Comprehensive Annual Financial Report

Farmington City Corporation
Farmington, Utah

Fiscal Year Ended
June 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

FARMINGTON CITY CORPORATION
FARMINGTON, UTAH

Fiscal Year Ended
June 30, 2015

Mayor
Jim Talbot

City Council

Doug Anderson	John Bilton
Brigham Mellor	Cory Ritz
James Young	

City Manager
Dave Millheim

Assistant City Manager
Keith Johnson

FARMINGTON CITY CORPORATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2015

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INTRODUCTORY SECTION

FARMINGTON CITY

H. JAMES TALBOT
MAYOR

DOUG ANDERSON
JOHN BILTON
BRIGHAM N. MELLOR
CORY R. RITZ
JAMES YOUNG
CITY COUNCIL

DAVE MILLHEIM
CITY MANAGER

November 18, 2015

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 Comprehensive Annual Financial Report (CAFR) for Farmington City, Utah, for the fiscal year ended June 30, 2015. This report is in compliance with state law that requires local government to publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement.

This report is 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. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with City management.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenue being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. The City's accounting records for utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition; and

2. The reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that:
   (a) the cost of a control should not exceed the benefits likely to be derived; and

   (b) the evaluation of costs and benefits requires estimates and judgements by management.

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

Section 10-6-150 of the Utah Code Unannotated, and section III.D.01 of the State of Utah Uniform Accounting Manual require fourth class cities to prepare an annual financial report, and that an annual audit be conducted by an independent certified public accountant. The City has contracted with Ulrich and Associates, P.C., Certified Public Accountants to do the audit. The independent audit report is included in this report.

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 is a fourth class city (population between 10,000 and 30,000), operating 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 plus the Mayor. The City Council establishes policy and procedures pertaining to the overall governance of the City including general direction for the efficient administration, organization, operation, conduct, and business of the City. The City Council approves, adopts, and amends the budget. The City Manager is appointed by the Mayor and the City Council. The City Manager is responsible for the daily management of the City.

The Mayor and Council members are elected to four-year terms. Every two years elections are held with terms overlapping which helps to facilitate the continuity of the City Council.

The Combined Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board. Based on these criteria no other governmental organizations are included or excluded in this report.

Major services provided by the City under General Government include the following,

General Government
- General Administration
- Policy Implementation
- Budgeting
- Accounting
- Investments
- Records Management
- Equipment and Vehicle Maintenance

Buildings and Grounds Maintenance
- Purchasing

Community Development
- Planning and Zoning
- Protective Inspection

Public Safety
- Fire and Police Protection

Highways and Streets
- Street Improvements and Maintenance
- Public Sidewalk

Parks and Cemetery
- Park and Cemetery Maintenance

The City maintains fourteen parks, which include fourteen picnic boweries, eight tennis courts, soccer and baseball fields and state of the art playground equipment. These are all available for family gatherings, parties, and events. The City maintains a trail system in the city and continues to acquire and develop more trails over time.

Major services provided under the Enterprise Fund include culinary water, sanitary sewer, storm drainage, waste collections and recycling services, ambulance service, and parks & recreation activities including, youth sports and recreational activities and swimming pool activities.

"Historic Beginnings", as stated on the logo of Farmington City, refers to the early beginnings of the area, which began in 1847 when the first settlers arrived. Just one month after the first Mormon pioneer settlers entered the Salt Lake Valley, a few families moved further north a short distance to settle the area now known as Farmington City. The settlement was originally called North Cottonwood.

Farmington City is located approximately 16 miles north of Salt Lake City and 20 miles south of Ogden along the western front of the Wasatch Mountains with the Great Salt Lake directly to the west. The City encompasses about 7.11 square miles.

The area of Farmington was eventually incorporated as a municipality on November 16, 1892, with a population of 1,180 and has grown to 18,275 by the 2010 census data. Most of the growth has come in the last three decades. In 1970, the population of Farmington was 2,500. Although most of the residents commute to work to Salt Lake City, Ogden, or nearby Hill Air Force Base, the community still enjoys a "rural atmosphere" and places significant emphasis on maintaining this element as part of its general plan goals.

Farmington is a regional center for local government. Farmington is the County seat of Davis County, with the first courthouse being built in 1855. The Davis County School District is also headquartered here, which occupies most of block 10 in the City's downtown center.
The City has always tried to be progressive in implementing the newest conveniences for its residents. The first telephone was installed in 1896, the City`s culinary water system in 1906, and electricity in 1908. The City continues to be progressive today by striving to be on the cutting edge of open space conservation, trail development, and a major commercial hub.

Farmington City is easily accessed by Interstate 15, US Highway 89, and Legacy Highway, which transverse through the City North to South, with a major junction between all three major highways in the City. The Salt Lake International Airport can be reached in 20 minutes and Utah Transit Authority (UTA) provides daily mass transit service throughout the City and along the Wasatch Front. Commuter rail from Ogden to Salt Lake, with a station here in Farmington, has greatly enhance commuter travel and makes Farmington a destination point with Lagoon and the new commercial development, Station Park, and others being built.

The City operates an integrated budgetary and accounting system which incorporates the adoption of a formal legal budget. The City Council adopts the annual budget prepared by the Department Heads, City Manager, and Finance Director. This is done by June 22 of each year. State statutes define the legal level of budgetary control at the department level. Expenditures should not exceed appropriations at that level. Financial reports are produced showing budget and actual expenditures, and are distributed monthly to each department head. If needed, the budget is reopened as required to consider necessary adjustments.

Economic Condition and Outlook

Farmington City has experienced significant growth in population during the past several years. The population has risen from 9,028 in 1990 to 12,081 in 2000 and to 18,275 in 2010. Today it is approaching 22,000. The population has doubled in the past 20 years, which is significant growth for the City. Residential developments continue to be constructed mainly in the west area of Farmington. In this past fiscal year the City issued 127 new residential building permits. This is down from the 139 that were issued the previous year. Revenue from building permits decreased as not only were residential permits down, but commercial permits for Station Park area fell as most of the buildings are now finished. There are several new residential developments that have started to develop, so new housing starts should continue to be around this same level for the next couple of years.

The overall economic conditions continued to grow this past year. The City has continued to see continued increases in sales tax by around 13.4 %, mainly due to the Station Park development. Sales tax had increased the previous year by 19.6%. That is a 33% increase over the past 2 years, which is one of the highest increases in the State for this time period. Property taxes stayed level, as franchise, energy sales and use taxes dropped a little as last winter was warmer than normal. The fund balance in the General Fund increased, which was not originally budgeted for, but revenues were higher than anticipated and expenditures were under budget which helped to increase the fund balance by over $341,000. The increase in revenues from the previous year was mainly due to the increases in sales tax and development fees. Expenditures increased as more personnel were added in parks and overall cost increases in utilities, supplies, salaries and benefits. The General Fund balance of over $1,933,000 can be used to meet ongoing expenses, equipment, capital, and personnel to keep the City services at expected levels for the future.

The retail tax base continues to be a major source of funding for the City. As mentioned before, sales tax revenues during this past year increased significantly again. This is mainly due to the Station Park development, with over 100 stores and theaters in the commuter rail area, and will continue to open more stores in the next year or so. Station Park has finished with phase I of the development and is almost finished with phase II. Phase III has been started this past spring. A total of around 1,200,000 square feet of commercial, retail and office space is planned when the project is finished in the next year or so. The sales tax just off of the Station Park development reached to over $1,400,000 this past year. The City has established a Redevelopment Agency (RDA) in this area, with this mixed use development around the commuter rail station and just west of the Legacy Highway, U.S. 89, and I-15 interchange. Lagoon Corporation, the largest amusement park in the State, had increases in sales over the last couple of years. They opened a new ride this past spring which will also help increase sales at Lagoon. The City also built a road, Station Parkway, that will service more area to the northwest from the Station Park development, which has been set aside to be used for more mixed use commercial development. This will open up future commercial growth for the City in the years to come. The new Cabelas store is in this area to the northwest of Station Park and is under construction and will be open in the spring of 2016, which will increase sales tax revenues even more. The long-term financial planning of the City has been to look for other sources of revenue other than just residential development. That is why this new commercial area by the commuter rail station is so important to the City.

Awards and Acknowledgments

The City has received the Certificate of Achievement for Excellence in Financial Reporting for the past 14 years.

The preparation of the comprehensive annual financial report was made possible with the dedicated service of the staff of Farmington City. I convey my thanks and sincere appreciation to each of them. I also wish to express appreciation to Mike Ulrich, the City's auditor and his staff, for conducting the independent audit and providing assistance in a very professional manner.

In closing, I express appreciation to Mayor Talbot and members 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 Dave Millheim, the City Manager, and capable city staff who are dedicated and go the extra mile in providing quality and conscientious service to this community. Farmington's elected, appointed, and employed City officials are confident, optimistic and excited about the future of their community, and will continue to devote whatever time and effort is needed to keep Farmington a choice place in which to live.

Sincerely,

Keith Johnson,
Assistant City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Farmington City Corporation

Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

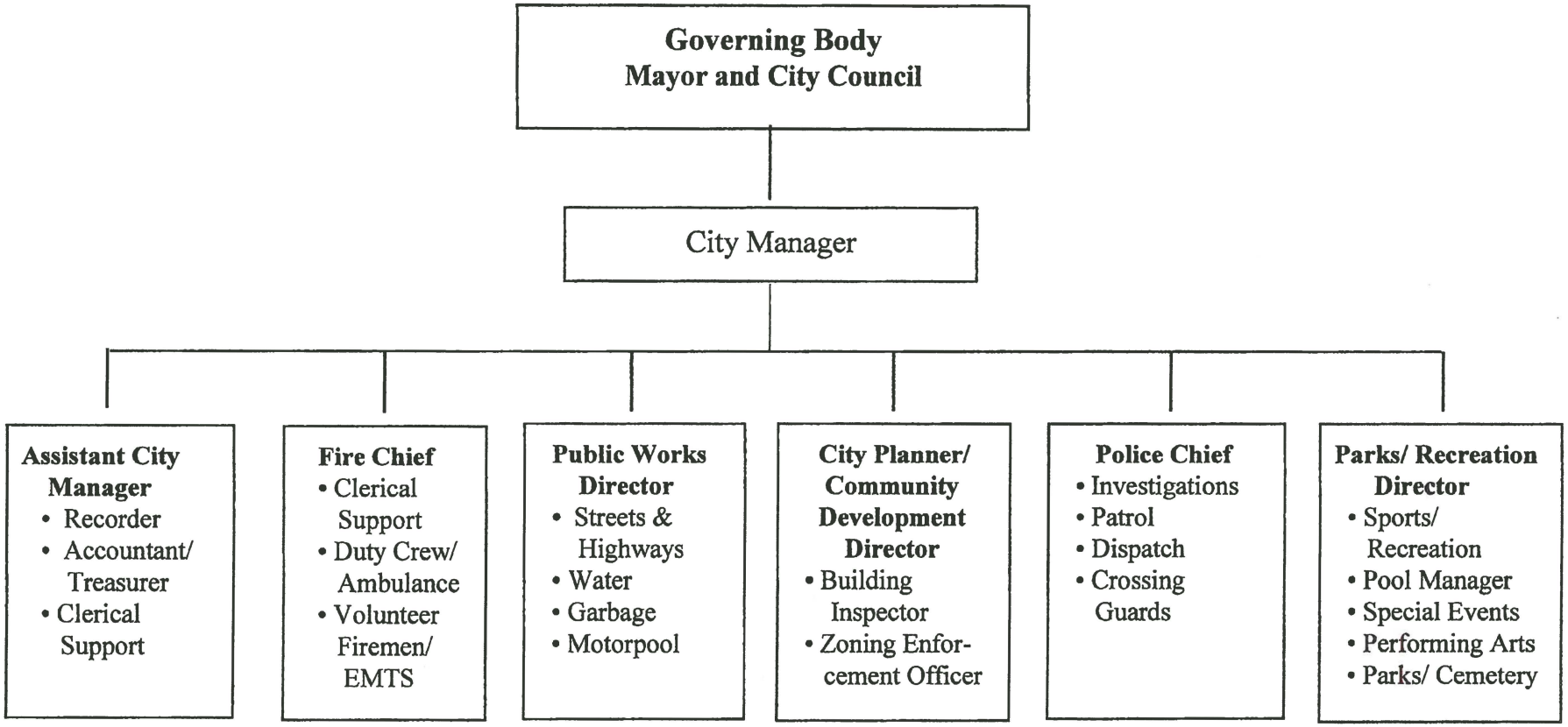
Executive Director/CEO

Farmington City Officials

June 30, 2015

Mayor	H. James Talbot
Council Members	John Bilton Doug Anderson Brigham Mellor Cory Ritz Jim Young
City Manager	Dave Millheim
Assistant City Manager	Keith Johnson
Recorder	Holly Gadd
Treasurer	Shannon Harper
Planning Director	David E. Petersen
Parks & Recreation Director	Neil Miller
Public Works Director	Walt Hokanson
Building Official	Eric Miller
Police Chief	Wayne Hansen
Fire Chief	Guido Smith

Farmington City Organizational Chart



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FINANCIAL SECTION

Ulrich & Associates, PC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Farmington City Corporation as of and for the year ended June 30, 2015, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Farmington City Corporation as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension related information, as listed 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Farmington City Corporation's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, individual fund budgetary comparison schedules, capital assets schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budget to actual statements on nonmajor funds, budget to actual statements on major debt service funds, budget to actual schedules on major capital projects funds, and capital assets schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015 on our consideration of Farmington 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* and should be considered in assessing the results of our audit.

Ulrich & Associates, PC

Ogden, UT
November 18, 2015

Management's Discussion and Analysis

This report offers readers of Farmington City's financial statements a narrative overview and analysis from management's perspective of the financial activities of Farmington City for the fiscal year ended June 30, 2015. Readers should consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

Financial Highlights

The assets of Farmington City exceeded its liabilities at the close of the most recent fiscal year by $92,945,015 This is an increase of $4,239,842. The increase was mainly due to increases in unrestricted assets, as the City bonded for 6 million dollars for a new gym. Net investment in capital assets also increased as new infrastructure were added in water, and storm drains. The amount of unrestricted assets increased from $5,790,856 to $9,782,266 or by $3,991,410. Again this is mainly due to the bond proceeds that the City received and has not spent most of those funds, as currently the new gym is under construction and will be completed in the spring of 2016. The unrestricted assets may be used to meet the City's ongoing obligations to citizens and creditors. The Governmental activities increased by $2,906,461, whereas the Business-type activities had an increase in unrestricted assets of $1,333,381.

As of the close of the current fiscal year, Farmington City's governmental funds reported combined ending fund balance of $12,971,579. This is an increase in fund balance from the previous year of $7,208,485. This increase came mainly from the Park Improvement funds, as the City received bond proceeds to build the new gym. The total fund balance in the General Fund is $1,933,9286, of that $1,792,672 is unassigned for spending at the City's discretion.

The City's total debt is $11,656,517. It increased by $5,364,135 during the current fiscal year, with debt for both governmental activities and business-type activities increasing. The City did issue new debt during this fiscal year of $6,000,000 for the new gym and a lease for a new ladder truck for $500,000. The increase in business-type debt was a new lease for a street sweeper truck for $144,725.

Overview of Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Farmington City's finances, in a format similar to what is provided by private-sector businesses.

The statement of net position presents information pertaining to all of Farmington City's assets

and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may be useful by indicating whether the financial position of Farmington City is improving or deteriorating.

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

The City's financial statements are distinguished by two different functions. First, governmental activities are those principally supported by taxes and intergovernmental revenues. Second, City business-type activities are those that recover all or a significant portion of their costs through user fees and charges. The governmental activities of Farmington City include general government, public safety, highways and public works, community development, parks and cemetery. The business-type activities of the City include providing water, sewer, storm water, garbage, ambulance, and recreational services.

Fund financial statements. A fund is defined as a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. 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 three categories: governmental funds, propriety funds, and fiduciary funds.

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

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

Farmington City maintains fourteen (14) individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, RDA funds, building G.O. bond fund, street, park and other governmental funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Farmington City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Farmington City uses enterprise funds to account for water, sewer, garbage collection, storm water, ambulance and recreation. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, which are shown as major funds of the City.

Permanent funds. Permanent funds are used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes to support the City programs. The City has a cemetery perpetual care fund that falls into this category.

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

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of Farmington City, this fiscal year net position improved. Total net position increased by $4,239,842 from the prior year. Increases came in both the governmental activities, and in the business-type activities. The unrestricted portion of total assets increased by $3,991,410, which was from the governmental activities. The increase in governmental activities unrestricted net assets came as the City bonded for the construction of a new gym and only a part of those proceeds have been spent. The decrease in unrestricted net position under the business-type activities was mainly in the water and storm drain funds as major improvement projects were done during the year. Even with this decrease, the City is still able to meet City services for its constituents.

By far the largest portion of the Farmington City's net position is $76,317,072 in capital assets. This reflects its investment in land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. Farmington City uses these assets to provide services to its citizens; consequently, these assets are not available for any future spending. As noted above the overall condition of the City is good, as net position did increase, which shows the City is growing and is able to meet the ongoing obligations and liabilities.

Governmental activities. Governmental activities are reflected in the government-wide activities statement. The governmental activities had an increase in net position of $2,906,461 with assets increasing.

Net Position
June 30, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	17,615,767	10,903,403	6,305,586	6,135,537	23,921,353	17,038,940
Capital assets	64,973,771	63,946,327	23,139,730	21,716,877	88,113,501	85,663,204
Total assets	82,589,538	74,849,730	29,445,316	27,852,414	112,034,854	102,702,144
Total deferred outflows resources	296,446	-	86,808		383,254	
Other liabilities	2,118,035	2,721,849	899,967	643,817	3,018,002	3,365,666
Long-term liabilities outstanding	13,065,949	6,432,123	510,735	46,956	13,576,684	6,479,079
Total liabilities	15,183,984	9,153,972	1,410,702	690,773	16,594,686	9,844,745
Total deferred inflows of resources	2,808,034	2,408,191	70,373	-	2,878,407	2,408,191
Net Position:						
Net Investment in capital assets	53,274,845	57,698,365	23,042,227	21,482,743	76,317,072	79,181,108
Restricted	4,376,039	3,263,986	2,469,638	2,213,258	6,845,677	5,477,244
Unrestricted	7,243,082	2,325,216	2,539,184	3,465,640	9,782,266	5,790,856
Total net position	64,893,966	63,287,567	28,051,049	27,161,641	92,945,015	90,449,208

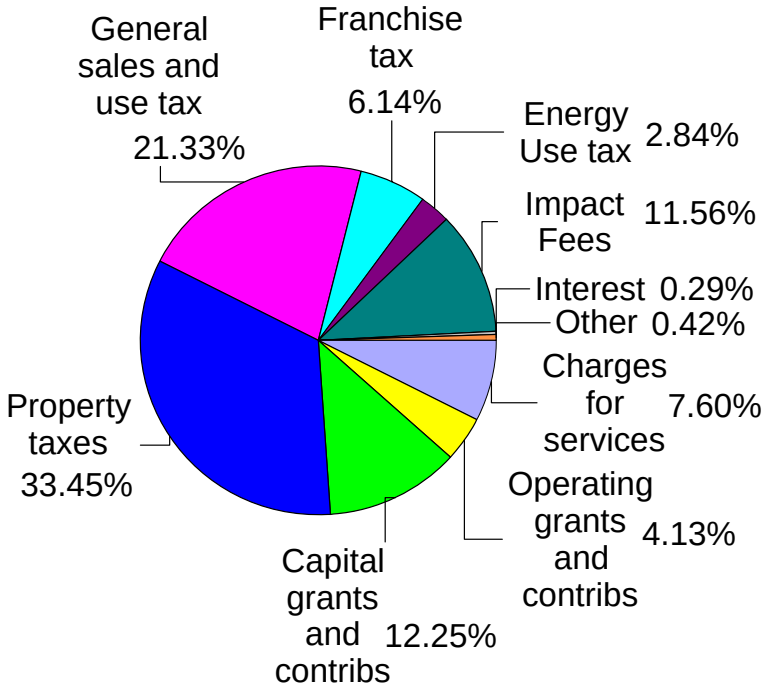
Overall revenues in governmental activities increased from the previous year. This was mainly due to increases in property taxes, sales tax, and impact fees. Property taxes had the largest increase of over $1,414,000 as Station Park Redevelopment Agency (RDA) had a significant increase as many of the buildings are now finished and showing on the assessed value for property taxes. General sales taxes increased by over $413,000, as most of this increase came from the Station Park development as most of the stores are now finished. Impact fees increased by over $1,124,000 as several new developments paid their fees and started to develop. Capital contributions, operating grants, and charges for services were all about level as compared to a year ago. Capital contributions are not a revenue source that can be used to pay for ongoing operating needs of the City, as these contributions are capital assets. Gain on sale of assets was around $260,000 less than the prior year. This is usually a one time gain and the City did not have any large gains or any large sales during this fiscal year.

Taxes remain the main source of non capital revenues, and account for over 63% of the total revenues. Property taxes account for over 52% of the total taxes. Property taxes increased by about $1,414,000 from last year. The City did not raise the property tax rate, but the increase came as a result of the tax increment being received from the Station Park RDA. The other significant change was in sales tax increasing by 13%. The Station Park development opened more stores in the phase II area in the previous year and now the full impact of those additional store's sales came in this past year. Sales tax had increased the previous year by 19%, which puts total sales taxes now over $3.5 million.

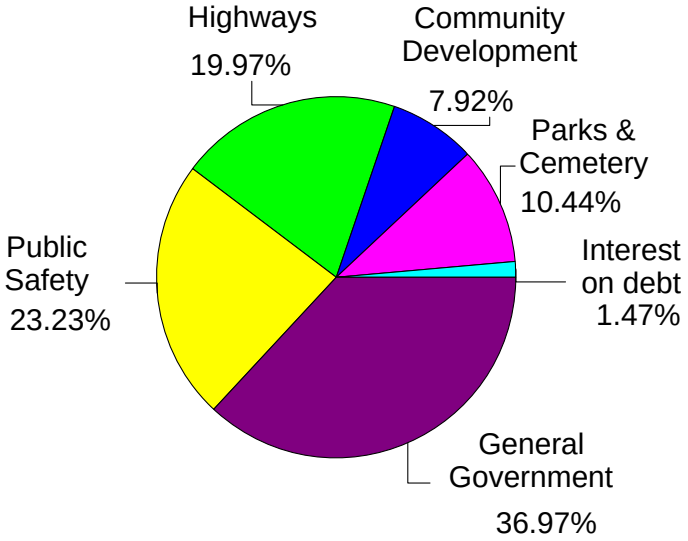
Expenses for governmental activities increased over $1,447,000 in this past year. The biggest increase came in general government as more was spent on capital projects and outlays. Parks

expenses increased as another full time person was added and the City started to construct a new gym and a 43 acre park. The public safety expenses increased as one (1) new police officer was hired and a full year of expenses for the 2 previous officers hired last year.

Revenue By Source
Governmental Activities

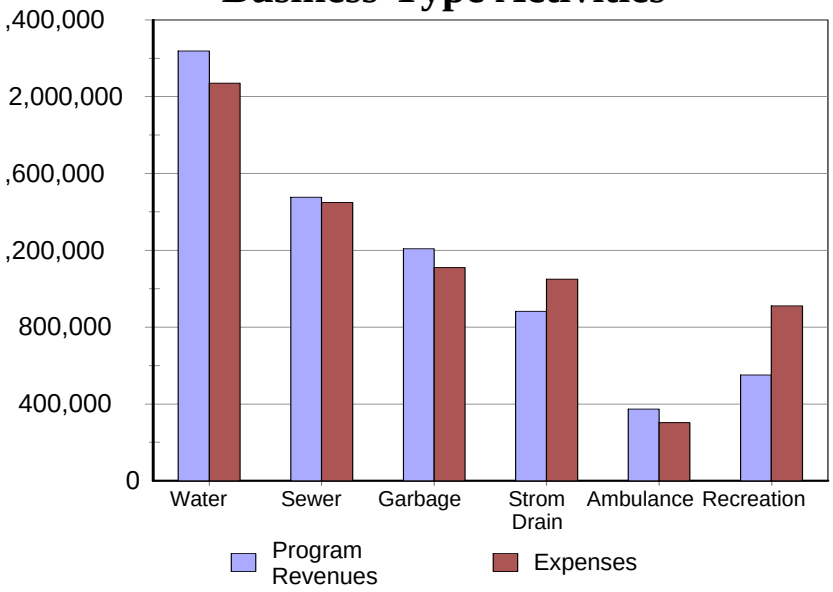


Expenses by Governmental Activities

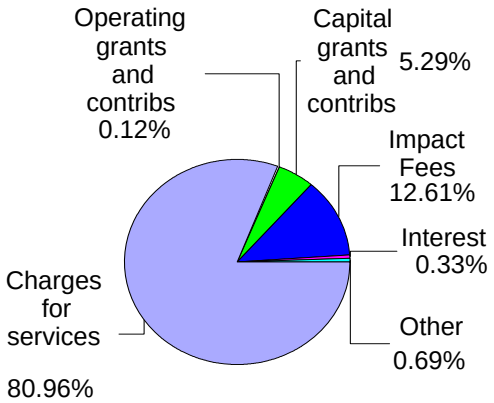


Business-type activities. Business-type activities increased the City's net position by $1,333,381 which is about a 5% growth in net position. Unrestricted assets decreased by $926,456, as additional storage buildings and other capital projects were done during the year. The increase in net position was mainly due to increases in capital assets. Total revenues increased from the prior year in every business-type, with the largest increases coming in water utility and ambulance service. This is mainly due to the growth of the City as more homes and development occurs and the number of utility customers continue to rise. Ambulance service increased as more calls for service were made. The ambulance fund receives revenues from ambulance charges to patients being transported to the hospital. The other business-type activities saw small increases as the City continues to grow in population. Impact fees increased significantly as more development was initiated and the fees were paid. The majority of revenues in business-type activities is in charges for services, which is mainly from the utility payments for water, sewer, garbage, recycling, and storm water services.

Expenses and Program Revenues
Business-Type Activities



Revenues By Source
Business-Type Activities



Business-type activities increased in expenses as all the funds increased except the garbage utility. The main increase came in storm water as some large capital maintenance and replacement projects were done this past year. The City wants to stay ahead of these projects to ensure that as the system gets older new lines and systems are put into place to keep the storm water system in good condition. The water utility was the other business-type activity that had a large increase as large capital maintenance and replacement projects were done. The City continues to try and hold expenses down to ensure that these business-type activities stay strong financially. But the cost to run and maintain these business-type activities continues to put pressure on increases in costs in order to provide these essential services to the residents. Charges for services did cover the expenses in all the other business-type activities except for water, storm water, and the recreation fund. The recreation fund normally uses general fund transfers to cover the overhead costs associated with it's operations. This transfer is done every year. The program revenues from the recreation programs are just to cover the costs of running those programs without the overhead and personnel.

Changes in Net Position

June 30, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	1,247,701	1,245,402	6,305,485	5,969,913	7,553,186	7,215,315
Operating grants and contribs	677,920	631,101	9,240	0	687,160	631,101
Capital grants and contribs	2,010,379	2,035,626	412,081	518,954	2,422,460	2,554,580
General revenues:						
Property taxes	5,490,490	4,076,021	-	-	5,490,490	4,076,021
General sales and use tax	3,500,946	3,087,473	-	-	3,500,946	3,087,473
Franchise tax	1,007,291	995,717	-	-	1,007,291	995,717
Energy & use tax	465,601	484,678	-	-	465,601	484,678
Interest earnings	47,021	34,262	25,576	28,334	72,597	62,596
Impact Fees	1,896,845	772,265	982,221	279,808	2,879,066	1,052,073
Gain / (loss) sale of assets	48,072	309,372	53,731	-	101,803	309,372
Other	21,631	24,543	-	-	21,631	24,543
Total revenues	16,413,897	13,696,460	7,788,334	6,797,009	24,202,231	20,493,469
Expenses:						
General government	4,833,442	3,602,333	-	-	4,833,442	3,602,333
Public safety	3,036,812	2,954,347	-	-	3,036,812	2,954,347
Highways and public works	2,610,320	2,592,916	-	-	2,610,320	2,592,916
Community Development	1.035,413	1,019,697	-	-	1,035,413	1,019,697
Parks and recreation	1,364,671	1,266,291	-	-	1,364,671	1,266,291
Interest on long-term debt	191,551	189,562	-	-	191,551	189,562
Water Utility	-	-	2,070,237	1,858,817	2,070,237	1,858,817
Sewer Utility	-	-	1,447,993	1,403,225	1,447,993	1,403,225
Garbage Utility	-	-	1,109,862	1,113,238	1,109,862	1,113,238
Storm Water Utility	-	-	1,049,891	821,920	1,049,891	821,920
Ambulance Service	-	-	301,751	283,710	301,751	283,710
Recreation	-	-	910,446	868,186	910,446	868,186
Total expenses	13,072,209	11,625,146	6,890,180	6,349,096	19,962,389	17,974,242
Increase in net assets before transfers	3,341,688	2,071,314	898,154	447,913	4,239,842	2,519,227
Transfers	(435,227)	(388,694)	435,227	388,694	-	-
Increase in net assets	2,906,461	1,682,620	1,333,381	836,607	4,239,842	2,519,227
Net position - beginning	61,987,505	60,304,885	26,717,668	25,881,061	88,705,173	86,185,946
Net position - ending	64,893,966	61,987,505	28,051,049	26,717,668	92,945,015	88,705,173

Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of June 30, 2015 the City's governmental funds reported combined ending fund balance of $12,971,579. This is a increase of $7,208,485 from last year. The increase came mainly from the capital park improvement fund, as it increased by over $5,800,000, as the City bonded for $6 million to build a new gym and park area. The bond proceeds were received but the construction of the gym and park had just started so the proceeds are there waiting to be spent. The capital street improvement fund increased by around $900,000 as impact fees were paid as new developments started. The General Fund increased over $341,000 as revenues came in higher and expenses were kept under budget. The station park RDA also increased as the tax increment was received and monies were set aside for the housing component for the RDA. The General Fund is the main fund of the City that is reported under Governmental Activities, and is the chief operating fund of the City. The General Fund ended with a fund balance of $1,933,286, which again was an increase from the previous year and shows that the City is financially strong as revenues are out pacing expenses.

In looking at the General Fund, the original budget was to reduce the fund balance by $327,611, and the modified budget was set to decrease the fund balance by only $24,723, as overall revenues were anticipated to be higher. At year end revenues were about $107,000 more than budgeted and expenditures were around $218,000 less than budgeted. Overall revenues were up 5.7% from the year before, with taxes increasing by 6.8% overall or by over $440,000. Taxes continue to be the largest source of revenue and represents about 78% of the total General Fund revenues. The largest element of taxes is sales tax in the General Fund as it makes up for over 50% of total taxes collected. It increased significantly this past year mainly due to the increase in local sales tax, as new stores continue to open in the Station Park development. This amount increased by over $413,000 or about 13.4% from a year ago. The City anticipated some of the increase, but wasn't sure just what it was going to be with the opening of all the stores in the previous year in the Station Park development. Property taxes increased only by $26,000. The City did not raise property taxes, but the increase came with the new growth in the City. Building permit revenues dropped off by over 10% to around $542,000, as commercial and residential permits decreased from last year. Residential permits issued fell to 127, this is down from the 139 that were issued last year. The development of Station Park has slowed down as almost all of the buildings are now completed. There are only a couple of buildings left to construct in their development. They will start on some of those this coming year. Energy use and franchise taxes stayed almost level from the year before. Charges for services increased as more developers paid for development fees, in order to start their projects. All other revenues seemed to stay steady.

As far as expenditures in the General Fund, the overall increase was around 5.3%. The largest increase of over $100,000 was in parks and cemetery as an additional full time employee was added and additional seasonal employees were needed for the construction of a new park area. In public safety, police and fire both increased in staffing levels. The City has needed to increase staffing in these two departments to make sure service levels are were they need to be. General government increased by around $43,000 due to increased costs of benefits and supplies. Community development increased slightly with the full time City engineer working a full 12 months. Highways and public works decreased as street lighting costs decreased with the new high efficiency lights that were installed 2 years ago and snow removal costs dropped as last winter we did not receive hardly

any snow. Transfers out to other funds decreased by about $160,000 from previous year as less was put into capital projects. As mentioned before, the expenditures were held under budget by around $218,000, as every department continued to hold costs down as much as possible. The Department heads should all be commended for the fine effort they have done for keeping costs down and stretching every dollar to the maximum.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City maintains several enterprise funds which account for proprietary funds.

As reported on the Statement of Activities, all of the proprietary funds, except for the water, storm water and recreation, had charges for services sufficient to cover expenses. This is a good sign that charges for services are covering the cost of providing these services to the residents. Charges for services increased by 5.7% with the biggest increase coming in the water fund. The increase was due to the increase in commercial users that are using more water than residential users. The water fund did not cover expenses as several water capital maintenance projects were done this past year to upgrade old lines and make system improvements. These projects needed to be done and the City will continue to upgrade and improve the water system to maintain the system in good operating order. The water fund still improved in net position as more capital contributions were made from developments. The City will continue to use depreciation in the water fund to pay for future repairs, improvements and replacements of the system. The ambulance fund revenues increased over $79,000 as more calls for service were needed. The other utility funds, sewer, and garbage, saw only small increases in revenues.

Overall expenditures increased by 8.6% with the storm water and water funds seeing the largest increases, as several capital maintenance and improvement projects were done this past year. One of the improvements that all of the utility funds paid for was the addition to the public works building and storage shed for equipment. This added to the expenses of all these funds. The City was able to use these funds to pay cash for the addition and storage shed, which will greatly enhance the public works department and utility departments. The recreation fund doesn't cover expenses as it receives a transfer from the General Fund to cover the overhead costs to run the recreation department, but the individual programs do cover their own expenses.

General Fund Budgetary Highlights

Budgeted revenues were increased by over $616,000, with sales tax being increased from the original budget by $350,000, as sales tax continued to be more than anticipated. Property taxes were increased by $15,000 as they were a little higher than expected due to the growth in the City. Franchise and energy taxes were increased by $30,000, with the continued growth of the City. Intergovernmental was increased as more was coming in from grants, mainly as B&C road funds ended up being more than projected. Charges for services were increased to accommodate the increase in development fees that were being received. Licences and permits were raised as building permits were higher than anticipated in the beginning. Miscellaneous revenues were increased as the City did sell off a surplus piece of property.

During the fiscal year, the General Fund original budget was amended from an original budget expenditure and transfer total of $8,479,595 to the final budget of $8,839,207. This increase was

due to more transfers to capital project funds including $166,000 to the capital streets fund for more road improvements and an additional $60,000 for the purchase of a used fire brush truck. Also increases in parks with more seasonal employees needed and in planning and zoning and inspections in professional fees needed for inspections and plan reviews in the inspection department. Total expenditures were under budget by $218,271, as all the Department Heads did a great job by staying under budget for the year and making cuts to keep costs down during this past year

Capital Assets and Debt Administration.

The governmental activities capital assets increased from the previous year, as the City infrastructure continued to grow with the contributed infrastructure for the streets, sidewalks and other infrastructure from developers. The business-type activities had increases due to improvements being done and capital assets being added to the City. Please refer to the notes on pages 58 and 59 for more detailed information on capital asset activity and pages 62 to 65 for details on long-term debt activity.

Capital Assets

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	27,248,343	26,662,226	150.037	149,312	27,398,380	26,811,538
Construction in Progress	387,663	-	-	-	387,663	-
Water rights & easements	-	-	25,717	25,717	25,717	25,717
Buildings	10,588,647	10,931,296	916,753	187,178	11,505,400	11,118,474
Improvements	5,217,942	4,989,977	11,850,973	11,383,178	17,068,915	16,373,155
Machinery & Equipment	2,126,566	1,266,466	1,091,728	841,993	3,218,294	2,108,459
Infrastructure	19,353,027	20,096,362	9,103,699	9,129,499	28,456,726	29,225,861
Total	64,922,188	63,946,327	23,138,907	21,716,877	88,061,095	85,663,204

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	8,515,000	3,054,000	-	-	8,515,000	3,054,000
Revenue Bonds	978,000	1,335,750	-	29,250	978,000	1,365,000
Short Term Notes	-	-	-	-	-	-
Special Assessment Bonds	37,000	73,000	-	-	37,000	73,000
Capital Leases	2,029,837	1,782,676	96,680	17,706	2.126,517	1,800,382
Total	11,559,837	6,245,426	96,680	46,956	11,656,517	6,292,382

The City issued a $6 million general obligation (G.O.) Bond for the building of a new gym and park. The bond resolution was passed by the voters in November of 2014. The City was able to obtain a Aa2 bond rating from Moody's, which is 2 steps higher than the previous rating. This shows that the City is in good financial condition and is improving, with the commercial growth, which is adding to

the tax base so the City can continue to provide the very best services. The City entered into a lease purchase agreement for a new fire ladder truck, which the City has never had. The City had half of the $1 million cost saved from impact fees and leased the other $500,000. The City also leased a new street sweeper in the storm water fund. The City paid all the other scheduled bond payments during the year which resulted in lowering the outstanding amounts of each bond.

Economic Factors and Next Year's Budgets and Rates

The major economic factors that have affected Farmington City this past year have been the continued growth in sales tax because of Station Park opening stores from the previous years and this year. Sales tax increased by 13.4% or over $413,000 this past year. Station Park is nearing the completion of phase II with only a couple of more buildings left to be built. They have started construction on phase III. The City is working hard to ensure this area is developed into an attractive and top quality development that will not have any negative impact on Farmington as a nice and beautiful area to live. It is anticipated that sales tax will continue to grow this next year, probably around the same level as this past year. The new Cabelas store is set to open in the spring of 2016, which will increase sales taxes coming into the City for the next year or two before leveling off. The City has anticipated about a 4% increase in sales tax for this next fiscal year, but it looks to be more like 12 to 15% increase. Other taxes, including property and franchise taxes are anticipated to grow between 2 to 3% in this coming year. Building permits are expected to be about the same as this past year as Station Park is nearing completion and residential permits appear to be at about what they were this year. All the other revenues will most likely stay fairly steady. With the General Fund balance increasing by over $341,000 and ending over $1,933,000, the City will be able to continue to meet ongoing needs and keep service levels the same or higher throughout the City. The future looks good for the City, as revenues are increasing from the growth of commercial and residential tax base. The City also started the construction of a gym and a 43 acre park. This will be the center piece of the recreation for years to come as this will be a great facility for the City, families and residents to use.

Expenses look to continue to rise which will continue to put pressure on the City to keep costs down and to find ways to stretch budgets to meet the needs of the City. This is always an ongoing struggle to find ways to be as efficient as the City possibly can be. The City has been able to stretch every dollar as far as it can in the past and will continue to do so in the future. Along with the Station Park development there are a couple hundred acres to the north that are not in the RDA which will be opened up for development. This area is planned to have mixed use of office, residential, and commercial. This will help in opening up jobs and more commercial tax base here in the community, which will greatly enhance the tax base for the City.

Request for information

This financial report is designed to provide a general overview of Farmington City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Farmington City, Assistant City Manager, P.O. Box 160, Farmington UT 84025.

BASIC FINANCIAL STATEMENTS

FARMINGTON CITY CORPORATION

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 11,352,579	3,149,421	14,502,000
Cash with fiscal agents	35,190	-	35,190
Accounts receivable - net	-	682,437	682,437
Property, sales, & franchise taxes receivable	3,587,979	-	3,587,979
Other receivables	80,351	4,090	84,441
Special assessments receivable	11,193	-	11,193
Restricted cash and cash equivalents	2,548,475	2,469,638	5,018,113
Capital assets not being depreciated:			
Land	27,248,343	150,037	27,398,380
Water stock and rights	-	25,717	25,717
Construction in progress	387,663	-	387,663
Capital assets (net of accumulated depreciation):			
Buildings	10,588,647	916,753	11,505,400
Improvements	5,217,942	11,850,973	17,068,915
Machinery and equipment	2,126,566	1,091,728	3,218,294
Infrastructure	19,353,027	9,103,699	28,456,726
Net pension asset	51,583	823	52,406
Total assets	82,589,538	29,445,316	112,034,854
Deferred Outflows of Resources			
Deferred outflows relating to pensions	296,446	86,808	383,254
Total deferred outflows of resources	296,446	86,808	383,254
Liabilities			
Accounts payable and accrued liabilities	558,100	756,432	1,314,532
Construction bonds held	1,466,194	143,100	1,609,294
Accrued interest payable	93,741	435	94,176
Noncurrent liabilities			
Due within one year	1,247,500	47,933	1,295,433
Due in more than one year	10,615,058	48,747	10,663,805
Net pension liability	1,203,391	414,055	1,617,446
Total liabilities	15,183,984	1,410,702	16,594,686
Deferred Inflows of Resources			
Unearned revenue - property taxes	2,567,856	-	2,567,856
Deferred inflows relating to pensions	240,178	70,373	310,551
Total deferred inflows of resources	2,808,034	70,373	2,878,407
Net Position			
Net investment in capital assets	53,274,845	23,042,227	76,317,072
Restricted for:			
Class C road	23,254	-	23,254
Liquor law	12,874	-	12,874
Perpetual care - expendable	50	-	50
Perpetual care - nonexpendable	215,557	-	215,557
Debt service	86,792	-	86,792
Impact fees	2,548,475	2,469,638	5,018,113
Redevelopment	1,489,037	-	1,489,037
Unrestricted	7,243,082	2,539,184	9,782,266
Total net position	$ 64,893,966	28,051,049	92,945,015

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, 2015

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues & Changes in Net Assets, Primary Government: Governmental Activities	Net (Expense) Revenues & Changes in Net Assets, Primary Government: Business-type Activities	Net (Expense) Revenues & Changes in Net Assets, Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 4,833,442	745,430	11,756	-	$ (4,076,256)	-	(4,076,256)
Public safety	3,036,812	264,604	59,515	-	(2,712,693)	-	(2,712,693)
Highways and public works	2,610,320	-	606,649	1,889,547	(114,124)	-	(114,124)
Community development	1,035,413	179,908	-	-	(855,505)	-	(855,505)
Parks and cemetery	1,364,671	57,759	-	120,832	(1,186,080)	-	(1,186,080)
Interest on long-term debt	191,551	-	-	-	(191,551)	-	(191,551)
Total governmental activities	13,072,209	1,247,701	677,920	2,010,379	(9,136,209)	-	(9,136,209)
Business-type activities:							
Water utility	2,070,237	1,981,654	-	256,647	-	168,064	168,064
Sewer utility	1,447,993	1,475,921	-	-	-	27,928	27,928
Garbage utility	1,109,862	1,208,184	-	-	-	98,322	98,322
Storm water utility	1,049,891	725,731	-	155,434	-	(168,726)	(168,726)
Ambulance service	301,751	363,568	9,240	-	-	71,057	71,057
Recreation	910,446	550,427	-	-	-	(360,019)	(360,019)
Total business-type activities	6,890,180	6,305,485	9,240	412,081	-	(163,374)	(163,374)
Total primary government	$ 19,962,389	7,553,186	687,160	2,422,460	(9,136,209)	(163,374)	(9,299,583)
		General revenues:					
		Property taxes			5,490,490	-	5,490,490
		General sales and use tax			3,500,946	-	3,500,946
		Franchise tax			1,007,291	-	1,007,291
		Energy use tax			465,601	-	465,601
		Impact fees			1,896,845	982,221	2,879,066
		Interest earnings			47,021	25,576	72,597
		Gain on sale of capital assets			48,072	53,731	101,803
		Miscellaneous			21,631	-	21,631
		Transfers in(out)			(435,227)	435,227	-
		Total general revenues			12,042,670	1,496,755	13,539,425
		Change in net position			2,906,461	1,333,381	4,239,842
		Net position - beginning			61,987,505	26,717,668	88,705,173
		Net position - ending			$ 64,893,966	28,051,049	92,945,015

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

FARMINGTON CITY CORPORATION

Balance Sheet

Governmental Funds

June 30, 2015

		Special Revenue		Capital Projects			
	General Fund	US-89 RDA	Station Park RDA	Street Improvement	Park Improvement	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 2,859,068	440,923	1,048,015	475,797	6,129,336	399,440	11,352,579
Cash with fiscal agents	-	99	-	-	-	35,091	35,190
Receivables (net):							
Sales, property, & franchise taxes	2,779,857	-	-	-	-	808,122	3,587,979
Accounts	80,351	-	-	-	-	-	80,351
Special assessments	-	-	-	-	-	11,193	11,193
Restricted cash and cash equivalents	-	-	-	1,454,992	349,821	743,662	2,548,475
Total assets	5,719,276	441,022	1,048,015	1,930,789	6,479,157	1,997,508	17,615,767
Liabilities							
Accounts payable & accrued liabilities	511,312	-	-	38,094	8,688	6	558,100
Construction bonds held	1,466,194	-	-	-	-	-	1,466,194
Total liabilities	1,977,506	-	-	38,094	8,688	6	2,024,294
Deferred Inflows of Resources							
Unavailable revenue - property taxes	1,808,484	-	-	-	-	800,217	2,608,701
Unavailable revenue - special assessments	-	-	-	-	-	11,193	11,193
Total deferred inflows of resources	1,808,484	-	-	-	-	811,410	2,619,894
Fund Balances							
Restricted:							
Class C road	23,254	-	-	-	-	-	23,254
Liquor law	12,874	-	-	-	-	-	12,874
Perpetual care	-	-	-	-	-	215,607	215,607
Debt service	-	-	-	-	-	86,792	86,792
Impact fee	-	-	-	1,454,992	349,821	743,662	2,548,475
Redevelopment	-	441,022	1,048,015	-	-	-	1,489,037
Assigned, reported in:							
General fund - self insurance	100,000	-	-	-	-	-	100,000
General fund - trails	4,486	-	-	-	-	-	4,486
Debt service funds	-	-	-	-	-	101,639	101,639
Capital projects funds	-	-	-	437,703	6,120,648	38,392	6,596,743
Unassigned, reported in:							
General fund	1,792,672	-	-	-	-	-	1,792,672
Total fund balances	1,933,286	441,022	1,048,015	1,892,695	6,470,469	1,186,092	12,971,579
Total liabilities, deferred inflows and fund balances	$ 5,719,276	441,022	1,048,015	1,930,789	6,479,157	1,997,508	17,615,767

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

FARMINGTON CITY CORPORATION

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2015

Total fund balances - governmental fund types:	$	12,971,579
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		64,922,188
Net pension asset are not financial resources and, therefore, are not reported in the funds		51,583
Deferred outflows of resources, a consumption of net position that applies to future period, is not shown in the fund statements.		296,446
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		52,038
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements.		(1,203,391)
Deferred inflows of resources, pension related, is a liability that relates to future periods and, therefore, is not include in the fund statements.		(240,178)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Premiums and discounts are not currently expensed but amortized over the life of the loan.		(11,956,299)
Net position of government activities	$	64,893,966

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

FARMINGTON CITY CORPORATION

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2015

		Special Revenue		Capital Projects			
	General Fund	US-89 RDA	Station Park RDA	Street Improvement	Park Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 6,968,396	291,914	2,562,183	-	-	641,835	10,464,328
Special assessments	-	-	-	-	-	15,044	15,044
Licenses and permits	623,011	-	-	-	-	-	623,011
Intergovernmental	649,010	-	-	-	-	2,500	651,510
Charges for services	287,612	-	-	-	-	-	287,612
Impact fees	-	-	-	1,040,305	553,000	303,540	1,896,845
Fines and forfeitures	197,911	-	-	-	-	-	197,911
Interest	7,162	2,379	8,445	5,355	14,393	6,848	44,582
Miscellaneous revenue	137,438	-	-	-	11,860	11,500	160,798
Contributions	-	-	-	194,499	53,133	-	247,632
Total revenues	8,870,540	294,293	2,570,628	1,240,159	632,386	981,267	14,589,273
EXPENDITURES							
Current:							
General government	1,178,723	37,291	-	-	-	-	1,216,014
Public safety	2,934,178	-	-	-	-	-	2,934,178
Highways and public works	812,121	-	-	-	-	-	812,121
Community development	1,050,794	-	-	-	-	-	1,050,794
Parks and cemetery	779,820	-	-	-	-	-	779,820
Capital outlay	-	-	2,049,747	1,301,368	973,385	1,342,886	5,667,386
Debt service:							
Principal retirement	-	208,000	-	-	-	758,529	966,529
Interest	-	15,680	-	-	-	138,963	154,643
Total expenditures	6,755,636	260,971	2,049,747	1,301,368	973,385	2,240,378	13,581,485
Excess revenues over (under) expenditures	2,114,904	33,322	520,881	(61,209)	(340,999)	(1,259,111)	1,007,788
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	48,518	-	-	-	-	-	48,518
General obligation bonds issued	-	-	-	-	6,000,000	-	6,000,000
Premium on bonds issued	-	-	-	-	87,409	-	87,409
Capital lease	-	-	-	-	-	500,000	500,000
Transfers in	1,783	-	-	994,000	53,600	478,909	1,528,292
Transfers (out)	(1,823,827)	(61,909)	-	(36,000)	-	(41,783)	(1,963,519)
Total other financing sources and (uses)	(1,773,526)	(61,909)	-	958,000	6,141,009	937,126	6,200,700
Net change in fund balances	341,378	(28,587)	520,881	896,791	5,800,010	(321,985)	7,208,488
Fund balances - beginning of year	1,591,908	469,609	527,134	995,904	670,459	1,508,077	5,763,091
Fund balances - end of year	$ 1,933,286	441,022	1,048,015	1,892,695	6,470,469	1,186,092	12,971,579

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 Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds.	$	7,208,488
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.		1,761,757
Net pension benefit is not shown in the fund financial statements		29,700
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(785,895)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(15,044)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(5,224,563)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(67,982)
Change in net assets of governmental activities	$	2,906,461

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

FARMINGTON CITY CORPORATION

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES:				
Taxes	$ 6,510,000	6,925,000	6,968,396	43,396
Licenses and permits	518,000	594,000	623,011	29,011
Intergovernmental	632,600	642,200	649,010	6,810
Charges for services	167,000	257,100	287,612	30,512
Fines and forfeitures	200,000	200,000	197,911	(2,089)
Interest	5,000	6,600	7,162	562
Miscellaneous revenue	114,384	138,584	137,438	(1,146)
Total revenues	8,146,984	8,763,484	8,870,540	107,056
EXPENDITURES:				
Current:				
General government:				
Legislative	138,750	142,750	123,853	18,897
Administrative	637,809	644,659	600,252	44,407
Government buildings	434,016	459,791	454,618	5,173
Total general government	1,210,575	1,247,200	1,178,723	68,477
Public safety:				
Police	2,098,889	2,155,700	2,134,036	21,664
Fire	850,390	825,524	800,142	25,382
Total public safety	2,949,279	2,981,224	2,934,178	47,046
Highways and public works	847,329	839,600	812,121	27,479
Community development:				
Engineering	67,493	68,597	65,773	2,824
Planning and zoning	574,748	586,636	570,100	16,536
Inspection	414,298	439,050	414,921	24,129
Total community development	1,056,539	1,094,283	1,050,794	43,489
Parks and cemetery	771,802	811,600	779,820	31,780
Total expenditures	6,835,524	6,973,907	6,755,636	218,271
Excess revenues over (under) expenditures	1,311,460	1,789,577	2,114,904	325,327
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	2,000	48,000	48,518	518
Transfers in	1,000	1,000	1,783	783
Transfers (out)	(1,642,071)	(1,863,300)	(1,823,827)	39,473
Total other financing sources and (uses)	(1,639,071)	(1,814,300)	(1,773,526)	40,774
Net change in fund balances	(327,611)	(24,723)	341,378	366,101
Fund balances - beginning of year	1,591,908	1,591,908	1,591,908	-
Fund balances - end of year	$ 1,264,297	1,567,185	1,933,286	366,101

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

FARMINGTON CITY CORPORATION

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - US 89 Redevelopment Agency Fund
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 300,000	292,000	291,914	(86)
Interest	3,000	2,000	2,379	379
Total revenues	303,000	294,000	294,293	293
EXPENDITURES				
Current:				
General government	33,100	33,300	35,791	(2,491)
Bond issuance cost	2,000	2,000	1,500	500
Principal retirement	208,000	208,000	208,000	-
Interest	16,000	16,000	15,680	320
Total expenditures	259,100	259,300	260,971	(1,671)
Excess revenues over (under) expenditures	43,900	34,700	33,322	(1,378)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(60,000)	(62,000)	(61,909)	91
Total other financing sources and uses	(60,000)	(62,000)	(61,909)	91
Net change in fund balance	(16,100)	(27,300)	(28,587)	(1,287)
Fund balances - beginning of year	469,609	469,609	469,609	-
Fund balances - end of year	$ 453,509	442,309	441,022	(1,287)

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

FARMINGTON CITY CORPORATION

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Station Park Redevelopment Agency Fund
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	$ 1,300,000	2,562,000	2,562,183	183
Interest	1,000	5,500	8,445	2,945
Total revenues	1,301,000	2,567,500	2,570,628	3,128
EXPENDITURES				
Current:				
General government	2,000	2,000	-	2,000
Capital outlay	1,040,000	2,050,000	2,049,747	253
Total expenditures	1,042,000	2,052,000	2,049,747	2,253
Net change in fund balance	259,000	515,500	520,881	5,381
Fund balances - beginning of year	527,134	527,134	527,134	-
Fund balances - end of year	$ 786,134	1,042,634	1,048,015	5,381

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

FARMINGTON CITY CORPORATION

Statement of Net Position

Proprietary Funds

June 30, 2015

	Business-Type Activities - Enterprise						
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Recreation	Total
ASSETS							
Current assets:							
Cash and cash equivalents	$ 901,611	432,643	359,040	719,604	386,397	350,126	3,149,421
Accounts receivable	494,521	-	-	-	299,882	-	794,403
Allowance for doubtful accounts	-	-	-	-	(111,966)	-	(111,966)
Other receivables	4,090	-	-	-	-	-	4,090
Restricted cash and cash equivalents	1,399,681	-	-	1,069,957	-	-	2,469,638
Total current assets	2,799,903	432,643	359,040	1,789,561	574,313	350,126	6,305,586
Noncurrent assets:							
Capital assets:							
Water stock & rights	25,717	-	-	-	-	-	25,717
Land, equipment, buildings and improvements	21,806,093	111,001	990,236	10,448,080	559,669	92,205	34,007,284
Less: accumulated depreciation	(6,813,523)	(2,359)	(483,515)	(3,074,477)	(475,354)	(44,866)	(10,894,094)
Net pension asset	336	38	49	133	27	240	823
Total noncurrent assets	15,018,623	108,680	506,770	7,373,736	84,342	47,579	23,139,730
Total assets	17,818,526	541,323	865,810	9,163,297	658,655	397,705	29,445,316
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	35,476	4,045	5,181	13,991	2,797	25,318	86,808
Total deferred outflows of resources	35,476	4,045	5,181	13,991	2,797	25,318	86,808
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	175,636	268,599	85,036	173,247	18,404	35,510	756,432
Accrued capital lease interest	-	-	-	435	-	-	435
Capital lease - current	-	-	-	47,933	-	-	47,933
Total current liabilities	175,636	268,599	85,036	221,615	18,404	35,510	804,800
Noncurrent liabilities:							
Capital lease (net current portion)	-	-	-	48,747	-	-	48,747
Developer construction bonds	-	-	-	143,100	-	-	143,100
Net pension liability	169,211	19,294	24,719	66,732	13,340	120,759	414,055
Total noncurrent liabilities	169,211	19,294	24,719	258,579	13,340	120,759	605,902
Total liabilities	344,847	287,893	109,755	480,194	31,744	156,269	1,410,702
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows relating to pensions	28,759	3,279	4,201	11,342	2,268	20,524	70,373
Total deferred inflows of resources	28,759	3,279	4,201	11,342	2,268	20,524	70,373
NET POSITION							
Net investment in capital assets	15,018,287	108,642	506,721	7,276,923	84,315	47,339	23,042,227
Restricted							
Impact fees	1,399,681	-	-	1,069,957	-	-	2,469,638
Unrestricted	1,062,428	145,554	250,314	338,872	543,125	198,891	2,539,184
Total net position	$ 17,480,396	254,196	757,035	8,685,752	627,440	246,230	28,051,049

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, 2015

	Business-Type Activities - Enterprise Funds						
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Recreation	Total
Operating revenues							
Charges for services	$ 1,890,455	1,473,722	1,205,370	717,967	361,759	536,668	6,185,941
Connection and servicing	49,160	-	-	-	-	-	49,160
Miscellaneous	42,039	2,199	2,814	7,764	1,809	13,759	70,384
Total operating revenues	1,981,654	1,475,921	1,208,184	725,731	363,568	550,427	6,305,485
Operating expenses							
Salaries and wages	439,830	47,541	66,593	154,821	62,559	351,058	1,122,402
Employee benefits	216,528	23,288	30,302	83,413	51,530	151,009	556,070
Contract services	148,076	1,326,802	917,039	84,616	24,203	-	2,500,736
Maintenance and supplies	557,303	24,759	23,872	400,859	48,194	352,848	1,407,835
Administration and overhead	120,243	23,447	26,040	40,507	77,570	44,940	332,747
Depreciation	508,717	2,156	45,689	283,825	37,695	10,591	888,673
Water purchases	78,326	-	-	-	-	-	78,326
Total operating expenses	2,069,023	1,447,993	1,109,535	1,048,041	301,751	910,446	6,886,789
Operating income (loss)	(87,369)	27,928	98,649	(322,310)	61,817	(360,019)	(581,304)
Nonoperating revenues (expenses)							
Interest revenue	10,047	1,854	1,790	8,805	1,808	1,272	25,576
Interest expense and fiscal charges	(1,214)	-	(327)	(1,850)	-	-	(3,391)
Grant revenue	-	-	-	-	9,240	-	9,240
Gain (loss)on sale of assets	-	(35)	-	53,766	-	-	53,731
Development/Impact fees	492,208	-	-	490,013	-	-	982,221
Total nonoperating revenues (expenses)	501,041	1,819	1,463	550,734	11,048	1,272	1,067,377
Income (loss) before contributions and transfers:	413,672	29,747	100,112	228,424	72,865	(358,747)	486,073
Contributions	256,647	-	-	155,434	-	-	412,081
Transfers in	-	-	-	-	-	435,227	435,227
Change in net position	670,319	29,747	100,112	383,858	72,865	76,480	1,333,381
Total net position - beginning	16,810,077	224,449	656,923	8,301,894	554,575	169,750	26,717,668
Total net position - ending	$ 17,480,396	254,196	757,035	8,685,752	627,440	246,230	28,051,049

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, 2015

	Business-Type Activities - Enterprise Funds						
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Recreation	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	$ 1,989,635	1,475,921	1,208,184	725,731	349,520	554,014	6,303,005
Payments to suppliers	(890,546)	(1,295,593)	(965,607)	(402,606)	(140,556)	(393,047)	(4,087,955)
Payments to employees	(675,638)	(73,028)	(99,709)	(245,838)	(115,609)	(515,826)	(1,725,648)
Net cash provided (used) by operating activities	423,451	107,300	142,868	77,287	93,355	(354,859)	489,402
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Development/Impact fees	492,208	-	-	490,013	-	-	982,221
Grants	-	-	-	-	9,240	-	9,240
Transfers from other funds	-	-	-	-	-	435,227	435,227
Net cash provided (used) by noncapital financing activities	492,208	-	-	490,013	9,240	435,227	1,426,688
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Receipt of developer const. bonds	-	-	-	127,400	-	-	127,400
Refund of developer const. bonds	-	-	-	(103,000)	-	-	(103,000)
Contributions	-	-	-	18,000	-	-	18,000
Purchases of capital assets	(852,835)	(78,157)	(142,480)	(589,804)	(24,588)	(30,338)	(1,718,202)
Principal paid on capital debt	(29,250)	-	(17,706)	(48,045)	-	-	(95,001)
Interest paid on capital debt	(1,416)	-	(463)	(1,415)	-	-	(3,294)
Net cash provided (used) by capital and related financing activities	(883,501)	(78,157)	(160,649)	(596,864)	(24,588)	(30,338)	(1,774,097)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends received	10,047	1,854	1,790	8,805	1,808	1,272	25,576
Net cash provided (used) by investing activities	10,047	1,854	1,790	8,805	1,808	1,272	25,576
Net increase (decrease) in cash and cash equivalents	42,205	30,997	(15,991)	(20,759)	79,815	51,302	167,569
Cash and cash equivalents - beginning	2,259,087	401,646	375,031	1,810,320	306,582	298,824	5,451,490
Cash and cash equivalents - end	$ 2,301,292	432,643	359,040	1,789,561	386,397	350,126	5,619,059
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	$ (87,369)	27,928	98,649	(322,310)	61,817	(360,019)	(581,304)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	508,717	2,156	45,689	283,825	37,695	10,591	888,673
(Inc)/decrease in accounts receivable	7,981	-	-	-	(14,048)	3,587	(2,480)
(Inc)/decrease in net pension asset	(336)	(38)	(49)	(133)	(27)	(240)	(823)
(Inc)/decrease in deferred outflows	(6,552)	(747)	(955)	(2,584)	(517)	(4,676)	(16,031)
Increase/(decr) in accounts payable	13,402	79,415	1,344	123,376	9,411	4,741	231,689
Increase/(decr) in net pension liability	(41,151)	(4,693)	(6,011)	(16,229)	(3,244)	(29,367)	(100,695)
Increase/(decr) in deferred inflows	28,759	3,279	4,201	11,342	2,268	20,524	70,373
Total adjustments	510,820	79,372	44,219	399,597	31,538	5,160	1,070,706
Net cash provided (used) by operating activities	$ 423,451	107,300	142,868	77,287	93,355	(354,859)	489,402
Noncash Investing, Capital and Financing Activities:							
Contribution of capital assets from private developers	$ 256,647	-	-	137,434	-	-	394,081
Capital asset trade-ins	$ -	-	-	88,175	-	-	88,175
Borrowing under capital lease	$ -	-	-	144,725	-	-	144,725

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting entity

Farmington City (City) is a municipal corporation governed by an elected mayor and a five member governing council (council). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, the blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended component units. The following entities are blended in the accompanying general purpose financial statements:

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

Blending means that component unit balances and transactions are combined with balances and transactions of the primary government. Although legally separate from the City, the above component units are blended because they are governed by boards comprised of the City council members. The City retains fiscal responsibility for these entities. These entities are reported as special revenue funds and do not issue separate financial statements.

Discretely presented component units. The City currently has no discretely presented component units.

Farmington Area Pressurized Irrigation District (FAPID), is not a part of Farmington City Corporation as it is governed by a separate elected board. Accordingly, it is not included with this report.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Basis of presentation - government-wide financial statement

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reasonable allocations of costs where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's General Fund and utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statement is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

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 ongoing acquisition, repair, and maintenance of the City parks, which are funded by impact fees, general government resources.

Note 1 - Summary of Significant Accounting Policies (continued)

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 operations of the government's sewer utility system.

The *garbage utility fund* accounts for the revenues and expenses associated with providing garbage collection services.

The *storm water utility fund* accounts for the revenues and expenses associated with the storm water utility system.

The *ambulance service fund* accounts for the revenues and expenses associated with providing ambulance transportation services.

The *recreation fund* accounts for the activities of the government's recreation program.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

The government-wide financial statements are reported using the *economic resources* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 acquisition under capital 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). 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 year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and 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 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.

F. Budgetary information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, special revenue funds, debt service funds, and capital projects funds.

Note 1 - Summary of Significant Accounting Policies (continued)

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

2. Excess of expenditures over appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in the US 89 Redevelopment Agency Special Revenue fund in the amount of $1,671. The expenditures were funded by the collection of property taxes.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statues authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Fund.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are collected by the County Treasurer and remitted to the City shortly after collection. Property taxes are levied based on property values as of January 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 12 o'clock noon on November 30 of each year.

Note 1 - Summary of Significant Accounting Policies (continued)

Sales taxes are collected by the State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by the telephone, natural gas and electric utilities, and by cable TV operations. Taxes are remitted to the City monthly.

3. Restricted cash and cash equivalents

Certain resources of the City's governmental funds are set aside for repayment of debt, capital projects, and impact fees.

4. 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 are assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years; 2) Buildings are assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of five years; 3) Improvements are assets with an initial, individual cost of $20,000 or more and an estimated useful life in excess of five years; 4) Infrastructure are assets with an initial, individual cost of $20,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

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:

Assets	Years
Buildings	50
Building improvements	15-20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5-10
Machinery and equipment	3-7

Note 1 - Summary of Significant Accounting Policies (continued)

5. 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.

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position 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 position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on issuance costs reported in the government-wide statement of net position. 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 financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items which arise only under a modified accrual basis of accounting, that qualifies for reporting in these categories. Accordingly, the items, unavailable revenue and deferred revenue, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Note 1 - Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discount, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Net position/fund balance

Government-wide financial statements

Equity is classified in the government-wide financial statements as net assets and is displayed in three components:

Invested in capital assets, net of related debt - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Net assets 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.

Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Note 1 - Summary of Significant Accounting Policies (continued)

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. Descriptions of each follow:

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the City Council. The commitment can only be changed or removed through the same action (for example, by resolution or an ordinance) of the City Council.

Assigned fund balance - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. This intent is expressed by a resolution from the City Council or delegated by resolution to the finance director. It also includes all remaining amounts that are reported in governmental funds other than the General Fund that are not classified as nonspendable, restricted, nor committed, or in the General Fund and are intended to be used for specific purposes.

Unassigned fund balance - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

It is the City's policy to apply expenditures first to committed fund balance, then assigned, and finally unassigned.

H. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Note 1 - Summary of Significant Accounting Policies (continued)

2. Property taxes

Property taxes attach as an enforceable lien on real property on January 1st of each year. Taxes are levied on property owners in July and are payable by November 30th. Collections are periodically distributed to the taxing entities, with final settlement due March 31st of the subsequent year. The City records a receivable and deferred revenue for delinquent taxes, but no allowance for doubtful accounts is made as uncollected taxes are deemed to be substantially collectible or recoverable through foreclosure.

3. 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. Employees can carry up to 320 hrs. of sick leave into the next year. Up to 320 hours can be cashed out upon retirement, otherwise sick leave in excess of 320 hours is forfeited upon termination.

The government's policy permits employees to accumulate earned but unused vacation benefits which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

4. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements (continued)

Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	$100,587,996
Accumulated depreciation	(35,665,808)
Total difference	$ 64,922,188

Deferred revenue:

Long-term assets applicable to the City's governmental activities are not available to pay for current expenditures and thus are deferred in government funds. The statement of net assets includes these as revenue:

Deferred revenue	$ 52,038

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2015 were:

Sales tax revenue bonds	$ 1,345,000
General obligation bonds	7,716,000
Special assessment bonds	37,000
Redevelopment bonds	432,000
Capital leases	2,029,837
Interest payable on long-term debt	93,741
Compensated absences	215,215
Bond premium	100,174
Accumulated amortization	(12,668)
Total difference	$ 11,956,299

Note 2 - Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of differences between governmental fund operating statements and the statement of revenues, expenditures and changes in balances

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	$ 2,184,049
Depreciation expense	(2,969,944)
Net differences as reported	$ (785,895)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference is as follows:

Debt issued or incurred:	
Capital lease proceeds	$ (500,000)
Amortization of premium	2,439
Bond proceeds	(6,000,000)
Bond issuance costs	87,409
Principal repayments:	
General obligation debt	400,000
Revenue bonds	532,750
Capital lease payments	252,839
Net difference as reported	$ (5,224,563)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the difference is as follows:

Compensated absences	$ (31,054)
Accrued interest	(36,928)
Net difference as reported	$ (67,982)

Note 3 - Stewardship, Compliance, and Accountability

A. Budgetary information

Budgets are prepared and adopted in accordance with State law by the Farmington City Council on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. Tentative budgets must be adopted on or before June 22nd for the following fiscal year, beginning July 1. Final adoption of the budget must be no later than August 17th. Budgets may be increased by resolution of the City Council at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. The budget is adopted by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is at the department level. Appropriations lapse at June 30. During the year, supplemental appropriations were made increasing General Fund expenditures by $138,383.

Utah State law allows for any undesignated fund balance in excess of 5% of total revenues of the General Fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the General Fund in an amount equal to 25% of the total estimated revenue of the General Fund. In the event that the fund balance at the end of the fiscal year is in excess of that allowed, the City has one year to determine an appropriate use, then the excess must be included as an available resource in the General Fund budget. The City's General Fund balance is in compliance with State law.

B. Excess of expenditures over appropriations

The details of this were previously discussed at note 1.F.2

Note 4 - Detailed Notes on all Funds

A. Deposits and investments

The City maintains cash accounts with local institutions and investment pools with the Utah Public Treasurer's Investment Fund, which is available for use by all funds.

Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

Note 4 - Detailed Notes on All Funds (continued)

Custodial credit risk - Deposits. This is the risk that in the event of a bank failure, the government's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City 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 Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2015, $3,079,171 of the $3,329,171 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - Investments. 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 that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

As of June 30, 2015, the City had the following deposits and investments:

	Fair Value
Cash on deposit	$ 3,329,171
State Treasurer's investment pool	18,501,328
	$ 21,830,499

Credit risk. This is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The Money Management Act authorizes 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 ratings organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury, including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah Public Treasurer's Investment Fund (PTIF) is an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

Note 4 - Detailed Notes on All Funds (continued)

For the year ended June 30, 2015, the City had investments of $18,501,328 with the PTIF. The entire balance has a maturity less than one year. The City's fair value of its investments with the PTIF is the same as the value of the pool shares. The PTIF pool has not been rated.

Interest rate risk. This is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The City does not have a formal policy relating to investment related risk, but manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Utah State 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.

Concentration of credit risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2015, are as follows:

Cash on hand	$ 814
Cash on deposit	1,053,161
Utah State Treasurer's Investment Fund	18,501,328
	$ 19,555,303

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

Cash and cash equivalents	$ 14,502,000
Cash with fiscal agents	35,190
Restricted cash and cash equivalents	5,018,113
	$ 19,555,303

B. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general fund and the nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts as follows:

Note 4 - Detailed Notes on all Funds (continued)

Receivables	General	Nonmajor Governmental	Total
Accounts	$ 80,351	-	80,351
Property taxes	40,756	7,905	48,661
Road Funds	116,216	-	116,216
Sales and use taxes	653,390	-	653,390
Franchise taxes	120,282	-	120,282
Energy/telecom taxes	21,489	-	21,489
Transient room taxes	6,136	-	6,136
Deferred property tax	1,808,484	800,217	2,608,701
Court fines	13,104	-	13,104
Special assessments	-	11,193	11,193
Gross receivables	$ 2,860,208	819,315	3,679,523

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

C. Capital assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government **Governmental activities:**	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 26,662,226	586,117	-	27,248,343
Construction in progress	-	387,663	-	387,663
Total capital assets not being depreciated	26,662,226	973,780	-	27,636,006
Capital assets being depreciated:				
Buildings	14,151,137	-	-	14,151,137
Improvements	11,252,648	865,678	-	12,118,326
Machinery and equipment	5,494,712	1,243,100	252,789	6,485,023
Infrastructure	39,333,810	863,694	-	40,197,504
Total capital assets being depreciated	70,232,307	2,972,472	252,789	72,951,990
Less accumulated depreciation for:				
Buildings	3,219,841	342,649	-	3,562,490
Improvements	6,262,671	637,713	-	6,900,384
Machinery and equipment	4,228,247	382,553	252,343	4,358,457
Infrastructure	19,237,448	1,607,029	-	20,844,477
Total accumulated depreciation	32,948,207	2,969,944	252,343	35,665,808
Total capital assets, being depreciated, net	37,284,100	2,528	446	37,286,182
Governmental activities capital assets, net	$ 63,946,326	976,308	446	64,922,188

Note 4 - Detailed Notes on all Funds (continued)

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 149,312	725	-	150,037
Water stock and rights	25,717	-	-	25,717
Total capital assets not being depreciated	175,029	725	-	175,754
Capital assets being depreciated:				
Buildings	187,178	737,034	-	924,212
Improvements	16,220,012	864,430	5,434	17,079,008
Infrastructure	13,103,593	256,649	-	13,360,242
Machinery and equipment	2,240,094	486,310	232,619	2,493,785
Total capital assets being depreciated	31,750,877	2,344,423	238,053	33,857,247
Less accumulated depreciation for:				
Buildings	-	7,459	-	7,459
Improvements	4,836,834	396,599	5,398	5,228,035
Infrastructure	3,974,094	282,449	-	4,256,543
Machinery and equipment	1,398,101	202,166	198,210	1,402,057
Total accumulated depreciation	10,209,029	888,673	203,608	10,894,094
Total capital assets, being depreciated, net	21,541,848	1,455,750	34,445	22,963,153
Business-type activities capital assets, net	$ 21,716,877	1,456,475	34,445	23,138,907

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

Governmental activities:	
General government	$ 340,055
Public safety	205,387
Highways and public works	1,814,042
Community development	11,289
Parks and cemetery	599,171
Total depreciation expense - governmental activities	2,969,944
Business-type activities:	
Water	508,717
Sewer	2,156
Garbage	45,689
Storm water	283,825
Ambulance	37,695
Recreation	10,591
Total depreciation expense - business-type activities	888,673
Total depreciation expense	$ 3,858,617

Note 4 - Detailed Notes on all Funds (continued)

D. Interfund receivables, payables, and transfers

Interfund Transfers:

	Transfers In		
Transfers Out:	General Fund	Park Improvement	Street Improvement
General Fund	$ -	53,600	994,000
US-89 RDA	-	-	-
Street Improvement	-	-	-
Park Improvement	-	-	-
Non-major Governmental	1,783	-	
Total transfers in	$ 1,783	53,600	994,000

	Transfers In (continued)		
Transfers Out:	Non-major Governmental	Recreation Enterprise	Total Transfers Out
General Fund	341,000	434,598	$ 1,823,198
US-89 RDA	61,909	-	61,909
Street Improvement	36,000	-	36,000
Park Improvement	-	-	-
Non-major Governmental	40,000	-	41,783
Total transfers in	478,909	434,598	$ 1,962,890

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.

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Note 4 - Detailed Notes on all Funds (continued)

E. Leases

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of land, a fire truck, street lights, and a street sweeper. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Storm Water Utility Fund
Assets:		
Land	$ 1,755,803	-
Vehicles	1,000,000	232,900
Infrastructure	547,838	-
Less: accumulated depreciation	(37,534)	-
Total	$ 3,266,107	232,900

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Year Ending June 30:	Governmental Activities	Garbage Enterprise Fund
2016	$ 300,726	49,459
2017	302,830	49,407
2018	304,591	-
2019	306,414	-
2020	308,293	-
2021-2025	724,012	-
Total minimum lease payments	2,246,866	98,866
Less: amount representing interest	(217,029)	(2,186)
Present value of minimum lease payments	$ 2,029,837	96,680

Note 4 - Detailed Notes on all Funds (continued)

Operating Leases

The City leases three vehicles for the police department. The total cost for the leases for June 30, 2015 was $20,306. The future minimum lease payments for these leases are as follows:

Year Ending June 30:	
2016	$ 20,306
2017	20,306
2018	20,306
Total	$ 60,918

F. Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was $5,593,000. During the current fiscal year the City issued new bonds totaling $6,000,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 9 to 20 year serial bonds with increasing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
City office building	1.25-2.75%	$ 799,000
Municipal purpose	4.04%	1,526,000
Recreational building & park	2.00-3.50%	6,000,000
Parks and municipal buildings	3.50-4.00%	190,000
		$ 8,515,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Governmental Activities	
Year Ending June 30:	Principal	Interest
2016	$ 533,000	$ 249,109
2017	613,000	220,117
2018	635,000	203,755
2019	651,000	186,470
2020	668,000	168,202
2021-2025	1,930,000	620,228
2026-2030	1,625,000	422,335
2031-2035	1,860,000	184,574
Total	$ 8,515,000	2,254,790

Note 4 - Detailed Notes on all Funds (continued)

Special Assessment Bonds

The City also issued $312,476 of special assessment debt in 2005 to provide funds for the construction of curb, gutter, and sidewalks. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. The bonds have a stated rate of interest of 5.5 percent and are payable annually.

Purpose	Interest Rates	Amount
2005 Special assessment bond	4.15%	$ 37,000

Annual debt service requirements to maturity for special assessment bonds are as follows:

	Governmental Activities	
Year Ending June 30:	Principal	Interest
2016	37,000	1,535
Total	$ 37,000	$ 1,535

Revenue Bonds

The City issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City has two debts which it treats as revenue type debt because of the nature of the debt and the revenues being used to fund the related debt service. The City has issued a sales tax revenue bonds series 2009 for $821,000 for the remodel of the fire station. The bonds are being repaid in annual installments of $51,000 to $71,000 thru June 2024. In 2012 the City, through the RDA, issued tax increment revenue bonds series 2012 for $1,036,000 for the development of the station park redevelopment area. The bonds are being repaid in annual installments of $213,000 to $219,000 thru April 2017.

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Note 4 - Detailed Notes on all Funds (continued)

Governmental Activities

	Interest Rates	Amount
2009 Sales Tax Revenue Bonds	2.26 to 5.22%	$ 546,000
2012 RDA Tax Increment Revenue Bonds	2.45%	432,000
Total City reflected revenue bonds		$ 978,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2016	$ 264,000	$ 33,852
2017	272,000	26,395
2018	55,000	18,565
2019	58,000	15,859
2020	61,000	12,831
2021-2024	268,000	26,637
Total governmental funds	$ 978,000	134,139

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Note 4 - Detailed Notes on all Funds (continued)

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 3,054,000	6,000,000	(539,000)	8,515,000	533,000
Special assessment debt with governmental commitment	73,000	-	(36,000)	37,000	37,000
Revenue bonds	1,335,750	-	(357,750)	978,000	264,000
Bond premium	2,536	87,409	(2,439)	87,506	-
Total bonds payable	4,465,286	6,087,409	(935,189)	9,617,506	834,000
Capital leases	1,782,676	500,000	(252,839)	2,029,837	252,089
Compensated absences	184,161	215,215	(184,161)	215,215	161,411
Governmental activity Long-term liabilities	$ 6,432,123	6,802,624	(1,372,189)	11,862,558	1,247,500
Business-type activities:					
Bonds payable:					
Revenue bonds	$ 29,250	-	(29,250)	-	-
Capital leases	17,706	144,725	(65,751)	96,680	47,933
Business-type activity Long-term liabilities	$ 46,956	144,725	(95,001)	96,680	47,933

Compensated absences are generally liquidated by the general fund.

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Note 5 - Other Information

A. 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.

B. Retirement plan

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:

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the 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.

Note 5 - Other Information (continued)

Benefits Provided

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

Summary of Benefits by System

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

* with actuarial reductions

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

Note 5 - Other Information (continued)

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as 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 are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%
122 - Other Division A Contributory Tier 2	N/A	N/A	22.550%
Firefighters System			
31 - Division A Tier 1	N/A	N/A	3.820%
132 - Division A Tier 2	N/A	N/A	10.800%

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

At December 31, 2014, we reported a net pension asset of $52,406 and a net pension liability of $1,617,446.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.2325696%	$ -	$ 1,009,438
Public Safety System	0.4834734%	-	608,008
Firefighters System	0.7932077%	45,263	-
Tier 2 Public Employees System	0.0662400%	2,007	-
Tier 2 Public Safety and Firefighters System	0.3472113%	5,136	-
		$ 52,406	$ 1,617,446

Note 5 - Other Information (continued)

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of $455,958. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 168	$ 101,480
Changes in assumptions	-	209,071
Net difference between projected and actual earnings on pension plan investments	41,764	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	341,324	-
Total	$ 383,256	$ 310,551

$341,324 was 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, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2015	$ (68,784)
2016	$ (68,784)
2017	$ (68,784)
2018	$ (44,374)
2019	$ (5,560)
Thereafter	$ (12,356)

Actuarial assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Note 5 - Other Information (continued)

Inflation	2.75%
Salary Increases	3.5 - 10.5%, average, including inflation
Investment rate of return	7.5 %, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member mortality

Class of member
Public Safety and firefighters
Men RP 2000mWC (100%)
Women EDUF (120%)
Local Government, Public Employees
Men RP 2000mWC (100%)
Women EDUF (120%)

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

Note 5 - Other Information (continued)

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, and a real return of 4.75% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.50 percent, 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset)/liability	$ 4,135,041	$ 1,565,040	$ (551,408)

Pension plan fiduciary net position:

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

C. Contingent liabilities

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

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

Note 5 - Other Information (continued)

D. Redevelopment agency

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

Area: US-89 Neighborhood Development	$	291,914
Area: Station Park		2,562,183
Total	$	2,854,097

Tax increment paid to other taxing entity (Davis School District)	$	24,756

Outstanding debt of the RDA consists of the following:

Tax increment revenue bonds 2012	$	432,000

During the year, the RDA expended monies in the categories below as follows:

Site improvements/preparation costs	$	2,049,747
Administration costs	$	11,035
Debt Service	$	223,680

E. Reclassification of prior year amounts

Certain amounts from the prior year report have been reclassified to conform to the current year presentation.

F. Prior period adjustment

The City has implemented GASB 68 Accounting and Financial Reporting for Pensions. Standards require the disclosure of a net pension liability, deferred outflows and inflows of resources related to pensions, and net pension assets. As a result, the beginning net position reported of the governmental activities on the government-wide financial statements decreased by $1,300,058 and the beginning net position of the business type funds decreased as follows: Water fund $181,438; Sewer Fund $20,689; Garbage Fund $26,504; Storm Water Fund $71,554; Ambulance Fund $14,304; and Recreation Fund $129,484.

G. Subsequent events

Subsequent events have been evaluated through November 18, 2015, the date that the financial statements were available to be issued. No additional disclosures are required.

REQUIRED SUPPLEMENTAL INFORMATION

FARMINGTON CITY CORPORATION

Schedule of the Proportionate Share of the Net Pension Liability

Utah Retirement Systems

Last Two Fiscal Years*

	2013	2014
Noncontributory System		
Proportion of the net pension liability (asset)	0.2324696%	0.2324696%
Proportionate share of the net pension liability (asset)	$ 1,254,526	$ 1,009,438
Covered employee payroll	NA	$ 1,924,165
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	52.50%
Plan fiduciary net position as a percentage of the total pension liability	NA	90.20%
Public Safety System		
Proportion of the net pension liability (asset)	0.4834734%	0.4834734%
Proportionate share of the net pension liability (asset)	$ 791,631	$ 608,008
Covered employee payroll	NA	$ 672,392
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	90.40%
Plan fiduciary net position as a percentage of the total pension liability	NA	90.50%
Firefighters System		
Proportion of the net pension liability (asset)	0.7932077%	0.7932077%
Proportionate share of the net pension liability (asset)	$ 11,859	$ (45,263)
Covered employee payroll	NA	$ 249,516
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-18.10%
Plan fiduciary net position as a percentage of the total pension liability	NA	103.50%
Tier 2 Public Employees System		
Proportion of the net pension liability (asset)	0.0662400%	0.0662400%
Proportionate share of the net pension liability (asset)	$ 398	$ (2,007)
Covered employee payroll	NA	$ 325,232
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	NA	103.50%
Tier 2 Public Safety and Firefighters System		
Proportion of the net pension liability (asset)	0.3472113%	0.3472113%
Proportionate share of the net pension liability (asset)	$ (2,050)	$ (5,136)
Covered employee payroll	NA	$ 143,656
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	NA	120.50%

* 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Noncontributory System										
Contractually required contribution	$ 157,451	$ 182,091	$ 196,425	$ 210,331	$ 204,523	$ 240,090	$ 267,966	$ 312,501	$ 350,853	$ 377,005
Contributions in relation to the contractually required contribution	(157,451)	(182,091)	(196,425)	(210,331)	(204,523)	(240,090)	(267,966)	(312,501)	(350,853)	(377,005)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 1,419,756	$ 1,571,105	$ 1,690,406	$ 1,810,075	$ 1,754,050	$ 1,795,738	$ 1,949,246	$ 1,914,649	$ 1,945,997	$ 1,880,643
Contributions as a percentage of covered-employee payroll	11.09%	11.59%	11.62%	11.62%	11.66%	13.37%	13.75%	16.32%	18.03%	20.05%
Public Safety System										
Contractually required contribution	$ 98,680	$ 124,350	$ 138,171	$ 155,661	$ 161,472	$ 169,864	$ 193,021	$ 213,181	$ 234,253	$ 242,101
Contributions in relation to the contractually required contribution	(98,680)	(124,350)	(138,171)	(155,661)	(161,472)	(169,864)	(193,021)	(213,181)	(234,253)	(242,101)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 510,238	$ 555,626	$ 611,107	$ 688,463	$ 691,824	$ 650,072	$ 713,043	$ 690,560	$ 703,165	$ 649,491
Contributions as a percentage of covered-employee payroll	19.34%	22.38%	22.61%	22.61%	23.34%	26.13%	27.07%	30.87%	33.31%	37.28%
Firefighters System										
Contractually required contribution	$ -	$ -	$ -	$ 3,863	$ 6,253	$ 12,066	$ 19,589	$ 24,018	$ 42,735	$ 48,129
Contributions in relation to the contractually required contribution	-	-	-	(3,863)	(6,253)	(12,066)	(19,589)	(24,018)	(42,735)	(48,129)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ -	$ -	$ -	$ 29,399	$ 48,344	$ 71,947	$ 125,974	$ 135,615	$ 245,128	$ 255,056
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	13.14%	12.93%	16.77%	15.55%	17.71%	17.43%	18.87%
Tier 2 Public Employees System										
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,795	$ 22,073	$ 34,387
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	(11,795)	(22,073)	(34,387)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 137,793	$ 259,678	$ 412,808
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8.56%	8.50%	8.33%
Tier 2 Public Safety and Firefighters System										
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,278	$ 3,957	$ 9,255	$ 19,315
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	(3,278)	(3,957)	(9,255)	(19,315)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ 31,366	$ 35,651	$ 83,985	$ 178,842
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.10%	11.02%	10.80%

* 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

Changes of Assumptions

None

Other Information that is not required as part of RSI

This information below is not a required part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for the fiscal year.

Defined Contribution System

	Employee Paid Contributions	Employer Paid Contributions
401(k) Plan	$ 61,011	$ 40,590
457 Plan	$ 7,066	$ -
Roth IRA Plan	$ 2,300	$ -

SUPPLEMENTAL INFORMATION

Debt Service Funds

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Police Sales Tax Revenue Bond Fund - This fund is used to account for principal and interest on the sales tax revenue bonds used to construct the police station.

Sales Tax Revenue Bond Fund - This fund is used to account for principal and interest on the sales tax revenue bonds used to refund current debt and other general improvements.

G.O. Bond 2003 Park Fund - This fund is used to account for principal and interest on the general obligation bonds used to finance construction of the City's community center and park projects.

Building G.O. Bond Fund - This fund is used to account for principal and interest on the general obligation bonds used to finance construction of the City's police station.

Special Improvement District 2003-1 - This fund is used to account for receipt of special assessment levies and payment of special assessment bond principal and interest for the special improvement project.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

Government Buildings Improvement Fund - This fund accounts for the replacement, repairs, and future improvements to the government buildings and the City. General government resources provide the primary source of funding with grants providing additional funding as available.

Capital Equipment Fund - This fund accounts for the ongoing acquisition and replacement of major capital assets needed to maintain the operations of the City. General government resources provide the primary source of funding with grants and other government resources providing additional funding as available.

Fire Protection Fund - This fund accounts for the acquisition of major capital assets needed for adequate fire protection. Federal grants and building permit fees are the primary source of funding for these acquisitions.

Real Estate Property Asset Fund - This fund accounts for the acquisition of real property for the City.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Perpetual Care Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust is used to maintain the City's cemetery.

MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

Street Improvement Fund - This fund accounts for the major replacement and repair of the City streets including Class C roads. General government resources and contributions from developers provide the funding.

Park Improvement Fund - This fund accounts for the ongoing acquisition and replacement of major capital assets needed to maintain the park operations of the City. General government resources provide the primary source of funding with grants and other government resources providing additional funding as available.

FARMINGTON CITY CORPORATION

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2015

	Debt Service				
	Police Sales Tax Revenue Bond	Sales Tax Revenue Bond	G.O. Bond 2003 Park	Building G.O.Bond	Special Improvement Dist. 2003-1
Assets					
Cash and cash equivalents	$ 101,627	-	31,700	3,676	8,432
Cash with fiscal agents	12	-	3,801	33	31,245
Receivables:					
Property taxes	-	-	289,969	518,153	-
Special assessments	-	-	-	-	11,193
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	101,639	-	325,470	521,862	50,870
Liabilities					
Accounts payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred Inflows of Resources					
Unavailable revenue - property taxes	-	-	284,878	515,339	-
Unavailable revenue - special assessments	-	-	-	-	11,193
Total deferred inflows of resources	-	-	284,878	515,339	11,193
Fund Balances					
Restricted					
Perpetual care	-	-	-	-	-
Impact fees	-	-	-	-	-
Debt service	-	-	40,592	6,523	39,677
Assigned					
Debt service	101,639	-	-	-	-
Capital projects	-	-	-	-	-
Total fund balances	101,639	-	40,592	6,523	39,677
Total liabilities and fund balances	$ 101,639	-	325,470	521,862	50,870

FARMINGTON CITY CORPORATION

Combining Balance Sheet - Nonmajor Governmental Funds (continued)

June 30, 2014

	Capital Projects				Permanent	Total
	Government Buildings Improvement	Capital Equipment	Fire Protection	Real Estate Property Asset	Cemetery Perpetual Care	Nonmajor Governmental Fund
Assets						
Cash and cash equivalents	$ 392	37,996	-	10	215,607	399,440
Cash with fiscal agents	-	-	-	-	-	35,091
Receivables:						
Property taxes	-	-	-	-	-	808,122
Special assessments	-	-	-	-	-	11,193
Restricted cash and cash equivalents	184,927	-	558,735	-	-	743,662
Total assets	185,319	37,996	558,735	10	215,607	1,997,508
Liabilities						
Accounts payable	6	-	-	-	-	6
Total liabilities	6	-	-	-	-	6
Deferred Inflows of Resources						
Unavailable revenue - property taxes	-	-	-	-	-	800,217
Unavailable revenue - special assessments	-	-	-	-	-	11,193
Total deferred inflows of resources	-	-	-	-	-	811,410
Fund Balances						
Restricted						
Perpetual care	-	-	-	-	215,607	215,607
Impact fees	184,927	-	558,735	-	-	743,662
Debt service	-	-	-	-	-	86,792
Assigned						
Debt service	-	-	-	-	-	101,639
Capital projects	386	37,996	-	10	-	38,392
Total fund balances	185,313	37,996	558,735	10	215,607	1,186,092
Total liabilities and fund balances	$ 185,319	37,996	558,735	10	215,607	1,997,508

FARMINGTON CITY CORPORATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended June 30, 2015

	Debt Service				
REVENUES	Police Sales Tax Revenue Bond	Sales Tax Revenue Bond	G.O. Bond 2003 Park	Building G.O.Bond	Special Improvement Dist. 2003-1
Property tax	$ -	-	231,200	410,635	-
Special assessments	-	-	-	-	15,044
Intergovernmental	-	-	-	-	-
Impact fees	-	-	-	-	-
Interest	599	122	161	405	1,287
Other	-	-	-	-	-
Total	599	122	231,361	411,040	16,331
EXPENDITURES					
Capital outlay	-	-	-	-	-
Agents fees	-	3,750	500	-	2
Debt service:					
Principal retirement	49,000	100,750	215,000	324,000	36,000
Interest	18,322	4,181	16,200	92,492	3,027
Total	67,322	108,681	231,700	416,492	39,029
Excess of revenues over (under) expenditures	(66,723)	(108,559)	(339)	(5,452)	(22,698)
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds	-	-	-	-	-
Transfers in	40,000	97,909	-	-	-
Transfers (out)	-	(783)	-	-	-
Total other financing sources (uses)	40,000	97,126	-	-	-
Net change in fund balances	(26,723)	(11,433)	(339)	(5,452)	(22,698)
Fund balances - beginning of year	128,362	11,433	40,931	11,975	62,375
Fund balances - end of year	$ 101,639	-	40,592	6,523	39,677

FARMINGTON CITY CORPORATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (continued)

For the Year Ended June 30, 2015

	Capital Projects				Permanent Fund	Total
	Government Buildings Improvement	Capital Equipment	Fire Protection	Real Estate Property Asset	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES						
Property tax	$ -	-	-	-	-	641,835
Special assessments	-	-	-	-	-	15,044
Intergovernmental	2,500	-	-	-	-	2,500
Impact fees	97,424	-	206,116	-	-	303,540
Interest	738	178	2,295	-	1,063	6,848
Other	275	-	-	-	11,225	11,500
Total	100,937	178	208,411	-	12,288	981,267
EXPENDITURES						
Capital outlay	18,899	294,693	1,028,694	-	600	1,342,886
Agents fees	-	-	-	-	-	4,252
Debt service:						
Principal retirement	-	33,779	-	-	-	758,529
Interest	-	489	-	-	-	134,711
Total	18,899	328,961	1,028,694	-	600	2,240,378
Excess of revenues over (under) expenditures	82,038	(328,783)	(820,283)	-	11,688	(1,259,111)
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds	-	-	500,000	-	-	500,000
Transfers in	10,000	331,000	-	-	-	478,909
Transfers (out)	(40,000)	-	-	-	(1,000)	(41,783)
Total other financing sources (uses)	(30,000)	331,000	500,000	-	(1,000)	937,126
Net change in fund balances	52,038	2,217	(320,283)	-	10,688	(321,985)
Fund balances - beginning of year	133,275	35,779	879,018	10	204,919	1,508,077
Fund balances - end of year	185,313	$ 37,996	558,735	10	215,607	1,186,092

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Police Sales Tax Revenue Bond - Debt Service Fund
For the Year Ended June 30, 2015

	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Interest	$ 597	598	1
Total revenues	597	598	1
EXPENDITURES			
Agent's fees	2,000	-	2,000
Principal retirement	49,000	49,000	-
Interest & fees	26,000	18,322	7,678
Total expenditures	77,000	67,322	9,678
Excess revenues over (under) expenditures	(76,403)	(66,724)	9,679
OTHER FINANCING SOURCES (USES)			
Transfers in	40,000	40,000	-
Total other financing sources (uses)	40,000	40,000	-
Net change in fund balances	(36,403)	(26,724)	9,679
Fund balances - beginning of year	128,362	128,362	-
Fund balances - end of year	$ 91,959	101,638	9,679

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Sales Tax Revenue Bond - Debt Service Fund
For the Year Ended June 30, 2015

	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Interest	$ 50	122	72
Total revenues	50	122	72
EXPENDITURES			
Agent's fees	5,000	3,750	1,250
Principal retirement	100,750	100,750	-
Interest	5,000	4,181	819
Total expenditures	110,750	108,681	2,069
Excess revenues over (under) expenditures	(110,700)	(108,559)	2,141
OTHER FINANCING SOURCES (USES)			
Transfers in	98,300	97,909	(391)
Transfers out	(3,000)	(783)	2,217
Total other financing sources (uses)	95,300	97,126	1,826
Net change in fund balances	(15,400)	(11,433)	3,967
Fund balances - beginning of year	11,433	11,433	-
Fund balances - end of year	$ (3,967)	-	3,967

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
G.O. Bond 2003 Park - Debt Service Fund
For the Year Ended June 30, 2015

	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	$ 232,000	231,200	(800)
Interest	100	161	61
Total revenues	232,100	231,361	(739)
EXPENDITURES			
Agent's fees	1,000	500	500
Principal retirement	215,000	215,000	-
Interest	16,200	16,200	-
Total expenditures	232,200	231,700	500
Excess (deficiency) of revenues over expenditures	(100)	(339)	(239)
Fund balances - beginning of year	40,931	40,931	-
Fund balances - end of year	$ 40,831	40,592	(239)

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Building G.O. Bond - Debt Service Fund
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property tax	$ 416,000	420,000	410,635	(9,365)
Interest	300	400	405	5
Total revenues	416,300	420,400	411,040	(9,360)
EXPENDITURES				
Principal retirement	324,000	324,000	324,000	-
Interest	92,000	94,000	92,492	1,508
Total expenditures	416,000	418,000	416,492	1,508
Net change in fund balances	300	2,400	(5,452)	(7,852)
Fund balances - beginning of year	11,975	11,975	11,975	-
Fund balances - end of year	$ 12,275	14,375	6,523	(7,852)

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Improvement District 2003-1 - Debt Service Fund
For the Year Ended June 30, 2015

	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Special assessments	$ 15,000	15,044	44
Interest	2,100	1,287	(813)
Total revenues	17,100	16,331	(769)
EXPENDITURES			
Agent's fees	500	-	500
Principal retirement	36,000	36,000	-
Interest	3,100	3,028	72
Total expenditures	39,600	39,028	572
Excess (deficiency) of revenues over expenditures	(22,500)	(22,697)	(197)
Fund balances - beginning of year	62,375	62,375	-
Fund balances - end of year	$ 39,875	39,678	(197)

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Governmental Buildings Improvement - Capital Projects Fund
For the Year Ended June 30, 2015

	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Grants	$ 2,500	2,500	-
Police impact fees	85,000	97,424	12,424
Interest	600	738	138
Contributions	100	92	(8)
Other income	250	183	(67)
Total revenues	88,450	100,937	12,487
EXPENDITURES			
Capital outlay	30,000	18,899	11,101
Total expenditures	30,000	18,899	11,101
Excess (deficiency) of revenues over expenditures	58,450	82,038	23,588
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	10,000	(10,000)
Transfers (out)	(40,000)	(40,000)	-
Total other financing sources (uses)	(20,000)	(30,000)	(10,000)
Net change in fund balances	38,450	52,038	13,588
Fund balances- beginning of year	133,275	133,275	-
Fund balances - end of year	$ 171,725	185,313	13,588

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Capital Equipment - Capital Projects Fund
For the Year Ended June 30, 2015

	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	$ -	-	-
Interest	100	178	78
Total revenues	100	178	78
EXPENDITURES			
Capital outlay	275,500	294,691	(19,191)
Principal retirement	25,498	33,779	(8,281)
Interest	30,002	489	29,513
Total expenditures	331,000	328,959	2,041
Excess (deficiency) of revenues over expenditures	(330,900)	(328,781)	2,119
OTHER FINANCING SOURCES (USES)			
Transfers in	331,000	331,000	-
Total other financing sources (uses)	331,000	331,000	-
Net change in fund balances	100	2,219	2,119
Fund balances - beginning of year	35,779	35,779	-
Fund balances - end of year	$ 35,879	37,998	2,119

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Fire Protection - Capital Projects Fund
For the Year Ended June 30, 2015

	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Fire protection impact fees	$ 185,000	206,116	21,116
Interest	2,000	2,295	295
Total revenues	187,000	208,411	21,411
EXPENDITURES			
Capital outlay	1,029,000	1,028,694	306
Total expenditures	1,029,000	1,028,694	306
Excess (deficiency) of revenues over expenditures	(842,000)	(820,283)	21,717
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	500,000	500,000	-
Total other financing sources and uses	500,000	500,000	-
Net change in fund balances	(342,000)	(320,283)	21,717
Fund balances - beginning of year	879,018	879,018	-
Fund balances - end of year	$ 537,018	558,735	21,717

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Real Estate Property Asset - Capital Projects Fund
For the Year Ended June 30, 2015

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest	$ 590	-	(590)
Total revenues	590	-	(590)
EXPENDITURES			
Capital outlay	590	-	590
Total expenditures	590	-	590
Excess revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	-	-	-
Fund balances - beginning of year	10	10	-
Fund balances - end of year	$ 10	10	-

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Cemetery Perpetual Care - Permanent Fund
For the Year Ended June 30, 2015

	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Sale of burial rights/raised marker fees	$ 8,000	11,225	3,225
Interest	1,000	1,063	63
Total revenues	9,000	12,288	3,288
EXPENDITURES			
Expenditures	600	600	-
Total expenditures	600	600	-
Excess (deficiency) of revenues over expenditures	8,400	11,688	3,288
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,000)	(1,000)	-
Total other financing sources (uses)	(1,000)	(1,000)	-
Net change in fund balances	7,400	10,688	3,288
Fund balances - beginning of year	204,919	204,919	-
Fund balances - end of year	$ 212,319	215,607	3,288

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Street Improvement - Capital Projects Fund
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Impact fees	$ 207,000	910,000	1,040,305	130,305
Interest	2,000	3,200	5,354	2,154
Contributions	55,000	205,000	194,499	(10,501)
Total revenues	264,000	1,118,200	1,240,158	121,958
EXPENDITURES				
Capital outlay	1,098,000	1,389,200	1,301,368	87,832
Total expenditures	1,098,000	1,389,200	1,301,368	87,832
Excess (deficiency) of revenues over expenditures	(834,000)	(271,000)	(61,210)	209,790
OTHER FINANCING SOURCES (USES)				
Transfers in	833,000	1,002,000	994,000	(8,000)
Transfers (out)	(46,711)	(36,000)	(36,000)	-
Total other financing sources (uses)	786,289	966,000	958,000	(8,000)
Net change in fund balances	(47,711)	695,000	896,790	201,790
Fund balances - beginning of year	995,904	995,904	995,904	-
Fund balances - end of year	$ 948,193	1,690,904	1,892,694	201,790

FARMINGTON CITY CORPORATION

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Park Improvement - Capital Projects Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Impact fees	$ 539,700	560,000	553,000	(7,000)
Interest	4,000	5,000	14,393	9,393
Contributions	-	55,000	53,133	(1,867)
Other income	9,000	15,000	11,860	(3,140)
Total revenues	552,700	635,000	632,386	(2,614)
EXPENDITURES				
Capital outlay	430,484	1,684,600	973,385	711,215
Total expenditures	430,484	1,684,600	973,385	711,215
Excess revenues over (under) expenditures	122,216	(1,049,600)	(340,999)	708,601
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	6,000,000	6,000,000	-
Premium on bonds issued	-	87,000	87,409	409
Transfers in	67,000	54,600	53,600	(1,000)
Total other financing sources and uses	67,000	6,141,600	6,141,009	(1,000)
Net change in fund balances	189,216	5,092,000	5,800,010	707,601
Fund balances - beginning of year	670,459	670,459	670,459	-
Fund balances - end of year	$ 859,675	5,762,459	6,470,469	707,601

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

FARMINGTON CITY CORPORATION

Capital Assets Used in the Operation of Governmental Funds

Schedule By Source

June 30, 2015

	2015
Governmental funds capital assets	
Land	$ 27,248,343
Construction in progress	387,663
Buildings	14,151,137
Improvements other than buildings	12,118,326
Machinery and equipment	6,485,023
Infrastructure	40,197,504
	$ 100,587,996
Investment in governmental funds capital assets by source	
General fund	$ 25,242,162
Capital projects funds	53,639,614
Grants and contributions	21,706,220
	$ 100,587,996

FARMINGTON CITY CORPORATION

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2015

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Totals
General Government						
Administration	$ 4,777,774	-	14,156	27,415	-	4,819,345
Government Buildings	-	9,018,446	871,634	581,499	-	10,471,579
	4,777,774	9,018,446	885,790	608,914	-	15,290,924
Public Safety						
Police Protection	-	1,777,917	-	1,072,494	-	2,850,411
Fire Protection	-	2,305,101	-	2,653,099	-	4,958,200
	-	4,083,018	-	3,725,593	-	7,808,611
Highways and Streets	16,177,557	-	5,816,067	1,602,764	38,759,912	62,356,300
Planning and Inspection	-	-	-	124,692	-	124,692
Parks and Recreation	6,293,012	1,437,336	5,416,469	423,060	1,437,592	15,007,469
	$ 27,248,343	14,538,800	12,118,326	6,485,023	40,197,504	100,587,996

FARMINGTON CITY CORPORATION

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity

For the Year Ended June 30, 2015

FUNCTION AND ACTIVITY	Governmental Fund Capital Assets 2014	Additions	Deletions	Governmental Funds Capital Assets 2015
General Government				
Administration	$ 4,819,345	-	-	4,819,345
Government Buildings	10,078,666	410,198	17,285	10,471,579
	14,898,011	410,198	17,285	15,290,924
Public Safety				
Police Protection	2,911,762	116,967	178,318	2,850,411
Fire Protection	3,900,845	1,075,128	17,773	4,958,200
	6,812,607	1,192,095	196,091	7,808,611
Highways and Streets	60,074,288	2,321,427	39,415	62,356,300
Planning and Inspection	124,692	-	-	124,692
Parks and Recreation	14,984,936	22,533	-	15,007,469
Fund balance - end of year	$ 96,894,534	3,946,253	252,791	100,587,996

STATISTICAL SECTION

This part of the Farmington City's comprehensive annual 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 101

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 108

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 112

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 117

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 government provides and the activities it performs.

Operating Information 119

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 government provides and the activities it performs.

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

FARMINGTON CITY CORPORATION

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	$ 28,034,286	$ 30,386,930	$ 35,606,841	$ 39,839,027	$ 48,560,830	$ 51,571,321	$ 54,488,777	$ 55,250,667	$ 57,698,365	$ 53,274,845
Restricted	2,184,899	3,299,428	2,752,927	2,161,006	3,049,279	2,708,105	2,459,575	3,194,644	3,263,936	4,375,989
Unrestricted	4,915,276	4,582,106	5,250,475	2,943,825	1,823,476	2,158,861	2,521,759	3,159,636	2,325,216	7,243,082
Total governmental activities net assets	35,134,461	38,268,464	43,610,243	44,943,858	53,433,585	56,438,287	59,470,111	61,604,947	63,287,517	64,893,916
Business-type activities										
Invested in capital assets, net of related debt	13,404,648	14,295,300	16,388,914	16,890,045	18,314,073	19,747,735	19,611,003	20,545,807	21,482,743	23,042,227
Restricted	585,553	900,221	1,170,968	1,168,495	1,434,901	1,513,235	2,202,741	2,084,792	2,213,258	2,469,638
Unrestricted	1,573,850	1,958,685	1,653,501	1,902,959	1,904,785	2,432,304	3,155,524	3,694,435	3,465,640	2,539,184
Total business-type activities net assets	15,564,051	17,154,206	19,213,383	19,961,499	21,653,759	23,693,274	24,969,268	26,325,034	27,161,641	28,051,049
Primary government										
Invested in capital assets, net of related debt	41,438,934	44,682,230	51,995,755	56,729,072	66,874,903	71,319,056	74,099,780	75,796,474	79,181,108	76,317,072
Restricted	2,770,452	4,199,649	3,923,895	3,329,501	4,484,180	4,221,340	4,662,316	5,279,436	5,477,194	6,845,627
Unrestricted	6,489,126	6,540,791	6,903,976	4,846,784	3,728,261	4,591,165	5,677,283	6,854,071	5,790,856	9,782,266
Total primary government net assets	$ 50,698,512	$ 55,422,670	$ 62,823,626	$ 64,905,357	$ 75,087,344	$ 80,131,561	$ 84,439,379	$ 87,929,981	$ 90,449,158	$ 92,944,965

FARMINGTON CITY CORPORATION

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	$ 1,475,878	$ 1,313,104	$ 2,242,538	$ 1,532,496	$ 1,506,018	$ 2,406,573	$ 1,862,212	$ 2,184,987	$ 3,602,333	$ 4,833,442
Public safety	1,740,778	1,900,958	2,062,359	2,268,989	2,349,593	2,299,079	2,531,443	2,631,075	2,954,347	3,036,812
Highways and public works	1,632,737	1,849,453	1,955,439	1,976,611	2,166,407	2,288,759	2,488,745	2,569,319	2,592,916	2,610,320
Community development	826,144	810,805	869,562	839,108	738,284	783,092	878,754	987,309	1,019,697	1,035,413
Parks and cemetery	735,531	789,020	892,091	974,504	1,019,920	1,140,691	1,173,396	1,276,539	1,266,291	1,364,671
Interest on long-term debt	353,615	330,026	366,138	324,467	335,986	381,702	331,769	252,239	189,562	191,551
Total governmental activities	6,764,683	6,993,366	8,388,127	7,916,175	8,116,208	9,299,896	9,266,319	9,901,468	11,625,146	13,072,209
Business-type activities:										
Water utility	1,271,429	1,338,703	1,432,943	1,476,694	1,591,333	1,528,688	1,681,880	1,672,536	1,858,817	2,070,237
Sewer utility	904,739	963,088	1,022,993	1,171,283	1,196,500	1,272,821	1,299,053	1,340,504	1,403,225	1,447,993
Garbage utility	775,135	742,821	789,140	824,080	948,602	1,033,108	1,088,756	1,125,646	1,113,238	1,109,862
Storm water utility	467,803	554,895	632,534	610,628	503,201	556,200	576,270	595,977	821,920	1,049,891
Ambulance service	141,319	175,890	202,939	240,344	232,841	269,106	304,949	324,921	283,710	301,751
Recreation	526,202	617,876	701,629	701,858	689,745	690,701	772,151	835,973	868,186	910,446
Total business-type activities	4,086,627	4,393,273	4,782,178	5,024,887	5,162,222	5,350,624	5,723,059	5,895,557	6,349,096	6,890,180
Total primary government	$ 10,851,310	$ 11,386,639	$ 13,170,305	$ 12,941,062	$ 13,278,430	$ 14,650,520	$ 14,989,378	$ 15,797,025	$ 17,974,242	$ 19,962,389
Program Revenues										
Governmental activities:										
Charges for services										
General government	$ 945,345	$ 809,872	$ 684,816	$ 524,467	$ 889,535	$ 936,588	$ 823,371	$ 1,086,677	$ 818,946	$ 745,430
Public safety	229,142	281,906	289,858	316,914	293,012	330,558	307,296	258,418	270,094	264,604
Highways and public works	-	-	-	-	-	-	-	-	-	-
Community development	309,118	307,501	148,382	98,856	54,266	184,713	177,056	104,140	103,255	179,908
Parks and cemetery	-	-	-	-	-	76,492	44,231	44,698	53,107	57,759
Operating grants and contributions	530,993	582,855	623,931	572,208	582,897	603,123	620,826	658,412	631,101	677,920
Capital grants and contributions	3,217,049	1,907,632	5,370,165	1,575,090	6,933,011	2,329,453	2,771,571	1,620,507	2,035,626	2,010,379
Total governmental activities	5,231,647	3,889,766	7,117,152	3,087,535	8,752,721	4,460,927	4,744,351	3,772,852	3,912,129	3,936,000
Business-type activities:										
Charges for services										
Water utility	1,091,094	1,137,039	1,157,594	1,202,189	1,241,475	1,653,143	1,760,264	1,838,707	1,849,649	1,981,654
Sewer utility	893,122	968,432	1,025,723	1,195,147	1,228,943	1,304,093	1,333,515	1,375,336	1,439,862	1,475,921
Garbage utility	793,461	802,091	811,140	884,416	1,015,195	1,122,016	1,151,755	1,176,880	1,177,029	1,208,184
Storm water utility	466,933	480,430	504,243	559,557	604,416	621,326	646,215	710,224	702,959	725,731
Ambulance service	208,061	248,328	283,152	287,921	254,484	339,690	272,312	312,975	284,713	363,568
Recreation	270,034	328,452	369,070	392,223	412,363	433,271	483,687	516,584	515,701	550,427

FARMINGTON CITY CORPORATION

Changes in Net Assets (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating grants and contributions	12,110	16,463	9,911	5,930	-	4,892	2,620	7,594	-	9,240
Capital grants and contributions	507,507	956,253	1,786,876	752,203	1,786,973	668,261	335,213	334,979	518,954	412,081
Total business-type activities	4,242,322	4,937,488	5,947,709	5,279,586	6,543,849	6,146,692	5,985,581	6,273,279	6,488,867	6,726,806
Total primary government	9,473,969	8,827,254	13,064,861	8,367,121	15,296,570	10,607,619	10,729,932	10,046,131	10,400,996	10,662,806
Net (expense) / revenue										
Governmental activities	(1,533,036)	(3,103,600)	(1,270,975)	(4,828,640)	636,513	(4,838,969)	(4,521,968)	(6,128,616)	(7,713,017)	(9,136,209)
Business-type activities	155,695	544,215	1,165,531	254,699	1,381,627	796,068	262,522	377,722	139,771	(163,374)
Total primary government	$ (1,377,341)	$ (2,559,385)	$ (105,444)	$ (4,573,941)	$ 2,018,140	$ (4,042,901)	$ (4,259,446)	$ (5,750,894)	$ (7,573,246)	$ (9,299,583)
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 1,963,024	$ 2,042,419	$ 2,326,605	$ 2,450,496	$ 2,552,025	$ 2,597,720	$ 2,689,552	$ 3,404,425	$ 4,076,021	$ 5,490,490
General sales and use tax	1,576,348	1,870,311	2,064,308	1,916,700	1,802,477	1,970,478	2,380,246	2,581,678	3,087,473	3,500,946
Franchise tax	637,482	743,462	765,192	812,219	834,926	792,347	890,062	950,579	995,717	1,007,291
Energy use tax	363,841	291,295	356,869	369,488	371,763	407,383	388,065	446,458	484,678	465,601
Impact fees	1,235,366	1,211,523	895,432	446,407	1,082,688	2,264,262	1,142,059	1,099,803	772,265	1,896,845
Interest earnings	256,962	350,125	456,662	188,344	98,377	97,841	40,439	41,761	34,262	47,021
Gain (loss) on sale of assets	2,151	14,782	25,574	279,456	983,033	(19,318)	18,478	23,429	309,372	48,072
Miscellaneous	29,088	26,609	26,896	7,800	68,578	40,207	148,189	48,755	24,543	21,631
Transfers	(244,273)	(312,923)	(304,784)	(308,655)	59,347	(307,249)	(143,298)	(333,436)	(388,694)	(435,227)
Total governmental activities	5,819,989	6,237,603	6,612,754	6,162,255	7,853,214	7,843,671	7,553,792	8,263,452	9,395,637	12,042,670
Business-type activities:										
Impact fees	577,205	603,099	466,165	115,527	347,834	843,222	837,565	608,294	279,808	982,221
Interest earnings	81,847	129,918	124,425	60,057	22,146	18,470	32,609	36,314	28,334	25,576
Gain (loss) on sale of assets	(11,187)	-	(1,418)	8,868	-	74,500	-	-	-	53,731
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	244,273	312,923	304,784	308,655	(59,347)	307,249	143,298	333,436	388,694	435,227
Total business-type activities	892,138	1,045,940	893,956	493,107	310,633	1,243,441	1,013,472	978,044	696,836	1,496,755
Total primary government	$ 6,712,127	$ 7,283,543	$ 7,506,710	$ 6,655,362	$ 8,163,847	$ 9,087,112	$ 8,567,264	$ 9,241,496	$ 10,092,473	$ 13,539,425
Change in Net Position										
Governmental activities	$ 4,286,953	$ 3,134,003	$ 5,341,779	$ 1,333,615	$ 8,489,727	$ 3,004,702	$ 3,031,824	$ 2,134,836	$ 1,682,620	$ 2,906,461
Business-type activities	1,047,833	1,590,155	2,059,487	747,806	1,692,260	2,039,509	1,275,994	1,355,766	836,607	1,333,381
Total primary government	$ 5,334,786	$ 4,724,158	$ 7,401,266	$ 2,081,421	$ 10,181,987	$ 5,044,211	$ 4,307,818	$ 3,490,602	$ 2,519,227	$ 4,239,842

FARMINGTON CITY CORPORATION

Governmental Activities Tax Revenue by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	General Property Tax	Sales Tax	Franchise Tax	Energy Use Tax	Total Tax Revenue
2006	1,963,024	1,576,348	637,482	363,841	4,540,695
2007	2,042,419	1,870,311	743,462	291,295	4,947,487
2008	2,326,605	2,064,308	765,192	356,869	5,512,974
2009	2,450,496	1,916,700	812,219	369,488	5,548,903
2010	2,552,025	1,802,477	834,926	371,763	5,561,191
2011	2,597,720	1,970,478	792,347	407,383	5,767,928
2012	2,689,552	2,380,246	890,062	388,065	6,347,925
2013	3,404,425	2,581,678	950,579	446,458	7,383,140
2014	4,076,021	3,087,473	995,717	484,678	8,643,889
2015	5,490,490	3,500,946	1,007,291	465,601	10,464,328

FARMINGTON CITY CORPORATION

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Restricted	$ 76,981	$ 61,722	$ 59,094	$ 5,210	$ 36,395	$ 87,877	$ 84,540	$ 136,274	$ 17,150	$ 36,128
Assigned	50,000	70,000	75,000	75,000	75,569	80,991	87,697	90,750	105,403	104,486
Unassigned	1,082,238	1,132,220	906,911	861,471	1,162,445	1,670,962	959,059	1,332,506	1,469,355	1,792,672
Total general fund	$ 1,209,219	$ 1,263,942	$ 1,041,005	$ 941,681	$ 1,274,409	$ 1,839,830	$ 1,131,296	$ 1,559,530	$ 1,591,908	$ 1,933,286
All other governmental funds										
Restricted for:										
Perpetual care	$ 287,687	$ 338,225	$ 374,091	$ 158,436	$ 190,353	$ 231,423	$ 186,669	$ 197,324	$ 204,919	$ 215,607
Debt service	672,244	800,672	759,893	722,424	544,037	598,448	134,876	140,557	115,282	86,792
Impact fees	736,886	1,772,826	1,177,078	1,119,227	700,938	1,253,228	1,593,875	1,929,892	1,719,184	2,548,475
Redevelopment	414,101	325,983	382,811	155,709	1,577,556	537,129	459,615	790,597	996,743	1,489,037
Assigned, reported in:										
Debt service funds	35,265	35,556	37,615	36,362	137,462	124,429	120,076	150,627	139,796	101,639
Capital projects funds	1,682,814	4,209,965	3,827,773	2,037,176	1,367,185	539,321	1,331,500	1,723,821	995,262	6,596,743
Total all other governmental funds	$ 3,828,997	$ 7,483,227	$ 6,559,261	$ 4,229,334	$ 4,517,531	$ 3,283,978	$ 3,826,611	$ 4,932,818	$ 4,171,186	$ 11,038,293

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	$4,423,145	$4,947,487	$5,512,974	$5,548,903	$5,561,191	$5,767,928	$6,347,925	$7,383,140	$8,643,889	$10,464,328
Special assessments	1,093,111	83,552	43,117	30,900	28,591	36,552	28,036	23,713	12,342	15,044
Leases	420,857	417,163	418,071	436,414	437,800	435,950	3,389	-	-	-
Licenses and permits	785,708	558,103	452,634	315,037	630,510	818,217	637,390	969,776	691,139	623,011
Intergovernmental	765,761	661,098	623,931	830,473	582,897	721,208	675,230	658,956	631,645	651,510
Grants	-	-	77,500	49,264	-	-	-	-	-	-
Charges for services	384,605	426,475	265,237	219,096	209,850	323,291	276,272	206,607	195,756	287,612
Impact fees	1,235,366	1,211,523	895,432	446,407	1,082,688	2,264,262	1,142,059	1,099,803	772,265	1,896,845
Fines and forfeitures	229,142	281,906	289,858	316,914	293,012	259,093	243,730	193,751	211,843	197,911
Interest	161,105	271,980	387,609	120,948	44,596	45,909	36,068	40,777	33,214	44,582
Miscellaneous revenue	113,238	159,404	142,223	96,990	172,019	167,954	236,967	172,554	171,207	160,798
Contributions	310,898	396,917	577,025	480,889	205,313	625,550	1,889,885	461,628	272,879	247,632
Total revenues	9,922,936	9,415,608	9,685,611	8,892,235	9,248,467	11,465,914	11,516,951	11,210,705	11,636,179	14,589,273
EXPENDITURES										
Current:										
General government	871,338	874,260	952,086	970,102	959,474	1,022,353	1,073,937	1,082,052	1,175,518	1,216,014
Public safety	1,599,474	1,754,514	1,900,803	2,099,499	2,166,346	2,124,323	2,360,421	2,458,063	2,766,223	2,934,178
Highways and public works	549,641	658,667	736,430	693,292	679,927	689,689	735,788	823,392	827,071	812,121
Community development	816,952	798,178	860,687	830,661	729,837	778,635	873,648	981,889	1,011,833	1,050,794
Parks and cemetery	474,091	528,126	583,539	599,366	609,869	680,522	696,868	713,331	676,198	779,820
Capital outlay	1,485,920	1,927,390	4,127,677	4,925,741	7,811,657	4,862,462	3,567,400	2,245,506	7,563,033	5,667,386
Debt service:										
Principal retirement	1,885,959	1,013,193	1,077,914	1,331,899	1,246,081	1,272,630	4,162,576	917,153	1,464,622	966,529
Interest and fiscal charges	360,598	327,419	376,294	331,026	342,602	413,831	356,948	245,648	205,527	154,643
Bond issuance costs	26,196	21,704	-	-	101,500	-	65,230	-	-	-
Total expenditures	8,070,169	7,903,451	10,615,430	11,781,586	14,647,293	11,844,445	13,892,816	9,467,034	15,690,025	13,581,485
Excess (deficiency) revenues over (under) expenditures	1,852,767	1,512,157	(929,819)	(2,889,351)	(5,398,826)	(378,531)	(2,375,865)	1,743,671	(4,053,846)	1,007,788
OTHER FINANCING SOURCES (USES)										
Proceeds of bonds	312,476	2,500,000	-	-	4,042,000	-	2,246,800	-	-	6,000,000
Payment to refunding bonds escrows	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	-	87,983	-	-	-
Proceeds of capital leases	-	-	-	174,394	622,000	-	-	100,000	1,764,838	500,000
Proceeds from sale of fixed assets	2,151	9,720	87,700	594,363	1,296,404	17,645	18,478	24,208	1,948,450	48,518
Transfers in	1,580,607	1,437,063	1,670,860	1,319,481	2,139,084	1,396,560	4,316,863	1,845,584	2,278,275	1,528,292
Transfers (out)	(1,824,880)	(1,749,986)	(1,975,644)	(1,628,136)	(2,079,737)	(1,703,809)	(4,460,161)	(2,179,020)	(2,666,969)	(1,963,519)
Total other financing sources (uses)	70,354	2,196,797	(217,084)	460,102	6,019,751	(289,604)	2,209,963	(209,228)	3,324,594	6,113,291
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	1,923,121	3,708,954	(1,146,903)	(2,429,249)	620,925	(668,135)	(165,902)	1,534,443	(729,252)	7,121,079
Fund balances - beginning of year	3,115,095	5,038,216	8,747,169	8,747,169	5,171,015	5,791,940	5,123,805	4,957,903	6,492,346	5,763,091
Fund balances - end of year	$5,038,216	$8,747,170	$7,600,266	$6,317,920	$5,791,940	$5,123,805	$4,957,903	$6,492,346	$5,763,094	$12,884,170
Debt service as a percentage of noncapital expenditures	32.56%	21.47%	22.41%	24.26%	22.27%	20.89%	42.27%	14.78%	16.38%	9.84%

FARMINGTON CITY CORPORATION

General Governmental Tax Revenue by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	General Property Tax	Sales Tax	Energy Use Tax	Franchise Tax	Total Tax Revenue
2006	1,845,474	1,576,348	363,841	637,482	4,423,145
2007	2,042,419	1,870,311	291,295	743,462	4,947,487
2008	2,326,605	2,064,308	356,869	765,192	5,512,974
2009	2,450,496	1,916,700	369,488	812,219	5,548,903
2010	2,552,025	1,802,477	371,763	834,926	5,561,191
2011	2,597,720	1,970,478	407,383	792,347	5,767,928
2012	2,330,302	2,380,246	388,065	890,062	5,988,675
2013	2,284,627	2,581,678	446,458	950,579	6,263,342
2014	2,501,443	3,087,473	484,678	995,717	7,069,311
2015	2,928,307	3,500,946	465,601	1,007,291	7,902,145

Includes General, Special Revenue, and Debt Service Funds.

Farmington City Corporation

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property [1] Residential Property (in thousands)	Real Property [1] Commercial Property (in thousands)	Personal Property (in thousands)	Total Taxable Assessed Value (in thousands)	Total Direct Tax Rate	Estimated Actual Value (in thousands)	Assessed Value as a Percentage of Actual Value
2004-05	447,008	104,052	23,316	574,376	0.2443%	916,830	62.65%
2005-06	468,219	119,311	22,637	610,167	0.2336%	1,020,486	59.79%
2006-07	567,800	155,887	22,238	745,925	0.2149%	1,220,371	61.12%
2007-08	803,291	117,517	23,807	944,615	0.2000%	1,605,856	58.82%
2008-09	840,604	164,300	34,995	1,039,899	0.1982%	1,730,718	60.08%
2009-10	875,805	124,412	34,703	1,034,920	0.2051%	1,724,066	60.03%
2010-11	871,888	131,348	19,357	1,022,593	0.2109%	1,695,934	60.30%
2011-12	860,253	98,818	25,949	985,020	0.2283%	1,829,770	53.83%
2012-13	886,375	122,520	37,662	1,046,557	0.2269%	1,691,897	61.86%
2013-14	987,352	141,546	42,029	1,170,927	0.2290%	1,833,155	63.87%
2014-15	1,043,722	274,135	48,732	1,366,589	0.2127%	2,353,964	58.05%

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

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

				Overlapping Rates							Total
	Farmington			Davis County			Davis County School District			Total	Direct and
Fiscal	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Operating	Debt Service	Total School	Special	Overlapping
Year	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Districts [1]	Rates
2006	0.1675%	0.0661%	0.2336%	0.2172%	0.0175%	0.2347%	0.5113%	0.2571%	0.7684%	0.1477%	1.3844%
2007	0.1528%	0.0621%	0.2149%	0.2034%	0.0108%	0.2142%	0.4734%	0.2571%	0.7305%	0.1351%	1.2947%
2008	0.1425%	0.0575%	0.2000%	0.2422%	0.0142%	0.2564%	0.4605%	0.2571%	0.7176%	0.1499%	1.3239%
2009	0.1418%	0.0564%	0.1982%	0.2206%	0.0123%	0.2329%	0.4193%	0.2571%	0.6764%	0.0877%	1.1952%
2010	0.1477%	0.0574%	0.2051%	0.1982%	0.0126%	0.2108%	0.4547%	0.2571%	0.7118%	0.0841%	1.2118%
2011	0.1531%	0.0578%	0.2109%	0.2085%	0.0128%	0.2213%	0.5289%	0.2571%	0.7860%	0.1345%	1.3527%
2012	0.1678%	0.0605%	0.2283%	0.2246%	0.0137%	0.2383%	0.6290%	0.2571%	0.8861%	0.1433%	1.4960%
2013	0.1668%	0.0601%	0.2269%	0.2260%	0.0131%	0.2391%	0.6370%	0.2571%	0.8941%	0.1441%	1.5042%
2014	0.1685%	0.0605%	0.2290%	0.2205%	0.0126%	0.2331%	0.6139%	0.2571%	0.8710%	0.1414%	1.4745%
2015	0.1542%	0.0585%	0.2127%	0.2047%	0.0114%	0.2161%	0.5688%	0.2571%	0.8259%	0.1331%	1.3878%

Source: Utah State Tax Commission

Percentages are applied to the taxable value of property as stated.

[1] Special districts includes a tax levy for only part of the City connected to Benchland water.

FARMINGTON CITY CORPORATION

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 of Previous Years Tax Levy	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005-06	1,387,547	1,312,994	94.63 %	39,704	1,352,698	97.49 %
2006-07	1,567,755	1,490,173	95.05 %	75,271	1,565,444	99.85 %
2007-08	1,853,274	1,748,657	94.36 %	104,617	1,853,274	100.00 %
2008-09	2,018,605	1,885,713	93.42 %	129,597	2,015,310	99.84 %
2009-10	2,072,825	1,953,806	94.26 %	113,764	2,067,570	99.75 %
2010-11	2,100,558	1,988,518	94.67 %	111,757	2,100,275	99.99 %
2011-12	2,195,140	2,165,928	98.67 %	28,242	2,194,170	99.96 %
2012-13	2,211,848	2,114,502	95.60 %	94,906	2,209,408	99.89 %
2013-14	2,342,310	2,324,238	99.23 %	12,533	2,336,771	99.76 %
2014-15	2,803,082	2,639,384	94.16 %	-	2,639,384	94.16 %

Source: Davis County Auditor's Office

FARMINGTON CITY CORPORATION

Principal Taxpayers

Current Year and Ten Years Ago

	2015			2006		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Station Park Centercal LLC	$ 162,487,870	1	11.89%			
Lagoon Investment Corporation	21,428,383	2	1.57%	$ 21,633,470	1	3.55%
Park Lane Village Partners LLC	20,773,228	3	1.52%			
PacifiCorp	16,112,578	4	1.18%	4,311,188	5	0.71%
SLC Pipeline LLC	7,483,205	5	0.55%			
Smith's Food King Properties	6,153,853	6	0.45%	5,600,802	2	0.92%
Oakridge Golf & Country	5,763,976	7	0.42%	2,720,794	10	0.45%
Harmons Station Park	4,738,561	8	0.35%			
Shreya Management Inc.	4,037,630	9				
Questar	4,035,674	10	0.30%			
QWest Communication				5,501,637	3	0.90%
Ivy Properties LLC				4,440,910	4	0.73%
Sixty-four Associates				4,253,630	6	0.70%
Asay-Miller Properties LLC				3,819,280	7	0.63%
Viking Real Estate				2,902,830	8	0.48%
Rose Cove Senior Housing LP				2,791,537	9	0.46%
Totals	$ 253,014,958		18.23%	$ 57,976,078		9.53%

Sources: Davis County Assessor's Office
Davis County Auditor's Office

FARMINGTON CITY CORPORATION

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities				
Fiscal Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2005-06	2,515,000	4,226,680	486,475	126,462	1,147,320	252,414	8,754,351	0.1027%	554.07
2006-07	4,745,000	3,608,830	437,000	50,595	1,025,170	109,121	9,975,716	0.1100%	570.04
2007-08	4,369,000	2,991,880	383,000	19,423	899,120	64,881	8,727,304	0.0889%	493.07
2008-09	3,994,000	2,132,830	327,000	152,818	768,170	18,900	7,393,718	0.0724%	413.06
2009-10	4,830,000	4,204,680	268,000	696,445	632,320	163,683	10,795,128	0.1039%	590.70
2010-11	4,435,000	3,441,430	206,000	624,065	490,570	129,191	9,326,256	0.0837%	504.42
2011-12	4,043,000	2,017,305	141,000	571,615	342,695	93,397	7,209,012	0.0615%	374.49
2012-13	3,562,000	1,686,305	108,000	607,460	53,695	56,252	6,073,712	0.0491%	299.20
2013-14	3,054,000	1,335,750	73,000	1,782,676	29,250	17,706	6,292,382	n/a	309.97
2014-15	8,427,494	978,000	37,000	2,029,837	-	96,680	11,569,011	n/a	538.54

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See page 111 for personal income and population data.

n/a = information not available

FARMINGTON CITY CORPORATION

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds[1]	Total	Percentage of Estimated Actual Taxable Value[2] of Property	Per Capita[3]
2006	2,515,000	62,668	2,452,332	0.4270%	155.21
2007	4,745,000	156,697	4,588,303	0.7520%	262.19
2008	4,369,000	128,504	4,240,496	0.5685%	239.58
2009	3,994,000	124,356	3,869,644	0.4097%	216.18
2010	4,830,000	83,937	4,746,063	0.4564%	259.70
2011	4,435,000	57,454	4,377,546	0.4230%	236.76
2012	4,043,000	38,161	4,004,839	0.3916%	208.04
2013	3,562,000	38,161	3,523,839	0.3577%	173.59
2014	3,054,000	52,907	3,001,093	0.2868%	143.45
2015	8,427,494	47,115	8,380,379	0.7157%	390.11

[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

Direct and Overlapping Governmental Activities Debt

June 30, 2015

Name of Governmental Unit	2014 Taxable Value	City's Estimated Portion of Taxable Value	Percent Applicable to Farmington (c)	General Obligation Debt [1]	Amount Applicable to Farmington
State of Utah (a)	$ 210,954,472,304	$ 1,366,588,632	0.65%	$ 2,830,150,000	$ 18,395,975
Davis County School District	18,010,803,256	1,366,588,632	7.59%	432,179,325	32,802,411
Davis County	18,010,803,256	1,366,588,632	7.59%	15,510,000	1,177,209
Weber Basin Water Conservancy District	45,852,419,512	1,366,588,632	2.98%	22,440,060	668,714
Total overlapping debt (b)					34,648,334
Farmington City - direct (d)	1,366,588,632	1,366,588,632	100.00%	8,427,494	8,427,494
Total direct and overlapping					$ 43,075,828

[1] Source: Davis County Auditor/Clerk's Office.
Includes general obligation bonded debt only. Percentages are calculated using the City's taxable value to the overlapping entity's taxable value.

a The State's general obligation debt is not included in the total because the State currently levies no ad valorem tax for the payment of general obligation bonds.

b 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.

c For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. 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.

d Direct debt for the City includes all long-term debt instruments of the governmental activities.

FARMINGTON CITY CORPORATION

Legal Debt Margin Information

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	40,821,400	48,814,840	64,234,240	69,228,720	68,962,640	67,837,360	73,190,800	67,675,880	73,326,620	94,158,560
Total net debt applicable to limit	2,452,332	4,588,303	4,240,496	3,869,644	4,746,063	4,377,546	4,004,839	3,508,966	3,001,093	8,380,379
Legal debt margin	38,369,068	44,226,537	59,993,744	65,359,076	64,216,577	63,459,814	69,185,961	64,166,914	70,325,527	85,778,181
Total net debt applicable to the limit as a percentage of debt limit	6.01%	9.40%	6.60%	5.59%	6.88%	6.45%	5.47%	5.18%	4.09%	8.90%

Legal Debt Margin Calculation for Fiscal Year 2015

Total Estimated Actual Value (in thousands)	$ 2,353,964
Debt limit - 4% of total actual value	94,158,560
Total amount of net debt applicable to debt limit	8,380,379
Legal debt margin	$ 85,778,181

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 4% of total actual property value.

FARMINGTON CITY CORPORATION

Pledged Revenue Bond Coverage

Last Ten Fiscal Years

Water and Storm Sewer Revenue Bonds

Fiscal Year	Gross Revenue [1]	Direct Operating Expenses [2]	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	$ 2,186,582	$ 1,294,531	$ 892,051	$ 120,320	$ 51,349	$ 171,669	5.20
2007	2,303,673	1,402,826	900,847	122,150	48,713	170,863	5.27
2008	2,208,187	1,514,778	693,409	126,050	45,481	171,531	4.04
2009	1,922,455	1,511,293	411,162	130,950	40,359	171,309	2.40
2010	2,207,735	1,513,278	694,457	135,850	34,594	170,444	4.07
2011	2,342,022	1,459,822	882,200	141,750	28,956	170,706	5.17
2012	2,430,612	1,573,338	857,274	147,875	22,706	170,581	5.03
2013	2,557,091	1,577,630	979,461	289,000	16,271	305,271	3.21
2014	2,573,897	1,943,218	630,679	24,445	2,524	26,969	23.39
2015	2,780,003	2,327,586	452,417	29,250	1,416	30,666	14.75

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	$ 64,081	$ 24,000	$ 10,890	$ 34,890	1.84 [3]
2007	83,552	49,476	24,127	73,603	1.14
2008	43,117	54,000	20,176	74,176	0.58
2009	30,900	56,000	17,542	73,542	0.42
2010	28,591	59,000	17,542	76,542	0.37
2011	36,552	62,000	11,986	73,986	0.49
2012	28,036	65,000	8,995	73,995	0.38
2013	23,713	33,000	7,670	40,670	0.58
2014	12,342	35,000	4,482	39,482	0.31
2015	15,044	36,000	4,482	40,482	0.37

[1] Includes operating and non-operating revenues.

[2] Includes operating and non-operating expenses excluding depreciation.

[3] Special assessment bonds (series 2005) issued no payments required in first fiscal year.

FARMINGTON CITY CORPORATION

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (Amounts Expressed In Thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	15,800	8,527,350	30,590	26.3	3,639	2.9
2007	17,500	9,069,346	31,518	26.3	3,669	2.6
2008	17,700	9,820,631	31,915	26.3	3,699	3.3
2009	17,900	10,217,849	33,837	26.3	3,791	5.9
2010	18,275	10,394,285	33,762	29.3	4,260	6.7
2011	18,489	11,142,507	35,727	29.3	4,605	6.8
2012	19,250	11,724,122	37,124	29.3	4,517	5.1
2013	20,300	12,359,481	38,372	29.3	4,550	4.3
2014	20,921	n/a	n/a	29.3	4,610	3.4
2015	21,482	n/a	n/a	29.3	4,742	3.0

Data Sources:

Population: US Census Bureau for 2010 (2006-2009 and 2011-2015 is City estimate)
Personal Income: US Bureau of Economic Analysis (Davis County)
Per Capita Personal Income: US Bureau of Economic Analysis (Davis County)
Median Age: Estimated based on 2010 United States Census Information
School Enrollment: Davis County School District (estimated)
Unemployment Rate: Utah Department of Workforce Services (Davis County)
n/a = information not available

Note: Personal income information and per capita information are totals for the year and based on totals for Davis County in its entirety. Unemployment rate information is an adjusted yearly average for Davis County. School enrollment is based on the census at the start of the school year.

FARMINGTON CITY CORPORATION

Principal Employers

Current Year and Ten Years Ago

	2015			2006		
Employer	Estimated Number of Employees	Rank	Percentage of Total City Employment	Estimated Number of Employees	Rank	Percentage of Total City Employment
Davis County School District	1550-2999	1	n/a	700-1000	1	n/a
Lagoon Corporation	1000-1999	2	n/a	250-500	3	n/a
Davis County	250-499	3	n/a	400-600	2	n/a
Smiths Food & Drug Centers	100-249	4	n/a	50-99	6	n/a
Harmons	100-249	5	n/a			
Thomasarts Holding, Inc.	100-249	6				
Farmington City	80-199	7	n/a	100-249	5	n/a
State of Utah	80-199	8	n/a	50-99	8	n/a
Cornerstone Programs Corporation	50-99	9	n/a	100-249	4	n/a
Gym at Station Park	50-99	10	n/a			
Northwest Sales Co.				50-99	7	n/a
Multiple employers in range				20-49	9-10	n/a

Source: www.jobs.utah.gov/jsp/firmfind/largefirms.do
Range of employees is all that is available.

Includes full time, part time, and seasonal employees.
n/a = information not available

FARMINGTON CITY CORPORATION

Full-time Equivalent City Government Employees By Function

Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	7	7	7	6	6.5	6.5	7.5	7.5	7.5	7.0
Public Safety										
Police										
Officers	12	12	13	13	13	13	14	14	16	16
Civilians	3	3	3	3	3	3	3	3	3	3
Fire										
Firefighters & Officers	20	20	21	22	22	22	22	22	24	22
Civilians	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Highways and Streets										
Maintenance	3	3	4	4	4	4	4	4.5	4.5	5.0
Sanitation	1	1	1	1	1	1	1	1	1	1
Community Development	6	7	7	7	7	7	7	7	7	8
Parks & Cemetery	4	4	3	3	3	4	4	5	5	6
Water	7	7	7	7	7	7	7	7	7	7
Sewer	1	1	1	1	1	1	1	1	1	1
Storm Water	2	2	2	2	2	2	2	2	2	2
Recreation	4	5	5	5	5	5	5	5	6	7
Total Employees	70.5	72.5	74.5	74.5	75.0	76.0	78.0	79.5	84.5	84.0

Data source: Farmington City finance department
n/a = not available

FARMINGTON CITY CORPORATION

Operating Indicators by Function

Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Recreation and culture										
Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes	72,000	72,000	76,500	76,500	76,500	76,800	76,800	76,800	76,800	76,800
Youth in recreation program	3,400	1,995	3,720	4,042	4,342	4,829	5,001	6,544	6,768	6,681
Public works										
Building permits issued	401	221	186	120	284	133	162	265	139	127
Water										
Utility customers	4,101	4,264	4,430	4,505	4,723	4,893	4,937	5,207	5,280	5,412
Average daily consumption	1,327,277	1,416,245	1,488,000	1,333,930	1,175,652	1,295,047	1,193,559	1,199,504	1,159,732	1,234,358

Data source: Farmington City finance department or various City departments

FARMINGTON CITY CORPORATION

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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)	75	76	78	80	89	87	88	88	88	88
Streetlights	551	650	653	679	918	940	940	940	940	950
Recreation										
Parks acreage	65	65	65	73	73	83	83	83	83	83
Parks	10	10	10	10	11	14	14	14	14	14
Boweries	6	6	6	7	13	14	14	14	14	14
Tennis courts	6	6	6	6	8	8	8	8	8	8
Soccer fields	6	6	14	14	14	14	14	14	14	14
Baseball/Softball diamonds	3	3	3	3	6	3	3	3	3	3
Swimming pools	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	85	94	100	101	103	105	107	107	108	110
Fire hydrants	922	1,071	1,147	1,167	1,196	1,241	1,254	1,274	1,292	1,340
Maximum daily capacity (1,000 gallons)	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550
Average daily consumption (1,000 gallons)	1,327	1,416	1,488	1,334	1,176	1,295	1,194	1,200	1,159	1,234

Data sources: Various City departments
n/a = not available

OTHER REPORTS

Ulrich & Associates, PC
Certified Public Accountants

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

The Honorable Mayor & Members of the City Council
Farmington City Corporation
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, as of and for the year ended June 30, 2015, which collectively comprise Farmington City's, basic financial statements and have issued our report thereon dated November 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Farmington City Corporation'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 Farmington City Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Farmington City Corporation's internal control.

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

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

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Compliance and Other Matters

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

We noted no matters involving internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted certain matters that we have reported to management of Farmington City Corporation, in a separate letter dated November 18, 2015.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance 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.

Ulrich & Associates, PC

Ogden, Utah
November 18, 2015

Ulrich & Associates, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE *STATE COMPLIANCE AUDIT GUIDE*ON:

- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
- COMPLIANCE WITH EACH MAJOR STATE PROGRAM
- INTERNAL CONTROLS OVER COMPLIANCE
-SHCEDULE OF EXPENDITURES OF STATE AWARDS

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

Report On Compliance with General State Compliance Requirements and for Each Major State Program

We have audited Farmington City's compliance with the applicable general state and major state program compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Farmington City or each of its major state programs for the year ended June 30, 2015.

The general compliance requirements applicable to Farmington City are identified as follows:

Budgetary Compliance
Fund Balance Limitations
Utah Retirement Systems
Transfers from Utility Enterprise Funds
Cash Management
Conflicts of Interest
Nepotism
Budget Notices and Format

Farmington City received the following major assistance programs from the State of Utah:

Class "C" Road Allotment (Department of Transportation)

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

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Auditor's Responsibility

Our responsibility is to express an opinion on Farmington City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State Compliance Audit Guide. Those standards and the State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Farmington City or its major state programs occurred. An audit includes examining, on a test basis, evidence about Farmington 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 with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of Farmington City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Farmington City Corporation, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Farmington City or on each of its major state programs for the year ended June 30, 2015.

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 the accompanying schedule of findings and recommendations as item 2015-1. Our opinion on compliance is not modified with respect to these matters.

Farmington City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings. Farmington City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Farmington City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Farmington City's internal control over compliance with the compliance requirements that could have a direct and material effect on Farmington City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Farmington City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a general state or major state program 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 general state or major state program 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 integral control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

We did note a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying letter to management.

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

Farmington City's Response to Findings

Farmington City's response to the findings identified in our audit are described in the accompanying letter to management. Farmington City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of 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.

Report on Compliance with General State Compliance Requirements and for Each Major State Program

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 as of and for the year ended June, 30, 2015, and the related notes to the financial statements, which collectively comprise Farmington City's basic financial statements. We issued our report thereon dated November 18, 2015, 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 state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the 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 state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ulrich & Associates, PC

Ogden, Utah
November 18, 2015

FARMINGTON CITY CORPORATION

Schedule of Expenditures of State Awards

For the Year Ended June 30, 2015

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
Department of Transportation			
Class C Roads		FY2014	$ 575,171
Subtotal – Department of Transportation			$ 575,171
Total Grant, Contract, and Loan Fund Expenditures			**$ 575,171**

Statement of Condition 2015-1

The US 89 Redevelopment Agency Special Revenue Fund exceeded budgeted expenditures at year end.

Criteria: In accordance with Utah Code 10-6-17 expenditures by fund may not exceed appropriated amounts in the final budget.

Cause: The City has an agreement with the Davis School District to pay them their incremental property taxes from the RDA. The amounts vary each year and are based on calculations from the county auditor. When the amounts were finalized, management did not adjust budget for the amount to be paid to the school district.

Effect: Not adjusting the budget for the actual number when available caused the US 89 Redevelopment Agency Special Revenue fund to exceed budgeted expenditures for the fund.

Recommendation: We recommend management review the budget and make necessary adjustments when actual amounts are available.

Management's Response: Management will make the necessary budget adjustments when actual amounts are known.