	11.0
Total Employees	<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>	<u>112.0</u>

Data source: Farmington City Finance Department

FARMINGTON CITY CORPORATION

17 - Operating Indicators by Function

Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police call volume						11,673	12,513	14,916	13,861	13,497
Community Development										
Building permits issued	910	561	528	1,002	622	716	631	529	603	658
Recreation and Special Events										
Youth in recreation programs*	8,767	8,825	11,649	11,430	5,979	10,321	11,758	8,008	9,527	9,249
Adults in recreation programs*								3,479	3,812	3,946
Water & Other Utilities										
Water utility customers	5,590	5,824	5,959	6,031	6,102	6,199	6,294	6,402	6,487	6,544
Average daily water consumption (gallons)	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	1,535,764

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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)	89	97.5	98.0	98.5	99.5	100.0	100.3	103.8	105.8	106.0
Streetlights	968	976	984	1,002	948	977	996	1,016	1,033	1,036
Traffic Signals*				7	7	7	8	10	10	14
Parks & Cemetery										
Parks acreage	88	88	88	113	120	121	121	127	127	138
Parks	14	14	14	13	13	13	13	14	14	15
Boweries	14	14	15	10	10	10	10	10	10	11
Soccer fields	14	14	14	17	17	17	17	17	17	17
Baseball/Softball diamonds	3	3	3	3	7	7	7	7	7	7
Trails (miles)					39.7	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	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Pickleball courts				8	8	8	8	8	8	14
Community centers	1	1	1	1	1	1	1	1	1	1
Water & Other Utilities										
Water mains (miles)	116.0	117.0	118.0	118.0	119.0	119.5	120.3	126.8	129.8	129.0
Fire hydrants	1,413	1,413	1,418	1,422	1,496	1,515	1,547	1,583	1,598	1,619

Data sources: Various City departments

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

OTHER REPORTS



GILBERT & STEWART
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JAMES E. STEWART, CPA

**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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2025.

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
Certified Public Accountants
Provo, Utah
December 17, 2025



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

Honorable Mayor and City Council
Farmington City

REPORT ON COMPLIANCE

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

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

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Restricted Taxes and Related Revenues
- Government Fees
- Cash Management
- Tax Levy Revenue Recognition

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, 2025.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Farmington City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Farmington City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of Farmington City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in our letter to management dated December 17, 2025 as items 25-1 and 25-2. Our opinion on compliance is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on Farmington City's response to the noncompliance findings identified in our audit described in our letter to management dated December 17, 2025 as items 25-1 and 25-2. Farmington City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Purpose of this Report

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
Provo, UT
December 17, 2025

FARMINGTON CITY

CORRESPONDENCE WITH THOSE CHARGED WITH GOVERNANCE



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December 17, 2025

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, 2025. 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, 2025. 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.

Corrected and Uncorrected Misstatements

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 17, 2025.

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:

25-1 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 Capital Equipment Capital Projects Fund expenditures exceeded budgeted amounts by \$76,623.

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.

25-2 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 \$16,156.

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 ensure actual expenditures by fund do not exceed budgeted amounts.

Utah State Legal Compliance Findings – Prior 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.

Current Status: See finding 25-1 for the current year.

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.

Current Status: See finding 25-2 for the current year.

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.

Current Status: Farmington City is in compliance with state law.

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

SINGLE AUDIT SECTION



GILBERT & STEWART

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of 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 audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program 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 major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 17, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Gilbert & Stewart

GILBERT & STEWART, CPA's
Provo, Utah
December 17, 2025

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025**

<u>Grant Name</u>	<u>Federal CFDA Assistance Listing Number</u>	<u>Direct or Pass-through Grantor's Contract</u>	<u>Expenditures</u>	<u>Amounts Passed Through to Subrecipients</u>
<u>US DEPARTMENT OF TREASURY</u>				
Passed through from State of Utah COVID 19-American Rescue Plan Act (ARPA) - Water Projects	21.027	Not Provided	\$ 2,998,886	\$ -
Total – Department of Treasury			<u>\$ 2,998,886</u>	<u>\$ -</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>\$ 2,998,886</u></u>	<u><u>\$</u></u>

FARMINGTON CITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE
YEAR ENDED JUNE 30, 2025

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Farmington City under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of activities related to the City expenditure of Federal awards. The schedule has been prepared on the same basis of accounting as the financial statements. Most of the awards are reimbursement based. Therefore, as expenditures of Federal funds are made, revenue is recognized. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Farmington City does not use the 10% de minimis cost rate as allowed under Uniform Guidance

FARMINGTON CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. No instances of noncompliance material to the basic financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. No significant deficiencies in internal control over the major federal award programs were reported in this schedule.
4. The auditor's report on compliance for the major federal award program for Farmington City expressed an unmodified opinion on the major federal program.
5. There are no audit findings that are required to be reported in accordance with 2CFR Section 200.516(a).
6. The following program was tested as a major program:
 - a. Coronavirus Relief Fund Grant, CFDA# 21.027.
7. The threshold for distinguishing Types A and B programs was \$750,000.
8. Farmington City does not qualify as a low-risk auditee.

FINDINGS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS—PRIOR YEAR AUDIT

None