

# Comprehensive Annual Financial Report



HISTORIC BEGINNINGS • 1847

**Farmington City Corporation**  
**Farmington, Utah**

**Fiscal Year Ended**  
**June 30, 2019**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

FARMINGTON CITY CORPORATION  
FARMINGTON, UTAH

Fiscal Year Ended  
June 30, 2019

Mayor

Jim Talbot

City Council

Brett Anderson

Doug Anderson

Alex Leeman

Rebecca Wayment

Cory Ritz

City Manager

Shane Pace

Assistant City Manager

Keith Johnson

Finance Director

Greg Davis

**FARMINGTON CITY CORPORATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
June 30, 2019

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**Table of Contents**

I. INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	5
GFOA Certificate of Achievement	10
City Officials	11
Organization Chart	12
II. FINANCIAL SECTION	
Independent Auditors' Report	15
Management's Discussion and Analysis	18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements:	
Balance Sheet - Governmental Funds	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	33
Statement of Revenues, Expenditures, and Changes in the Fund Balances - Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Balances of Governmental Funds to the Statement of Activities	35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	36
Redevelopment Agency Fund - US 89	37
Redevelopment Agency Fund - Station Park	38
Statement of Net Position - Proprietary Funds	39
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	40
Statement of Cash Flows - Proprietary Funds	41
Notes to Financial Statements	43

**FARMINGTON CITY CORPORATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
June 30, 2019

---

	<u>Page</u>
Required Supplemental Information	
Schedule of the Proportionate Share of the Net Pension Liability	77
Schedule of Contributions	78
Notes to Required Supplemental Information	79
Supplemental Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	85
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Nonmajor Governmental Funds):	
Police Sales Tax Revenue Bond - Debt Service Fund	87
RAP Sales Tax Revenue Bond - Debt Service Fund	88
Sales Tax Revenue Bond - Debt Service Fund	89
Building G.O. Bond - Debt Service Fund	90
Governmental Buildings Improvement - Capital Projects Fund	91
Capital Equipment - Capital Projects Fund	92
Fire Protection - Capital Projects Fund	93
Real Estate Property Asset - Capital Projects Fund	94
Cemetery Perpetual Care - Permanent Fund	95
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Major Governmental Fund)	
Street Improvement - Capital Projects Fund	96
Park Improvement - Capital Projects Fund	97
Capital Assets Used in the Operation of Governmental Funds	
Schedule by Source	99
Schedule by Function and Activity	100
Schedule of Changes by Function and Activity	101

**III. STATISTICAL SECTION**

Net Position by Component	103
Changes in Net Position	104
Governmental Activities Tax Revenue by Source	106
Fund Balances of Governmental Funds	107
Changes in Fund Balances of Governmental Funds	108
General Governmental Tax Revenue by Source	109

**FARMINGTON CITY CORPORATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
June 30, 2019

---

	<u>Page</u>
Assessed Value and Estimated Actual Value of Taxable Property	110
Property Tax Rates - Direct and Overlapping Governments	111
Property Tax Levies and Collections	112
Principal Taxpayers	113
Ratios of Outstanding Debt by Type	114
Ratio of General Bonded Debt Outstanding	115
Direct and Overlapping Governmental Activities Debt	116
Legal Debt Margin Information	117
Pledged Revenue Bond Coverage	118
Demographic and Economic Statistics	119
Principal Employers	120
Full-time Equivalent City Government Employees by Function	121
Operating Indicators by Function	122
Capital Asset Statistics by Function	123
<b>IV. OTHER REPORTS</b>	
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	126
Report on Compliance and on Internal Controls Over Compliance in Accordance with the State of Utah Legal Compliance Audit Guide	128

## **INTRODUCTORY SECTION**

December 10, 2019

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, 2019. 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 judgments by management.

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 year 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
- Cash Management and Investments
- Records Management
- Business licensing
- Website and social media
- Human resources
- Equipment and Vehicle Maintenance
- Purchasing

Buildings and Grounds Maintenance

## Economic Development

### Community Development

- Planning and Zoning
- Protective Inspection

### Public Safety

- Fire Protection
- Police Protection

### Highways and Streets

- Street Improvements and Maintenance
- Public Sidewalk
- Engineering

### Parks and Cemetery

- Park and Cemetery Maintenance

The City maintains thirteen parks, ten 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 just finished a beautiful gymnasium with 3 full size basketball courts with smaller courts inside of these for basketball, volleyball and pickleball being able to play in the same space. The gymnasium also has a walking/jogging track above the gym to be utilized all year round. 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, transportation utility, 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 (of the Church of Jesus Christ of Latter-day Saints) 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 enhanced commuter travel, making 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 directors, city manager, and assistant city manager. 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 24,000. 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 and the city is actively working to establish a business park.

The major economic factors that have affected Farmington City this past year have been the continued growth in sales tax because of Station Park and other stores in and surrounding this development. Sales tax increased by 7% or over \$352,000 from the previous year. Station Park is nearing the completion of all of its buildings. The City knew at some point sales tax would start to stabilize as the development neared completion. The easing of sales tax growth has started to happen. 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 in which to live. It is anticipated that sales tax will continue to grow during FY2020, but will be below what it has been this past year. The City has anticipated about a 5% increase in sales tax FY2020. Other taxes, including property and franchise taxes, are

anticipated to grow between 1 to 3% during FY2020. Building permits are down 44% from 2 years ago. All the other revenues will most likely stay fairly steady.

The net change to the General Fund's fund balance was a positive \$93,000, ending at \$2,980,000. A negative net change was anticipated and budgeted but, for reasons stated, favorable variances contributed toward the much better change, resulting in a small positive change (\$93,000) for the fiscal year. The City has maintained its ability to meet ongoing needs and maintain service levels throughout the City. However, with sales tax revenues leveling off, the City will have to be conservative in the future to not let ongoing, operational expenditures exceed ongoing revenue sources. The city is developing initiatives to enhance economic development and resultant revenue in property and sales taxes. The future looks good for the City, as revenues continue to increase from the growth of commercial and residential tax base even though it will be a slower growth than it has been in recent years. As the City completely finishes the construction of its new 43 acre park along 650 West and establishes full service, this amenity will become a great benefit to residents of Farmington City and surrounding cities. This will be a centerpiece of recreation for years to come. Along with the Station Park development there are a couple of hundred acres to the north, not located within the existing RDA, which will be opened up for development. The site plan includes mixed use of office, residential and commercial. This will help in opening jobs and expanding tax base.

### **Awards and Acknowledgments**

The City has received the Certificate of Achievement for Excellence in Financial Reporting for the past 18 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 Shane Pace, 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 our community, and will continue to devote whatever time and effort is needed to keep Farmington a choice place in which to live.

Sincerely,



Greg Davis,  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Farmington City Corporation**  
**Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

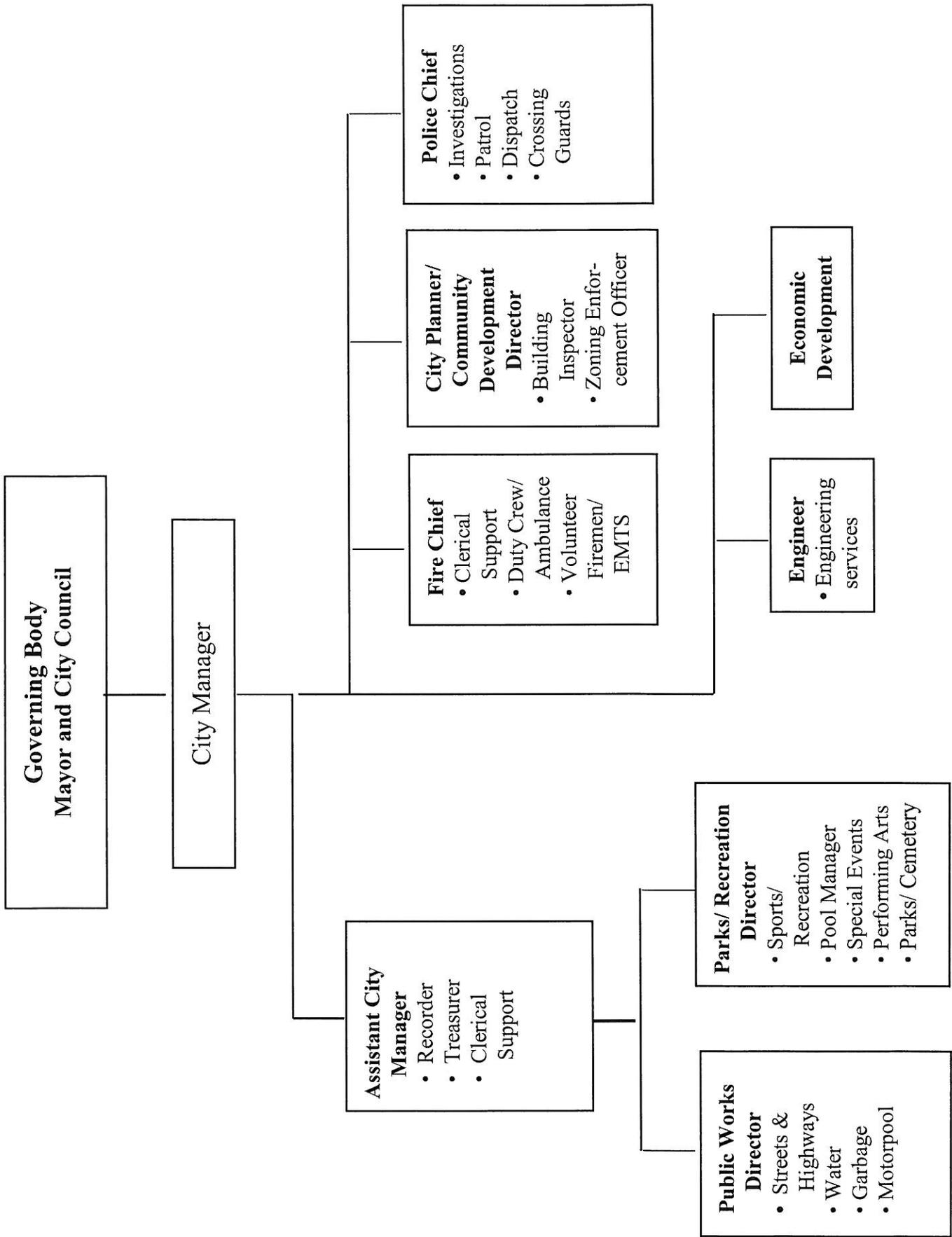
Executive Director/CEO

## Farmington City Officials

June 30, 2019

<b>Mayor</b>	H. James Talbot
<b>Council Members</b>	Brett Anderson Doug Anderson Brigham Mellor Cory Ritz Rebecca Wayment
<b>City Manager</b>	Shane Pace
<b>Assistant City Manager</b>	Keith Johnson
<b>Recorder</b>	Holly Gadd
<b>Treasurer</b>	Shannon Harper
<b>Planning Director</b>	David E. Petersen
<b>Parks &amp; Recreation Director</b>	Neil Miller
<b>Public Works Director</b>	Ray White
<b>Building Official</b>	Eric Miller
<b>Police Chief</b>	Wayne Hansen
<b>Fire Chief</b>	Guido Smith

# Farmington City Organizational Chart



## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

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, 2019, 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, 2019, 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 Standard*, we have also issued our report dated December 10, 2019 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* in considering Farmington City's internal control over financial reporting and compliance.

*Wright & Associates, P.C.*

Ogden, UT

December 10, 2019

## **Management's Discussion and Analysis** **Fiscal Year ended June 30, 2019**

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, 2019. Readers should consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

### **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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position also distinguishes how much relates to net investment in capital assets and how much is restricted. Over time, increases or decreases in net position help indicate whether the financial position of Farmington City is improving.

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 are 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, economic development, parks and cemetery, and interest on long-term debt. The business-type activities of the City include providing water, sewer, garbage, storm water, ambulance, transportation utility, and recreational services.

*Fund financial statements.* A fund is 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, proprietary 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 funds 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 funds balance sheet and the governmental funds 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 governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, two RDA funds, building G.O. bond fund, street improvement, park improvement, 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 is provided for the general fund to demonstrate compliance with this budget.

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.

*Proprietary funds.* Farmington City uses enterprise funds to account for water, sewer, garbage collection, storm water, ambulance, transportation utility, 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 funds are shown as major funds of the City.

*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.

## FINANCIAL HIGHLIGHTS

### Government-wide Financial Analysis

The government-wide financial statements include the statement of net position and statement of activities for governmental activities and business-type activities.

The following chart summarizes and compares this reporting period's net position statement figures to those of the prior.

Net Position						
June 30, 2019	Primary Government					
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	20,508,824	15,993,897	9,107,230	8,251,689	29,616,054	24,245,586
Capital assets	80,923,443	78,072,206	26,171,550	24,908,379	107,094,993	102,980,585
Total assets	101,432,267	94,066,103	35,278,780	33,160,068	136,711,047	127,226,171
Total deferred outflows resources	1,391,728	1,319,792	434,651	413,389	1,826,379	1,733,181
Other liabilities	2,695,295	2,643,216	1,004,254	899,759	3,699,549	3,542,975
Long-term liabilities outstanding	14,996,331	13,960,711	856,856	578,752	15,853,187	14,539,463
Total liabilities	17,648,680	16,603,927	1,861,110	1,478,511	19,552,736	18,082,438
Total deferred inflows of resources	3,015,755	3,894,145	40,066	313,791	3,055,821	4,207,936
Net Position:						
Net Investment in capital assets	68,822,125	65,643,864	26,171,550	24,908,479	94,993,675	90,552,343
Restricted	7,746,383	8,001,525	3,395,224	3,025,368	11,141,607	11,026,893
Unrestricted	5,548,106	1,242,433	4,245,481	3,847,408	9,793,587	5,089,841
Total net position	82,116,614	74,887,822	33,812,255	31,781,255	115,928,869	106,669,077

The primary government's net position, which represents the amount that assets and deferred outflows of resources exceed liabilities and deferred inflows, increased in both governmental and business-type activities from FY2018 to FY2019. The net position increased by approximately \$9,260,000 in total, which was \$7,229,000 in the governmental activities and \$2,031,000 in the business-type activities. The increase was mainly due to increases in total assets in both governmental and business-type activities. See discussion below.

The primary government's unrestricted assets increased by \$4,703,746, going from \$5,089,841 to \$9,793,587. This was mainly due to increases in cash and land in the governmental activities. During FY2019 the city received, into the Real Estate Property Asset fund, \$4,750,000 from the Utah Department of Transportation (UDOT) as compensation for Farmington City land and right of

ways and easements needed for construction of a new highway – the West Davis Corridor. With these funds the city purchased land and road right of ways at the cost of \$3.2M.

Unrestricted assets may be used to meet the City’s ongoing obligations to citizens and creditors. The unrestricted net position for Governmental Activities increased by \$4,305,673 and the unrestricted net assets increased by \$398,073. This increase to governmental activities came mainly from the aforementioned receipt from UDOT.

The City’s total debt is \$12,034,753. It decreased by \$320,747 during the current fiscal year, with debt for governmental activities increasing. The City issued new excise tax revenue bonds for the 650 West regional park through the governmental capital projects Park Improvement Fund of \$1,125,000. It also entered into a lease purchase agreement for a total of \$307,315 of which \$151,565 was for firefighting equipment (tanks and air masks/SCBA’s) and for \$155,750 for a sweeper in the Storm Water Utility fund.

As noted earlier, net position may serve over time as a useful indicator of the City’s financial position. The net position improved from FY18 to FY19, increasing by \$9,260,000 from the prior year. The increase came mainly from three items - net investment in capital assets in the governmental activities of approximately \$3,178,000, net investment in capital assets in the business-type activities of \$1,263,000, and unrestricted net position of the governmental activities of \$4,349,000. The unrestricted portion of net position increased by a total of \$4,767,000.

By far the largest portion of the Farmington City’s net position is \$94,993,675 in capital assets. This reflects the 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 net position of governmental activities increased by \$7,229,000, as assets increased substantially, by \$7,366,000. This was mostly driven by increases to cash and capital assets. The largest contributing factor for the change in cash balance was a large increase in charges for services (specifically \$807,000 in impact fees) and a \$4,750,000 payment from the State of Utah’s department of transportation (UDOT). Of the latter, \$3,189,000 was used to purchase land, which still supported the increase to the assets amount reported in the statement of net position.

## Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	1,398,761	1,317,948	8,326,604	7,663,920	9,725,365	8,981,868
Operating grants and contrib.	1,037,668	1,972,562	-	-	1,037,668	1,972,562
Capital grants and contrib.	5,091,548	1,099,513	545,484	481,413	5,637,032	1,580,926
<b>General revenues:</b>						
Property taxes	7,539,195	7,121,331	-	-	7,539,195	7,121,331
General sales and use tax	5,545,354	5,193,118	-	-	5,545,354	5,193,118
Franchise tax	384,976	466,279	-	-	384,976	466,279
Energy & use tax	1,166,886	1,147,972	-	-	1,166,886	1,147,972
Interest earnings	313,690	213,052	193,684	142,564	507,374	355,616
Net (decrease) fair value investment	62,730	(74,110)	19,445	(26,599)	82,175	(100,709)
Impact Fees	2,134,887	1,264,450	664,582	493,567	2,799,469	1,758,017
Gain / (loss) sale of assets	92,105	89,930	71,439	(36,484)	163,544	53,446
Other	26,800	26,090	-	-	26,800	26,090
<b>Total revenues</b>	<b>24,794,600</b>	<b>19,838,135</b>	<b>9,821,238</b>	<b>8,718,381</b>	<b>34,615,838</b>	<b>28,556,516</b>
<b>Expenses:</b>						
General government	4,096,819	4,437,526	-	-	4,096,819	4,437,526
Public safety	4,678,458	3,958,002	-	-	4,678,458	3,958,002
Highways and public works	4,005,760	2,909,862	-	-	4,005,760	2,909,862
Community Development	1,235,814	1,161,964	-	-	1,235,814	1,161,964
Economic Development	355,619	185,329	-	-	355,619	185,329
Parks and recreation	2,178,516	1,880,283	-	-	2,178,516	1,880,283
Interest on long-term debt	281,470	319,250	-	-	281,470	319,250
Water Utility	-	-	2,221,310	2,352,346	2,221,310	2,352,346
Sewer Utility	-	-	1,831,256	1,795,939	1,831,256	1,795,939
Garbage Utility	-	-	1,353,511	1,254,628	1,353,511	1,254,628
Storm Water Utility	-	-	1,025,571	929,855	1,025,571	929,855
Ambulance Service	-	-	414,154	362,876	414,154	362,876
Transportation Utility	-	-	5,198	-	5,198	-
Recreation	-	-	1,672,500	1,511,288	1,672,500	1,511,288
<b>Total expenses</b>	<b>16,832,456</b>	<b>14,852,216</b>	<b>8,523,500</b>	<b>8,206,932</b>	<b>25,355,956</b>	<b>23,059,148</b>
<b>Increase before transfers</b>	<b>7,962,144</b>	<b>4,985,919</b>	<b>1,297,738</b>	<b>511,449</b>	<b>9,259,882</b>	<b>5,497,368</b>
Transfers	(733,362)	(711,492)	733,362	711,492	-	-
<b>Increase in net position</b>	<b>7,228,783</b>	<b>4,274,427</b>	<b>2,031,100</b>	<b>1,222,941</b>	<b>9,259,883</b>	<b>5,497,368</b>
<b>Net position - beginning</b>	<b>74,887,832</b>	<b>70,613,395</b>	<b>31,781,155</b>	<b>30,558,214</b>	<b>106,668,987</b>	<b>101,171,609</b>
<b>Net position - ending</b>	<b>82,116,614</b>	<b>74,887,822</b>	<b>33,812,255</b>	<b>31,781,155</b>	<b>115,928,869</b>	<b>106,668,977</b>

Taxes remain the main source of non-capital revenues, and usually account for over 70% of the total revenues. For FY2019 that percentage decreased to 59% due to a large contribution from the State of

Utah, in conjunction with property purchases for the new highway (West Davis Corridor). The total tax revenue category increased by \$708,000 (5%) from the prior fiscal year. Property taxes account for 52% of the total taxes. Property taxes increased by \$418,000 (6%) from last year. That increase continued as a result of the tax increment being received from the Station Park RDA and for the general fund. Property tax was reported at \$7.5 million. Another large-dollar increase in the taxes category was in sales tax, an increase of \$352,000 (7%). The Station Park development has opened most of the stores now and so growth will be slowing over the next couple of years. Sales tax total is now over \$5.5 million in the General Fund.

Expenses for governmental activities increased by 13% due to culmination of large street projects (including the roadway fronting the regional park), a full year of operating costs and salary for the economic director and department, increases in personnel costs and additional staffing for public safety. Parks expenses increased as operational costs increased with new 650 West park. Community Development decreased in expenses by around \$74,000, because less was spent on professional fees as fewer developments and permits were issued. Long-term debt interest decreased as outstanding principal balances decreased.

**Business-type activities.** For FY2019 the net position of the business-type activities increased by \$2,031,100 (6.4%). Two main components of this increase came from the initiation of the Transportation Utility fund (\$633,000) and increases in the Storm Water Utility fund (\$766,000, including \$405,000 from various nonoperating revenues that included interest, gain on sale of assets, contributed infrastructure from developers, and development/impact fees). The Transportation Utility fund reported \$636,000 in revenue with the only operating expense being depreciation. The fund incurred \$644,000 of development/construction non-operating costs, which were recorded as an asset instead of an expense, thus still bolstering the net position. The Storm Water Utility fund had an increase in impact fees of \$115,000. Since the impact fees are restricted revenues, corresponding increases were seen in the restricted cash and restricted net position.

Unrestricted net position increased by \$398,000 (10%). Again, a component of this was due to the initiation of the Transportation Utility fund.

Expenses in business-type activities increased except for those in the Water Utility fund. The decrease in the Water Utility fund were a result of FY2018 being higher than normal. FY2018 included additional expense for a benefit adjustment (retirement contribution) and higher-than-usual repair and maintenance costs for one of the city's water wells.

## Financial Analysis of the Governmental 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, 2019, the City's governmental funds reported combined ending fund balance of \$15,050,344, a positive change of \$4,483,772 from the prior year. This positive change was mostly due to the timing of large-dollar projects recorded during FY2018, which reduced fund balance. The total fund balance in the General Fund is \$2,979,665, of which \$2,721,687 is unassigned for spending at the City's discretion.

The following are the large-dollar changes from FY2018 to FY2019 in the governmental funds revenue and expenditures:

- Taxes revenue – an increase of \$708,000 (5%)
- Impact fees revenue – an increase of \$870,000 (69%)
- Contributions revenue – increase of \$3,992,000 (363%)
- General government expenditures – increase of \$357,000 (8%)
- Public Safety expenditures – increase of \$458,000 (12%)
- Highways and public works expenditures – increase of \$227,000 (14%)
- Economic Development department expenditures – increase of \$170,000 (92%)
- Debt service principal, interest, and fees – increase of \$208,000 (12%)
- Capital lease proceeds – decrease of 198,000 (-57%)
- Transfers in – decrease of \$938,000 (-40%)
- Transfers out – increase of \$916,000 (30%)

The following provides additional detail of some of those major, large-dollar changes from FY2018 to FY2019.

- Taxes revenue – an increase of \$708,000 (5%)

The taxes revenue increased by 316,602 (3.5%) in the General Fund and 367,375 in the Station Park RDA. The prior year's taxes increase, from FY2017 to FY2018, was 5.98%. An increase in sales tax is expected from year-to-year, with the growth slowing down, in line with the phasing in of the Station Park development.

- Impact fees revenue – an increase of \$870,000 (69%)

Impact fees received for developments increased in governmental funds by \$870,437, coming in at \$2,134,887. This is a revenue source that can fluctuate substantially from year-to-year based on timing of developments, having had a large decrease of \$1,387,000 in fiscal year 2018.

- Contributions revenue – increase of \$3,992,000 (363%)

The Real Estate Property Fund, a nonmajor governmental fund, had two major transactions during FY2019 that included a contribution from the Utah Department of Transportation (UDOT) of \$4,750,000 and a subsequent, corresponding purchase of land with those proceeds, totaling \$3,189,417, recorded as capital outlay within that fund.

- General government expenditures – increase of \$357,000 (8%)

The city’s payment to the developer of Station Park increased by approximately \$300,000, funded by the tax increment.

- Economic Development department expenditures – increase of \$170,000 (92%) – FY2019 was the first full fiscal year with a full-time economic development director and related budget items.

## **General Fund**

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 \$2,979,665, which is a 3% increase from the previous year. The unassigned amount is \$2,721,687, representing 23% of General Fund revenues for the year. If including the assigned portions of fund balance (\$104,049), the percentage is 24% of General Fund revenues. This balance is within state law restrictions, and continues in its financially strong position. The city had budgeted for a \$782,255 draw on fund balance but because of favorable variances in mostly all major categories, there was actually a small increase (\$93,026) to fund balance for the year.

At year end revenues were about \$108,000 more than budgeted and expenditures were around \$702,000 less than budgeted. Overall revenues were up 5.1% from the year before, with taxes increasing by 3.5% overall or by \$317,000. Taxes continue to be the largest source of revenue and represents 79% of the total General Fund revenues, with the largest element of taxes being sales tax.

As far as expenditures in the General Fund, the overall increase was around 10%. Police had an increase of around \$460,020 which included the full, fiscal-year cost of three new police officers hired during the prior fiscal year. Highways and public works increased by \$227,000. Transfers out to other funds decreased by \$553,000 from the previous year because of one-time items in fiscal year 2018.

## **Special Revenue Funds, Capital Project Funds, and Other Governmental Funds**

The largest net changes to fund balance were experienced in the Station Park RDA fund (\$880,497), Street Improvement fund (\$453,567), Park Improvement Fund (\$1,472,497), and the Other Governmental Funds (\$1,591,764, primarily from the Real Estate Property Asset Fund in the amount of \$1,569,095).

Regarding Station Park, the \$880,497 positive change in fund balance was a result of the increase in the net operations (tax revenue, interest income, and positive change in value of investments less expenditures) and the absence of a transfer out during FY2019. FY2018 had included a transfer out of \$250,000.

During FY2018 the Street Improvement Fund facilitated a large improvement project bordering a

new high school and the regional park. In conjunction, the fund experienced larger-than-usual contributions in the form of infrastructure from developers due to completion of street projects (including road improvements around the new high school) and in the form of state class C road funds. Such contributions decreased by over \$600,000 in FY2019. The fund also recorded corresponding outlay. FY2019 did not have the impacts of that project, thus reporting a large decrease in contribution revenue, project expenditures, and ‘transfers in’.

The Park Improvement Fund had a large negative change in fund balance in FY2018 (a \$1,784,480 net reduction in fund balance) that was from the construction of the new 650 West regional park. In FY2019 the Park Improvement Fund had a net positive change of \$1,472,497 due to recording a substantial amount more in impact fees (\$1,281,217 in total from \$234,842 in FY2018) and a decrease in capital outlay (\$1,066,910 in FY2019 and \$3,788,948 in FY2018). Although construction continued during FY2019, the largest cost components of the project were recorded during FY2018. The regional park project will be completed during FY2020.

The Real Estate Property Fund had two major transactions during FY2019 – a contribution from the Utah Department of Transportation (UDOT) of \$4,750,000 and a subsequent, corresponding purchase of land with those proceeds, totaling \$3,189,417.

### **Financial Analysis of the 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. In FY2019 a new fund was established – the Transportation Utility Fund. This fund reported \$636,000 in revenue with the only operating expense being depreciation. Collected fees from residential and commercial entities were very close to plans and budget. The fund incurred \$644,000 of development/construction non-operating costs, which is in line with the fund’s mission.

As reported on the Statement of Activities, all funds had a positive change in net position. Charges for services increased by 10.1%, including \$636,000 of new revenue in the Transportation Fund. Not including the new Transportation Utility fund, operating revenues increased by less than 1% overall and operating expenditures by approximately 4%. The Recreation Fund didn’t cover and hasn’t covered its operational expenses with user fees, requiring a regular transfer from the General Fund.

### **General Fund Budgetary Highlights**

The original revenue budgets for General Fund increased by \$631,200 from FY2018 to FY2019. The largest portion of this was an anticipated increase of \$480,000 in taxes. The trend of taxes, particularly sales taxes, has been of great benefit to the city. The FY19 original tax revenue budget was \$9,105,000. The actual FY2019 tax revenue exceeded the FY2018 original budget by \$660,000 (8%) and the FY2019 original budget by \$180,000 (2%). The tax collections have continued to

exceed expectations. In fact, every revenue category exceeded expectations. The category of licenses and permits (primarily for building permits for residential and commercial buildings), for example, exceeded original expectations/budget, coming in at \$187,000 (35%) more than the original budget.

During the fiscal year, the General Fund original budget was amended from an original expenditure budget of \$10,243,643 to the final budget of \$10,809,755. The biggest increase was to facilitate certain highway and public works projects including the completion of the 650 West street project. Total expenditures came in under budget by \$701,805. The main reason for the favorable variance was due to the timing (delay) of street maintenance projects. .

### Capital Assets and Debt Administration.

The governmental activities capital assets increased from the previous year, as the City capital assets increased with the improvements to 650 West street, 650 West park, and other assets added during the year. Even with current depreciation taken out, capital assets still increased overall. The business-type activities also increased with construction project completion and purchases of large equipment such as street sweepers. Refer to the notes on pages 60 and 61 for more detailed information on capital asset activity and pages 64 to 66 for details on long-term debt activity.

### Capital Assets (net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	31,546,384	28,152,587	150,037	150,037	31,696,421	28,302,624
Construction in progress	-	-	-	-	-	-
Water rights & easements	-	-	25,717	25,717	25,717	25,717
Buildings	16,527,532	16,969,667	842,814	861,299	17,370,346	17,830,966
Improvements	15,633,668	14,651,165	15,145,090	14,051,429	30,778,758	28,702,594
Infrastructure	14,999,932	16,161,668	8,597,664	8,689,104	23,597,596	24,850,772
Machinery & Equipment	2,215,926	2,137,129	1,410,228	1,130,792	3,626,154	3,267,921
Total	80,923,442	78,072,216	26,171,550	24,908,378	107,094,992	102,980,594

### Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	6,083,000	6,734,000	-	-	6,083,000	6,734,000
Revenue Bonds	4,615,000	4,039,000	-	-	4,615,000	4,039,000
Short Term Notes	-	-	-	-	-	-
Special Assessment Bonds	-	-	-	-	-	-
Capital Leases	1,336,753	1,582,500	117,717	-	1,454,470	1,582,500

Total	12,034,753	12,355,500	117,717	-	12,152,470	12,355,500
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During fiscal year 2019 the City issued new debt excise tax revenue bonds in the amount of \$1,125,000 for the construction of park improvements. The City has no business-type debt.

### **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 and other stores in and surrounding this development. Sales tax increased by 7% or over \$352,000 from the previous year. Station Park is nearing the completion of all of its buildings. The City knew at some point sales tax would start to stabilize as the development neared completion. The easing of sales tax growth has started to happen. 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 in which to live. It is anticipated that sales tax will continue to grow during FY2020, but will be below what it has been this past year. The City has anticipated about a 5% increase in sales tax FY2020. Other taxes, including property and franchise taxes, are anticipated to grow between 1 to 3% during FY2020. Building permits are down 44% from 2 years ago. All the other revenues will most likely stay fairly steady.

The net change to the General Fund’s fund balance was a positive \$93,000, ending at \$2,980,000. A negative net change was anticipated and budgeted but, for reasons stated, favorable variances contributed toward the much better change, resulting in a small positive change (\$93,000) for the fiscal year. The City has maintained its ability to meet ongoing needs and maintain service levels throughout the City. However, with sales tax revenues leveling off, the City will have to be conservative in the future to not let ongoing, operational expenditures exceed ongoing revenue sources. The city is developing initiatives to enhance economic development and resultant revenue in property and sales taxes. The future looks good for the City, as revenues continue to increase from the growth of commercial and residential tax base even though it will be a slower growth than it has been in recent years. As the City completely finishes the construction of its new 43 acre park along 650 West and establishes full service, this amenity will become a great benefit to residents of Farmington City and surrounding cities. This will be a centerpiece of recreation for years to come. Along with the Station Park development there are a couple of hundred acres to the north, not located within the existing RDA, which will be opened up for development. The site plan includes mixed use of office, residential and commercial. This will help in opening jobs and expanding tax base.

As is common, expenses continue to rise with inflation. Growth in ongoing revenues is essential to keep pace.

### **Request for information**

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

## **BASIC FINANCIAL STATEMENTS**

# FARMINGTON CITY CORPORATION

## Statement of Net Position

June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 11,275,733	4,857,771	16,133,504
Cash with fiscal agents	1,829	-	1,829
Accounts receivable - net	-	968,818	968,818
Property, sales, & franchise taxes receivable	4,368,355	-	4,368,355
Other receivables	99,013	4,309	103,322
Restricted cash and cash equivalents	4,763,894	3,276,333	8,040,227
Capital assets not being depreciated:			
Land	31,546,384	150,037	31,696,421
Water stock and rights	-	25,717	25,717
Capital assets (net of accumulated depreciation):			
Buildings	16,527,532	842,814	17,370,346
Improvements	15,633,668	14,501,261	30,134,929
Machinery and equipment	2,215,927	2,054,058	4,269,985
Infrastructure	14,999,932	8,597,664	23,597,596
Total assets	101,432,267	35,278,781	136,711,049
<b><u>Deferred Outflows of Resources</u></b>			
Deferred outflows relating to pensions	1,391,728	434,651	1,826,379
Total deferred outflows of resources	1,391,728	434,651	1,826,379
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	1,083,536	765,958	1,849,494
Construction bonds held	1,551,944	234,450	1,786,394
Accrued interest payable	59,815	3,846	63,661
Noncurrent liabilities			
Due within one year	2,030,503	77,304	2,107,807
Due in more than one year	10,372,370	40,413	10,412,783
Net pension liability	2,593,458	739,139	3,332,597
Total liabilities	17,691,626	1,861,110	19,552,736
<b><u>Deferred Inflows of Resources</u></b>			
Deferred revenue - property taxes	2,823,000	-	2,823,000
Deferred inflows relating to pensions	192,755	40,066	232,821
Total deferred inflows of resources	3,015,755	40,066	3,055,821
<b><u>Net Position</u></b>			
Net investment in capital assets	68,820,218	26,171,550	94,991,768
Restricted for:			
Liquor law	46,586	-	46,586
Class C road	107,343	-	107,343
Perpetual care - nonexpendable	189,164	-	189,164
Debt service	78,129	-	78,129
Impact fees	3,946,280	3,276,333	7,222,613
Redevelopment	3,857,946	-	3,857,946
Unrestricted	5,070,948	4,364,372	9,435,320
Total net position	\$ 82,116,614	33,812,255	115,928,869

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, 2019**

Function/Programs	Program Revenues				Net (Expense) Revenues & Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 4,096,819	1,150,283	46,150	-	\$ (2,900,386)	-	(2,900,386)
Public safety	4,437,899	279,601	86,243	-	(4,072,055)	-	(4,072,055)
Highways and public works	4,246,319	726,849	905,275	68,205	(2,545,990)	-	(2,545,990)
Community development	1,235,814	95,698	-	4,750,000	3,609,884	-	3,609,884
Economic development	355,619	-	-	-	(355,619)	-	(355,619)
Parks and cemetery	2,178,516	1,281,217	-	273,343	(623,956)	-	(623,956)
Interest on long-term debt	281,470	-	-	-	(281,470)	-	(281,470)
Total governmental activities	<u>16,832,456</u>	<u>3,533,648</u>	<u>1,037,668</u>	<u>5,091,548</u>	<u>(7,169,592)</u>	<u>-</u>	<u>(7,169,592)</u>
Business-type activities:							
Water utility	2,221,310	2,338,220	-	208,666	-	325,576	325,576
Sewer utility	1,831,256	1,856,576	-	-	-	25,320	25,320
Garbage utility	1,353,511	1,357,293	-	-	-	3,782	3,782
Storm water utility	1,025,571	1,279,611	-	336,818	-	590,858	590,858
Ambulance service	414,154	549,647	-	-	-	135,493	135,493
Transportation utility	5,198	635,505	-	-	-	630,307	630,307
Recreation	1,672,500	974,334	-	-	-	(698,166)	(698,166)
Total business-type activities	<u>8,523,500</u>	<u>8,991,186</u>	<u>-</u>	<u>545,484</u>	<u>-</u>	<u>1,013,170</u>	<u>1,013,170</u>
Total primary government	<u>\$ 25,355,956</u>	<u>12,524,834</u>	<u>1,037,668</u>	<u>5,637,032</u>	<u>(7,169,592)</u>	<u>1,013,170</u>	<u>(6,156,422)</u>
General revenues:							
Property taxes					7,539,195	-	7,539,195
General sales and use tax					5,545,354	-	5,545,354
Franchise tax					384,976	-	384,976
Energy use tax					1,166,886	-	1,166,886
Interest earnings					313,690	193,684	507,374
Net increase(decrease) in fair value of investments					62,730	19,445	82,175
Gain on sale of capital assets					92,105	71,439	163,544
Miscellaneous					26,800	-	26,800
Transfers in(out)					(733,362)	733,362	-
Total general revenues					<u>14,398,375</u>	<u>1,017,930</u>	<u>15,416,304</u>
Change in net position					<u>7,228,783</u>	<u>2,031,100</u>	<u>9,259,883</u>
Net position - beginning					<u>74,887,832</u>	<u>31,781,155</u>	<u>106,668,987</u>
Net position - ending					<u>\$ 82,116,614</u>	<u>33,812,255</u>	<u>115,928,869</u>

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

**FARMINGTON CITY CORPORATION**

**Balance Sheet  
Governmental Funds  
June 30, 2019**

	Special Revenue			Capital Projects		Other Governmental Funds	Total Governmental Funds
	General Fund	US-89 RDA	Station Park RDA	Street Improvement	Park Improvement		
<b><u>Assets</u></b>							
Cash and cash equivalents	\$ 3,816,859	283,263	3,572,769	247,030	163,841	3,191,971	11,275,733
Cash with fiscal agents	-	202	-	-	-	1,627	1,829
Receivables (net):							
Sales, property, & franchise taxes	3,454,885	-	-	-	-	913,470	4,368,355
Accounts	58,327	126	1,586	1,759	35,809	1,406	99,013
Due from other funds	64,000	-	-	-	-	-	64,000
Restricted cash and cash equivalents	146,586	-	-	3,946,280	671,028	-	4,763,894
Total assets	<u>7,540,657</u>	<u>283,591</u>	<u>3,574,355</u>	<u>4,195,069</u>	<u>870,678</u>	<u>4,108,474</u>	<u>20,572,824</u>
<b><u>Liabilities</u></b>							
Accounts payable & accrued liabilities	1,009,048	-	-	51,779	15,319	7,390	1,083,536
Due to other funds	-	-	-	-	-	64,000	64,000
Construction bonds held	1,551,944	-	-	-	-	-	1,551,944
Total liabilities	<u>2,560,992</u>	<u>-</u>	<u>-</u>	<u>51,779</u>	<u>15,319</u>	<u>71,390</u>	<u>2,699,480</u>
<b><u>Deferred Inflows of Resources</u></b>							
Unavailable revenue - property taxes	2,000,000	-	-	-	-	823,000	2,823,000
Total deferred inflows of resources	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>823,000</u>	<u>2,823,000</u>
<b><u>Fund Balances</u></b>							
Restricted:							
Class C road	107,343	-	-	-	-	-	107,343
Liquor law	46,586	-	-	-	-	-	46,586
Perpetual care	-	-	-	-	-	189,164	189,164
Debt service	-	-	-	-	-	78,129	78,129
Impact fee	-	-	-	3,946,280	-	-	3,946,280
Redevelopment	-	283,591	3,574,355	-	-	-	3,857,946
Assigned, reported in:							
General fund - self insurance	100,000	-	-	-	-	-	100,000
General fund - trails	4,049	-	-	-	-	-	4,049
Debt service funds	-	-	-	-	-	295,508	295,508
Capital projects funds	-	-	-	197,010	855,359	2,651,283	3,703,652
Unassigned, reported in:							
General fund	2,721,687	-	-	-	-	-	2,721,687
Total fund balances	<u>2,979,665</u>	<u>283,591</u>	<u>3,574,355</u>	<u>4,143,290</u>	<u>855,359</u>	<u>3,214,084</u>	<u>15,050,344</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,540,657</u>	<u>283,591</u>	<u>3,574,355</u>	<u>4,195,069</u>	<u>870,678</u>	<u>4,108,474</u>	<u>20,572,824</u>

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, 2019**

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Total fund balances - governmental fund types:	\$	15,050,344
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		80,923,442
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Deferred outflows of resources, pension related, a consumption of net position that applies to future periods, is not shown in the fund statements.		1,391,728
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Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements.		(2,593,458)
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Deferred inflows of resources, pension related, is a liability that relates to future periods and, therefore, is not included in the fund statements.		(192,755)
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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.		(12,462,688)
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Net position of government activities	\$	<u>82,116,613</u>
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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, 2019**

	Special Revenue			Capital Projects		Other Governmental Funds	Total Governmental Funds
	General Fund	US-89 RDA	Station Park RDA	Street Improvement	Park Improvement		
<b>REVENUES</b>							
Taxes	\$ 9,285,236	182,177	3,868,354	-	-	1,300,644	14,636,411
Special assessments	-	-	-	-	-	-	-
Licenses and permits	723,802	-	-	-	-	-	723,802
Intergovernmental	1,013,193	-	-	-	-	-	1,013,193
Charges for services	231,246	-	-	-	-	-	231,246
Impact fees	-	-	-	726,849	1,281,217	126,821	2,134,887
Fines and forfeitures	227,104	-	-	-	-	-	227,104
Interest	64,736	7,815	98,302	97,838	(13,190)	53,819	309,320
Net increase (decrease) in fair value of investments	15,927	1,163	14,663	17,210	672	13,095	62,730
Miscellaneous revenue	213,989	-	-	-	9,719	19,701	243,409
Contributions	-	-	-	273,343	68,205	4,750,000	5,091,548
Total revenues	<u>11,775,233</u>	<u>191,155</u>	<u>3,981,319</u>	<u>1,115,240</u>	<u>1,346,623</u>	<u>6,264,080</u>	<u>24,673,650</u>
<b>EXPENDITURES</b>							
Current:							
General government	1,491,888	14,297	3,100,822	-	-	-	4,607,007
Public safety	4,058,711	-	-	-	-	-	4,058,711
Highways and public works	2,050,403	-	-	-	-	-	2,050,403
Community development	1,173,391	-	-	-	-	-	1,173,391
Economic development	355,619	-	-	-	-	-	355,619
Parks and cemetery	977,938	-	-	-	-	-	977,938
Capital outlay	-	-	-	781,863	1,066,910	3,870,275	5,719,048
Debt service:							
Principal retirement	-	154,000	-	49,981	178,121	1,177,772	1,559,874
Interest and fees	-	30,438	-	9,829	11,095	271,833	323,195
Total expenditures	<u>10,107,950</u>	<u>198,735</u>	<u>3,100,822</u>	<u>841,673</u>	<u>1,256,126</u>	<u>5,319,880</u>	<u>20,825,186</u>
Excess revenues over (under) expenditures	<u>1,667,283</u>	<u>(7,580)</u>	<u>880,497</u>	<u>273,567</u>	<u>90,497</u>	<u>944,200</u>	<u>3,848,464</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
General obligation bonds issued	320,754	-	-	-	804,246	-	1,125,000
Capital lease proceeds	-	-	-	-	-	151,565	151,565
Sale of capital assets	69,105	-	-	-	-	23,000	92,105
Transfers in	3,000	-	-	180,000	577,754	642,000	1,402,754
Transfers (out)	(1,967,116)	-	-	-	-	(169,000)	(2,136,116)
Total other financing sources and (uses)	<u>(1,574,257)</u>	<u>-</u>	<u>-</u>	<u>180,000</u>	<u>1,382,000</u>	<u>647,565</u>	<u>635,308</u>
Net change in fund balances	93,026	(7,580)	880,497	453,567	1,472,497	1,591,765	4,483,772
Fund balances - beginning of year	2,886,639	291,171	2,693,858	3,689,723	(617,138)	1,622,319	10,566,572
Fund balances - end of year	<u>\$ 2,979,665</u>	<u>283,591</u>	<u>3,574,355</u>	<u>4,143,290</u>	<u>855,359</u>	<u>3,214,084</u>	<u>15,050,344</u>

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

**FARMINGTON CITY CORPORATION**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

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

Net changes in fund balances - total governmental funds.	\$ 4,483,772
Net pension benefit is not shown in the fund financial statements.	(392,675)
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.	2,851,227
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.	325,117
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.	<u>(38,659)</u>
Change in net position of governmental activities	<u><u>\$ 7,228,782</u></u>

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

**FARMINGTON CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 9,105,000	9,240,000	9,285,236	45,236
Licenses and permits	536,500	704,500	723,802	19,302
Intergovernmental	896,000	1,003,400	1,013,193	9,793
Charges for services	180,000	241,000	231,246	(9,754)
Fines and forfeitures	170,000	220,000	227,104	7,104
Interest	42,200	53,000	64,736	11,736
Net increase (decrease) in fair value of investments	-	-	15,927	15,927
Miscellaneous revenue	171,000	205,600	213,989	8,389
Total revenues	11,100,700	11,667,500	11,775,233	107,733
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative	170,500	181,000	180,864	136
Administrative	818,639	846,500	819,309	27,191
Government buildings	481,919	514,488	491,715	22,773
Total general government	1,471,058	1,541,988	1,491,888	50,100
Public safety:				
Police	2,803,470	2,976,400	2,884,872	91,528
Fire	1,273,288	1,223,000	1,173,839	49,161
Total public safety	4,076,758	4,199,400	4,058,711	140,689
Highways and public works	1,966,410	2,452,750	2,050,403	402,347
Community development:				
Engineering	174,939	171,200	165,288	5,912
Planning and zoning	645,678	626,200	585,120	41,080
Inspection	462,037	426,900	422,983	3,917
Total community development	1,282,654	1,224,300	1,173,391	50,909
Economic development	419,299	377,817	355,619	22,198
Parks and cemetery	1,027,464	1,013,500	977,938	35,562
Total expenditures	10,243,643	10,809,755	10,107,950	701,805
Excess revenues over (under) expenditures	857,057	857,745	1,667,283	809,538
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	320,754	320,754
Sale of capital assets	65,000	65,000	69,105	4,105
Transfers in	-	-	3,000	3,000
Transfers (out)	(1,711,817)	(1,705,000)	(1,967,116)	(262,116)
Total other financing sources and (uses)	(1,646,817)	(1,640,000)	(1,574,257)	65,743
Net change in fund balances	(789,760)	(782,255)	93,026	875,281
Fund balances - beginning of year	2,886,639	2,886,639	2,886,639	-
Fund balances - end of year	\$ 2,096,879	2,104,384	2,979,665	875,281

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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 180,000	180,000	182,177	2,177
Interest	3,500	3,500	7,815	4,315
Net increase (decrease) in fair value of investments	-	-	1,163	1,163
Total revenues	183,500	183,500	191,155	7,655
<b>EXPENDITURES</b>				
Current:				
General government	12,200	12,200	12,797	(597)
Bond issuance cost	2,000	2,000	1,500	500
Principal retirement	157,000	157,000	154,000	3,000
Interest	21,000	21,000	30,438	(9,438)
Total expenditures	192,200	192,200	198,735	(6,535)
Excess revenues over (under) expenditures	(8,700)	(8,700)	(7,580)	1,120
Net change in fund balance	(8,700)	(8,700)	(7,580)	1,120
Fund balances - beginning of year	291,171	291,171	291,171	-
Fund balances - end of year	\$ 282,471	282,471	283,591	1,120

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, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 3,600,000	3,600,000	3,868,354	268,354
Interest	40,000	40,000	98,302	58,302
Net increase (decrease) in fair value of investments	-	-	14,663	14,663
Total revenues	<u>3,640,000</u>	<u>3,640,000</u>	<u>3,981,319</u>	<u>341,319</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>3,640,000</u>	<u>3,640,000</u>	<u>3,100,822</u>	<u>539,178</u>
Total expenditures	<u>3,640,000</u>	<u>3,640,000</u>	<u>3,100,822</u>	<u>539,178</u>
Excess revenues over (under) expenditures	-	-	880,497	880,497
Net change in fund balance	-	-	880,497	880,497
Fund balances - beginning of year	<u>2,693,858</u>	<u>2,693,858</u>	<u>2,693,858</u>	-
Fund balances - end of year	<u><u>\$ 2,693,858</u></u>	<u><u>2,693,858</u></u>	<u><u>3,574,355</u></u>	<u><u>880,497</u></u>

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

# FARMINGTON CITY CORPORATION

## Statement of Net Position

### Proprietary Funds

June 30, 2019

	Business-Type Activities - Enterprise							Total
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Transportation Utility	Recreation	
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 1,466,570	512,233	600,880	946,391	583,726	148,223	599,748	4,857,771
Accounts receivable	617,004	228	267	1,809	682,980	-	189	1,302,477
Allowance for doubtful accounts	-	-	-	-	(333,660)	-	-	(333,660)
Other receivables	3,983	-	-	-	260	66	-	4,309
Restricted cash and cash equivalents	165,127	-	-	3,111,206	-	-	-	3,276,333
<b>Total current assets</b>	<b>2,252,684</b>	<b>512,461</b>	<b>601,147</b>	<b>4,059,406</b>	<b>933,306</b>	<b>148,289</b>	<b>599,937</b>	<b>9,107,230</b>
Noncurrent assets:								
Capital assets:								
Water stock & rights	25,717	-	-	-	-	-	-	25,717
Land, equipment, buildings and improvements	25,915,453	111,001	1,247,472	11,620,390	885,651	643,829	191,193	40,614,989
Less: accumulated depreciation	(8,964,096)	(15,037)	(665,788)	(4,164,819)	(560,700)	(5,198)	(93,518)	(14,469,156)
<b>Total noncurrent assets</b>	<b>16,977,074</b>	<b>95,964</b>	<b>581,684</b>	<b>7,455,571</b>	<b>324,951</b>	<b>638,631</b>	<b>97,675</b>	<b>26,171,550</b>
<b>Total assets</b>	<b>19,229,758</b>	<b>608,425</b>	<b>1,182,831</b>	<b>11,514,977</b>	<b>1,258,257</b>	<b>786,920</b>	<b>697,612</b>	<b>35,278,780</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred outflows related to pensions								
	185,210	17,277	25,523	71,584	13,037	-	122,020	434,651
<b>Total deferred outflows of resources</b>	<b>185,210</b>	<b>17,277</b>	<b>25,523</b>	<b>71,584</b>	<b>13,037</b>	<b>-</b>	<b>122,020</b>	<b>434,651</b>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable and accrued liabilities	166,981	218,760	97,989	29,896	19,286	154,245	78,801	765,958
Interest payable	-	-	-	3,846	-	-	-	3,846
Capital lease - current portion	-	-	-	77,304	-	-	-	77,304
<b>Total current liabilities</b>	<b>166,981</b>	<b>218,760</b>	<b>97,989</b>	<b>111,046</b>	<b>19,286</b>	<b>154,245</b>	<b>78,801</b>	<b>847,108</b>
Noncurrent liabilities:								
Developer construction bonds	-	-	-	234,450	-	-	-	234,450
Capital lease	-	-	-	40,413	-	-	-	40,413
Net pension liability	310,175	30,887	45,601	121,644	24,632	-	206,200	739,139
<b>Total noncurrent liabilities</b>	<b>310,175</b>	<b>30,887</b>	<b>45,601</b>	<b>396,507</b>	<b>24,632</b>	<b>-</b>	<b>206,200</b>	<b>1,014,002</b>
<b>Total liabilities</b>	<b>477,156</b>	<b>249,647</b>	<b>143,590</b>	<b>507,553</b>	<b>43,918</b>	<b>154,245</b>	<b>285,001</b>	<b>1,861,110</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred inflows relating to pensions								
	23,652	(414)	(796)	8,117	(3,563)	-	13,070	40,066
<b>Total deferred inflows of resources</b>	<b>23,652</b>	<b>(414)</b>	<b>(796)</b>	<b>8,117</b>	<b>(3,563)</b>	<b>-</b>	<b>13,070</b>	<b>40,066</b>
<b>NET POSITION</b>								
Net investment in capital assets	16,977,074	95,964	581,684	7,455,571	324,951	638,631	97,675	26,171,550
Restricted								
Impact fees	165,127	-	-	3,111,206	-	-	-	3,276,333
Unrestricted	1,771,959	280,505	483,876	504,114	905,988	(5,956)	423,886	4,364,372
<b>Total net position</b>	<b>\$ 18,914,160</b>	<b>376,469</b>	<b>1,065,560</b>	<b>11,070,891</b>	<b>1,230,939</b>	<b>632,675</b>	<b>521,561</b>	<b>33,812,255</b>

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, 2019**

	Business-Type Activities - Enterprise Funds							Total
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Transportation Utility	Recreation	
<b>Operating revenues</b>								
Charges for services	\$ 2,033,559	1,856,576	1,357,293	856,547	549,643	635,505	974,334	8,263,457
Connection and servicing	44,323	-	-	-	-	-	-	44,323
Miscellaneous	18,820	-	-	-	4	-	-	18,824
<b>Total operating revenues</b>	<u>2,096,702</u>	<u>1,856,576</u>	<u>1,357,293</u>	<u>856,547</u>	<u>549,647</u>	<u>635,505</u>	<u>974,334</u>	<u>8,326,604</u>
<b>Operating expenses</b>								
Salaries and wages	541,561	51,506	80,774	194,466	61,662	-	622,234	1,552,203
Employee benefits	219,410	21,185	32,313	81,843	21,224	-	240,182	616,157
Contract services	77,962	1,696,276	1,118,973	75,061	39,147	-	-	3,007,419
Maintenance and supplies	521,281	27,503	28,275	255,026	75,853	-	742,270	1,650,208
Administration and overhead	137,973	31,830	34,284	71,644	162,406	-	48,771	486,908
Depreciation	626,419	2,956	58,892	347,531	53,862	5,198	19,043	1,113,901
Water purchases	96,704	-	-	-	-	-	-	96,704
<b>Total operating expenses</b>	<u>2,221,310</u>	<u>1,831,256</u>	<u>1,353,511</u>	<u>1,025,571</u>	<u>414,154</u>	<u>5,198</u>	<u>1,672,500</u>	<u>8,523,500</u>
<b>Operating income (loss)</b>	<u>(124,608)</u>	<u>25,320</u>	<u>3,782</u>	<u>(169,024)</u>	<u>135,493</u>	<u>630,307</u>	<u>(698,166)</u>	<u>(196,896)</u>
<b>Nonoperating revenues (expenses)</b>								
Interest revenue	35,601	14,183	15,239	99,633	15,923	1,760	11,345	193,684
Net increase (decrease) in fair value of investments	5,530	2,102	2,466	3,884	2,396	608	2,459	19,445
Interest expense and fiscal charges	-	-	-	-	-	-	-	-
Grant revenue	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	71,439	-	-	-	71,439
Contributions	208,666	-	-	336,818	-	-	-	545,484
Development/Impact fees	241,518	-	-	423,064	-	-	-	664,582
<b>Total nonoperating revenues (expenses)</b>	<u>491,315</u>	<u>16,285</u>	<u>17,705</u>	<u>934,838</u>	<u>18,319</u>	<u>2,368</u>	<u>13,804</u>	<u>1,494,634</u>
Income (loss) before transfers:	366,707	41,605	21,487	765,814	153,812	632,675	(684,362)	1,297,738
Transfers in	-	-	-	-	-	-	733,362	733,362
<b>Change in net position</b>	366,707	41,605	21,487	765,814	153,812	632,675	49,000	2,031,100
Total net position - beginning	18,547,453	334,864	1,044,073	10,305,077	1,077,127	-	472,561	31,781,155
Total net position - ending	<u>\$ 18,914,160</u>	<u>376,469</u>	<u>1,065,560</u>	<u>11,070,891</u>	<u>1,230,939</u>	<u>632,675</u>	<u>521,561</u>	<u>33,812,255</u>

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

**FARMINGTON CITY CORPORATION**

**Statement of Cash Flows**

**Proprietary Funds**

**For the Year Ended June 30, 2019**

	Business-Type Activities - Enterprise Funds							Total
	Water Utility	Sewer Utility	Garbage Utility	Storm Water Utility	Ambulance Service	Transportation Utility	Recreation	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers	\$ 2,041,856	1,856,828	1,357,666	854,738	553,609	635,439	974,773	8,274,909
Payments to suppliers	(936,763)	(1,736,812)	(1,176,765)	(393,432)	(277,577)	154,245	(772,934)	(5,140,038)
Payments to employees	(817,851)	(78,115)	(121,347)	(296,923)	(88,686)	-	(900,038)	(2,302,960)
Net cash provided (used) by operating activities	287,242	41,901	59,554	164,383	187,346	789,684	(698,199)	831,911
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Grants	-	-	-	-	-	-	-	-
Development/Impact fees	241,518	-	-	423,064	-	-	-	664,582
Transfers from other funds	-	-	-	-	-	-	733,362	733,362
Net cash provided (used) by noncapital financing activities	241,518	-	-	423,064	-	-	733,362	1,397,944
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Receipt of developer const. bonds	-	-	-	(550)	-	-	-	(550)
Refund of developer const. bonds	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	110,000	-	-	-	110,000
Purchases of capital assets	(515,355)	-	(81,818)	(403,511)	(225,634)	(643,829)	-	(1,870,147)
Proceeds from issuance of debt	-	-	-	155,750	-	-	-	155,750
Principal paid on capital debt	-	-	-	(38,033)	-	-	-	(38,033)
Interest paid on capital debt	-	-	-	3,846	-	-	-	3,846
Net cash provided (used) by capital and related financing activities	(515,355)	-	(81,818)	(172,498)	(225,634)	(643,829)	-	(1,639,134)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest and dividends received	41,129	16,286	17,703	103,518	18,319	2,368	13,803	213,126
Net cash provided (used) by investing activities	41,129	16,286	17,703	103,518	18,319	2,368	13,803	213,126
Net increase (decrease) in cash and cash equivalents	54,534	58,187	(4,561)	518,467	(19,969)	148,223	48,966	803,847
Cash and cash equivalents - beginning	1,577,162	454,048	605,441	3,539,130	603,695	-	550,782	7,330,258
Cash and cash equivalents - end	<u>\$ 1,631,696</u>	<u>512,235</u>	<u>600,880</u>	<u>4,057,597</u>	<u>583,726</u>	<u>148,223</u>	<u>599,748</u>	<u>8,134,105</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>								
Operating income (loss)	\$ (124,608)	25,320	3,782	(169,024)	135,493	630,307	(698,166)	(196,896)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation expense	626,419	2,956	58,892	347,531	53,862	5,198	19,043	1,113,901
(Incr)/decrease in accounts receivable	(54,846)	252	373	(1,809)	3,962	(66)	439	(51,695)
(Incr)/decrease in net pension asset	-	-	-	-	-	-	-	-
(Incr)/decrease in deferred outflows	(8,985)	(857)	(1,305)	(3,256)	(916)	-	(5,943)	(21,262)
Increase/(decr) in accounts payable	(102,843)	18,797	4,767	8,299	(171)	154,245	18,107	101,201
Increase/(decr) in net pension liability	67,778	6,464	9,842	24,563	6,911	-	44,829	160,387
Increase/(decr) in deferred inflows	(115,673)	(11,031)	(16,797)	(41,921)	(11,795)	-	(76,508)	(273,725)
Total adjustments	411,850	16,581	55,772	333,407	51,853	159,377	(33)	1,028,807
Net cash provided (used) by operating activities	<u>\$ 287,242</u>	<u>41,901</u>	<u>59,554</u>	<u>164,383</u>	<u>187,346</u>	<u>789,684</u>	<u>(698,199)</u>	<u>831,911</u>
<b>Noncash Investing, Capital and Financing Activities:</b>								
Contribution of capital assets from private developers	\$ 208,666	-	-	336,818	-	-	-	545,484

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

## **NOTES TO FINANCIAL STATEMENTS**

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements

June 30, 2019

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### 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 separately elected board. Accordingly, it is not included with this report.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### 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.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### **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.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### **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.

*Pensions:* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by 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.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### **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

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

1. Cash & Cash Equivalents and Investments

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. State statutes 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. 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.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### 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: small equipment are assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of three years; large equipment are assets with an initial cost of more than \$5,000 and an estimated useful life in excess of five years; 2) Buildings are assets with an initial, individual cost of \$30,000 or more and an estimated useful life in excess of ten years; 3) Improvements are assets with an initial, individual cost of \$30,000 or more and an estimated useful life in excess of ten years; 4) Infrastructure are assets with an initial, individual cost of \$30,000 or more and an estimated useful life in excess of ten years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, equipment, and infrastructure of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

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

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### 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 City has one item relating to pension contributions made subsequent to the measurement date and prior to year end. The contributions will be recognized in the next measurement date period.

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, unearned revenue and pension earnings subsequent to the measurement date. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The pension earnings will be recognized in the next measurement date period.

#### 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 position. 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.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### 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 position and is displayed in three components:

*Net Investment in capital assets* - 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 position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

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

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### 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. That formal action is by adoption of an ordinance prior to end of the fiscal year. The commitment can only be changed or removed through the same action.

*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.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### **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 position**

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

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### 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 position includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 129,358,360
Accumulated depreciation	(48,434,918)
Total difference	<u>\$ 80,923,442</u>

#### 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 position. Balances at June 30, 2019 were:

Sales tax revenue bonds	\$ 4,615,000
General obligation bonds	6,083,000
Capital leases	1,336,753
Interest payable on long-term debt	59,815
Compensated absences	299,648
Bond premium	87,409
Accumulated amortization	(18,937)
Total difference	<u>\$ 12,462,688</u>

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# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### 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 position 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	\$ 6,630,015
Depreciation expense	(3,778,788)
Net differences as reported	<u>\$ 2,851,227</u>

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 position. 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 are as follows:

Debt issued or incurred:	
Amortization of premium	\$ 4,370
Debt issuance	(1,276,565)
Principal repayments:	
General obligation debt	651,000
Revenue bonds	549,000
Capital lease payments	397,312
Net difference as reported	<u>\$ 325,117</u>

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 are as follows:

Compensated absences	\$ (42,946)
Accrued interest	4,287
Net difference as reported	<u>\$ (38,659)</u>

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### **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 \$559,295.

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 follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Utah State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

##### *Deposits*

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. As of June 30, 2019 the City's bank balances were \$992,833, of that amount \$742,833 was uninsured and uncollateralized.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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### **Note 4 - Detailed Notes on All Funds (continued)**

#### *Investments*

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

The City follows the requirements of the Act in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Act defines the types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

*Fair Value of Investments* - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### Note 4 - Detailed Notes on all Funds (continued)

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

As of June 30, 2019 the City had the following recurring fair value measurements:

Investments by fair value level	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Debt Securities	\$ 10,076,792	-	-
Utah Public Treasurers' Investment Fund	-	12,606,406	-
Total investments measured at fair value	\$ 10,076,792	12,606,406	-

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to the Entity's average daily balance in the Fund.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2019, the City's investments had the following maturities:

Investment type	Investment Maturities (in years)		
	Less than 1	1-5	6 or more
Debt Securities	\$ 1,996,282	8,080,510	-
Utah Public Treasurers' Investment Fund	12,606,406	-	-
Total	\$ 14,602,688	8,080,510	-

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### Note 4 - Detailed Notes on All Funds (continued)

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

As of June 30, 2019, the City's investments had the following credit ratings:

Investment type	Quality Ratings			
	AA	A	BBB	Unrated
Debt Securities	\$ 6,005,185	1,025,303	3,036,242	10,063
Utah PTIF	-	-	-	12,606,406
Total	\$ 6,005,185	1,025,303	3,036,242	12,616,469

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

*Custodial Credit Risk - Investments* - For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), 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.

Components of cash and investments (including interest earning deposits) at June 30, 2019, are as follows:

Cash on hand	\$ 1,164
Cash on deposit	1,491,185
Utah State Treasurer's Investment Fund	12,606,406
Investments	10,076,792
	\$ 24,175,547

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

Cash and cash equivalents	\$ 16,133,504
Cash with fiscal agents	1,829
Restricted cash and cash equivalents	8,040,227
	\$ 24,175,560

**FARMINGTON CITY CORPORATION**  
**Notes to Financial Statements - Continued**

June 30, 2019

**Note 4 - Detailed Notes on all Funds (continued)**

**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:

Receivables	Other			Total
	General	Governmental	Enterprise	
Accounts	\$ 58,327	40,686	968,817	1,067,830
Property taxes	79,083	-	-	79,083
Road funds	267,697	-	-	267,697
Sales and use taxes	865,403	90,470	-	955,873
Franchise taxes	118,100	-	-	118,100
Energy/telecom taxes	29,080	-	-	29,080
Transient room taxes	15,879	-	-	15,879
Transit taxes	79,643	-	-	79,643
Deferred property tax	2,000,000	823,000	-	2,823,000
Miscellaneous	-	-	4,309	4,309
Gross receivables	<u>\$ 3,513,212</u>	<u>954,156</u>	<u>973,126</u>	<u>5,440,494</u>

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.

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# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### Note 4 - Detailed Notes on all Funds (continued)

#### C. Capital assets

Capital asset activity for the year ended June 30, 2019 was as follows:

<b>Primary Government</b>	Beginning			Ending
<b>Governmental activities:</b>	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 28,152,587	3,393,797	-	31,546,384
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>28,152,587</u>	<u>3,393,797</u>	<u>-</u>	<u>31,546,384</u>
Capital assets being depreciated:				
Buildings	21,814,814	-	-	21,814,814
Improvements	23,963,521	2,239,156	-	26,202,677
Machinery and equipment	7,066,910	417,288	272,547	7,211,651
Infrastructure	42,003,060	579,773	-	42,582,834
Total capital assets being depreciated	<u>94,848,305</u>	<u>3,236,218</u>	<u>272,547</u>	<u>97,811,976</u>
Less accumulated depreciation for:				
Buildings	4,845,147	442,135	-	5,287,282
Improvements	9,312,356	1,256,653	-	10,569,009
Machinery and equipment	4,929,782	338,490	272,547	4,995,725
Infrastructure	25,841,392	1,741,509	-	27,582,902
Total accumulated depreciation	<u>44,928,677</u>	<u>3,778,787</u>	<u>272,547</u>	<u>48,434,918</u>
Total capital assets, being depreciated, net	<u>49,919,628</u>	<u>(542,570)</u>	<u>-</u>	<u>49,377,058</u>
Governmental activities capital assets, net	<u>\$ 78,072,215</u>	<u>2,851,227</u>	<u>-</u>	<u>80,923,442</u>

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# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### **Note 4 - Detailed Notes on all Funds (continued)**

<b>Business-type activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 150,037	-	-	150,037
Water stock and rights	25,717	-	-	25,717
Total capital assets not being depreciated	175,754	-	-	175,754
Capital assets being depreciated:				
Buildings	924,212	-	-	924,212
Improvements	20,526,537	1,604,126	-	22,130,663
Infrastructure	13,797,382	204,016	-	14,001,398
Machinery and equipment	3,034,110	607,470	232,900	3,408,680
Total capital assets being depreciated	38,282,241	2,415,612	232,900	40,464,953
Less accumulated depreciation for:				
Buildings	62,913	18,485	-	81,398
Improvements	6,475,108	510,465	-	6,985,573
Infrastructure	5,108,278	295,456	-	5,403,734
Machinery and equipment	1,903,318	289,494	194,360	1,998,452
Total accumulated depreciation	13,549,617	1,113,900	194,360	14,469,157
Total capital assets, being depreciated, net	24,732,624	1,301,712	38,540	25,995,796
Business-type activities capital assets, net	<u>\$ 24,908,378</u>	<u>1,301,712</u>	<u>38,540</u>	<u>26,171,550</u>

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

Governmental activities:

General government	\$ 280,807
Public safety	152,284
Highways and public works	2,168,408
Community development	8,569
Parks and cemetery	1,168,719
Total depreciation expense - governmental activities	<u>3,778,787</u>

Business-type activities:

Water	626,418
Sewer	2,956
Garbage	58,892
Storm water	347,532
Ambulance	53,862
Transportation	5,198
Recreation	19,043
Total depreciation expense - business-type activities	<u>1,113,900</u>

Total depreciation expense	<u>\$ 4,892,688</u>
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**FARMINGTON CITY CORPORATION**  
**Notes to Financial Statements - Continued**

June 30, 2019

**Note 4 - Detailed Notes on all Funds (continued)**

**D. Interfund receivables, payables, and transfers**

*Due to/Due from:*

The composition of interfund balances as of June 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sales tax revenue bond	\$ 64,000
Total		<u>\$ 64,000</u>

Interfund receivables and payables help when expenditures during the year exceed revenues. The intent is for the funds to pay back these accounts with revenues from the next fiscal year.

*Interfund Transfers:*

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Park Improvement</u>	<u>Street Improvement</u>
Transfers Out:			
General Fund	\$ -	461,754	180,000
US-89 RDA	-	-	-
Non-major Governmental	3,000	116,000	-
Station Park RDA	-	-	-
Total transfers in	<u>\$ 3,000</u>	<u>577,754</u>	<u>180,000</u>

	<u>Transfers In (continued)</u>		<u>Total Transfers Out</u>
	<u>Non-major Governmental</u>	<u>Recreation Enterprise</u>	
Transfers Out:			
General Fund	592,000	733,362	\$ 1,967,116
US-89 RDA	-	-	-
Non-major Governmental	50,000	-	169,000
Station Park RDA	-	-	-
Total transfers in	<u>642,000</u>	<u>733,362</u>	<u>\$ 2,136,116</u>

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.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### 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, dump trucks, 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	Business-Type Activities	Total
Assets:			
Land	\$ 1,755,803	-	\$ 1,755,803
Vehicles & equipment	1,604,896	265,750	1,870,646
Infrastructure	547,838	-	547,838
Less: accumulated depreciation	(522,509)	(48,782)	(571,290)
Total	<u>\$ 3,386,029</u>	<u>216,968</u>	<u>\$ 3,602,997</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year Ending June 30:	Governmental Activities	Business-Type Activities	Total
2020	\$ 462,026	81,042	543,068
2021	424,678	40,521	465,199
2022	198,181	-	198,181
2023	162,664	-	162,664
2024	123,641	-	123,641
2025	42,288	-	42,288
Total minimum lease payments	1,413,478	121,563	1,535,041
Less: amount representing interest	(76,724)	(3,846)	(80,570)
Present value of minimum lease payments	<u>\$ 1,336,754</u>	<u>117,717</u>	<u>\$ 1,454,471</u>

**FARMINGTON CITY CORPORATION**  
**Notes to Financial Statements - Continued**

June 30, 2019

**Note 4 - Detailed Notes on all Funds (continued)**

Operating Leases

The City leases six vehicles for the police department and two pieces of equipment for the public works department. The total cost for the leases for June 30, 2019 was \$90,148. The future minimum lease payments for these leases are as follows:

Year Ending June 30:					
	2020	\$	106,293		
	2021		83,612		
	2022		31,345		
	Total	\$	221,250		

**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 \$9,693,000.

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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
City office building	1.25-2.75%	\$ 167,000
Municipal purpose	4.04%	706,000
Recreational building & park	2.00-3.50%	5,210,000
		\$ 6,083,000

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

Year Ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 668,000	168,202
2021	515,000	148,980
2022	530,000	133,885
2023	290,000	118,288
2024	295,000	112,488
2025-2029	1,580,000	461,135
2030-2034	1,810,000	238,536
2035	395,000	13,825
Total	\$ 6,083,000	1,395,339

**FARMINGTON CITY CORPORATION**  
**Notes to Financial Statements - Continued**

June 30, 2019

**Note 4 - Detailed Notes on all Funds (continued)**

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 three 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 bond series 2009 for \$821,000 for the construction of the police station. The bonds are being repaid in annual installments of \$51,000 to \$71,000 thru June 2024. In 2016 the City issued sales tax revenue bonds Series 2015 for \$3,500,000 for the development of parks and the city gymnasium. These bonds are being repaid in annual installments of \$322,000 to \$382,000 thru June 2025. In 2018 the City issued excise tax revenue bonds Series 2018 for \$1,139,000 for the construction of recreational improvements. These bonds are being repaid in annual installments of \$154,000 to \$177,000 thru June 2025. In 2019 the City issued excise tax revenue bonds Series 2019 for \$1,125,000 for the construction of parks and recreation improvements.

Governmental Activities

	<u>Interest Rates</u>	<u>Amount</u>
2019 Excise Tax Revenue Bonds	1.25% - 4.00%	\$ 1,125,000
2018 Excise Tax Revenue Bonds	1.25%-4.25%	985,000
2015 Sales Tax Revenue Bonds	2.15%	2,176,000
2009 Sales Tax Revenue Bonds	2.26 to 5.22%	329,000
Total City reflected revenue bonds		\$ 4,615,000

Revenue bond debt service requirements to maturity are as follows:

	Governmental Activities	
	Principal	Interest
Year Ending June 30:		
2020	\$ 708,000	121,873
2021	725,000	104,047
2022	742,000	88,209
2023	759,000	70,771
2024	779,000	50,887
2025-2026	902,000	35,317
Total governmental funds	\$ 4,615,000	471,104

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# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

**Note 4 - Detailed Notes on all Funds (continued)**

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 6,734,000	-	(651,000)	6,083,000	668,000
Revenue bonds	4,039,000	1,125,000	(549,000)	4,615,000	708,000
Bond premium	69,734	-	(4,370)	65,364	-
Total bonds payable	10,842,734	1,125,000	(1,204,370)	10,763,364	1,376,000
Capital leases	1,582,500	151,565	(397,312)	1,336,753	429,767
Compensated absences	256,702	299,648	(256,702)	299,648	224,736
Governmental activity					
Long-term liabilities	<u>\$ 12,681,936</u>	<u>1,576,213</u>	<u>(1,858,384)</u>	<u>12,399,765</u>	<u>2,030,503</u>
<b>Business-type activities:</b>					
Capital leases	\$ -	155,750	(38,033)	117,717	77,304
Business-type activity					
Long-term liabilities	<u>\$ -</u>	<u>155,750</u>	<u>(38,033)</u>	<u>117,717</u>	<u>77,304</u>

Compensated absences are generally liquidated by the general fund.

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# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

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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:

##### **Defined Benefit Plans**

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

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees 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](http://www.urs.org).

**FARMINGTON CITY CORPORATION**  
**Notes to Financial Statements - Continued**

June 30, 2019

**Note 5 - Other Information (continued)**

**Summary of Benefits by System**

Benefits Provided

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

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

\* 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.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### Note 5 - Other Information (continued)

#### Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

#### **Utah Retirement Systems**

	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Governmental Div Tier 2	N/A	15.54	1.15
Noncontributory System			
15 Local Governmental Div Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	N/A	23.09	0.74
Noncontributory			
43 Other Div A with 2.5% COLA	N/A	34.04	N/A
Firefighters Retirement System			
31 Other Division A	15.05	4.61	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	11.34	0.74
Tier 2 DC Only			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	11.83	12.00
232 Firefighters	N/A	0.08	12.00

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

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 359,226	N/A
Public Safety System	219,585	-
Firefighters System	18,371	59,975
Tier 2 Public Employees System	128,322	-
Tier 2 Public Safety & Firefighter	109,404	-
Tier 2 DC Only System	26,968	N/A
Tier 2 DC Public Safety and Firefighter System	4,503	N/A
<b>Total Contributions</b>	<b>\$ 866,379</b>	<b>\$ 59,975</b>

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### Note 5 - Other Information (continued)

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

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$3,332,599.

(Measurement Date): December 31, 2018

	Net Pension Asset	Net Pension Liability
Noncontributory System	\$ -	\$ 1,801,340
Public Safety System	-	1,320,647
Firefighters System	-	171,895
Tier 2 Public Employees System	-	29,739
Tier 2 Public Safety and Firefighters System	-	8,978
	\$ -	\$ 3,332,599

	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	0.2446235%	0.2557718%	-0.0111483%
Public Safety System	0.5133541%	0.4630506%	0.0503035%
Firefighters System	1.3238220%	1.0992229%	0.2245991%
Tier 2 Public Employees System	0.0694376%	0.0843521%	-0.0149145%
Tier 2 Public Safety and Firefighters System	0.3583076%	0.3679596%	-0.0096520%

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, we recognized pension expense of \$1,124,034.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### Note 5 - Other Information (continued)

At June 30, 2019, 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	\$ 63,833	\$ 133,600
Changes in assumptions	500,535	20,818
Net difference between projected and actual earnings on pension plan investments	708,319	-
Changes in proportion and differences between contributions and proportionate share of contributions	110,774	78,402
Contributions subsequent to the measurement date	442,917	-
Total	\$ 1,826,378	\$ 232,820

\$442,917 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, 2018.

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
2019	\$ 498,865
2020	\$ 172,537
2021	\$ 93,477
2022	\$ 356,897
2023	\$ 11,383
Thereafter	\$ 17,481

### ***Actuarial Assumptions***

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### Note 5 - Other Information (continued)

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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:

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity Securities	40.00%	6.15%	2.46%
Debt Securities	20.00%	0.40%	0.08%
Real Assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute Return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
	Inflation		2.60%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

### Discount Rate

The discount rate used to measure the total pension liability was 6.95 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. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### Note 5 - Other Information (continued)

*Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:*  
The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 3,691,774	\$ 1,801,340	\$ 227,107
Public Safety System	2,588,701	1,320,647	291,266
Firefighters System	641,452	171,895	(208,320)
Tier 2 Public Employees System	119,139	29,739	(39,256)
Tier 2 Public Safety & Firefighter	67,715	8,978	(35,971)
Total	\$ 7,108,781	\$ 3,332,599	\$ 234,826

\*\*\*Pension plan fiduciary net position: Detailed information about the pension plans fiduciary net position is available in the separately issued URS financial report

### **Defined Contribution Savings Plans**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retired Systems, but may also be used a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

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

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

# FARMINGTON CITY CORPORATION

## Notes to Financial Statements - Continued

June 30, 2019

### Note 5 - Other Information (continued)

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

	2019	2018	2017
<b>401(k) Plan</b>			
Employer Contributions	\$ 72,295	\$ 52,769	\$ 38,378
Employee Contributions	\$ 53,082	\$ 28,988	\$ 44,403
<b>457 Plan</b>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 12,381	\$ 14,009	\$ 14,734
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 8,350	\$ 3,500	\$ 2,600

### **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.

**FARMINGTON CITY CORPORATION**  
**Notes to Financial Statements - Continued**

June 30, 2019

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**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	\$ 182,177
Area: Station Park	3,868,354
Total	<u>\$ 4,050,531</u>

Tax increment paid to other taxing entity (Davis School District) \$ -

Outstanding debt of the RDA consists of the following:

Tax increment revenue bonds 2012	<u>\$ 167,000</u>
----------------------------------	-------------------

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

General government	\$ 3,100,822
Administration costs	\$ 12,797
Debt Service	\$ 185,938

**E. Reclassification of prior year amounts**

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

**F. Subsequent events**

Subsequent events have been evaluated through November 4, 2019, 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 Six Fiscal Years\***

FY:	2014	2015	2016	2017	2018	2019
<b><u>Noncontributory Retirement System</u></b>						
Proportion of the net pension liability (asset)	0.2324696%	0.2324696%	0.2347858%	0.2468659%	0.2557718%	0.2446235%
Proportionate share of the net pension liability (asset)	\$ 1,254,526	\$ 1,009,438	\$ 1,328,532	\$ 1,585,181	\$ 1,120,613	\$ 1,801,340
Covered employee payroll	NA	\$ 1,924,165	\$ 1,902,260	\$ 2,017,555	\$ 2,058,057	\$ 1,930,709
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	52.50%	69.84%	78.57%	54.45%	93.30%
Plan fiduciary net position as a percentage of the total pension liability	NA	90.20%	87.80%	87.30%	91.90%	87.00%
<b><u>Public Safety System</u></b>						
Proportion of the net pension liability (asset)	0.4834734%	0.4834734%	0.4804408%	0.5036553%	0.4630506%	0.5133541%
Proportionate share of the net pension liability (asset)	\$ 791,631	\$ 608,008	\$ 860,590	\$ 1,022,056	\$ 726,368	\$ 1,320,647
Covered employee payroll	NA	\$ 672,392	\$ 657,178	\$ 681,096	\$ 601,403	\$ 658,188
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	90.40%	130.95%	150.06%	120.78%	200.65%
Plan fiduciary net position as a percentage of the total pension liability	NA	90.50%	87.10%	86.50%	90.20%	84.70%
<b><u>Firefighters Retirement System</u></b>						
Proportion of the net pension liability (asset)	0.7932077%	0.7932077%	0.9723325%	0.9896594%	1.0992229%	1.3238220%
Proportionate share of the net pension liability (asset)	\$ 11,859	\$ (45,263)	\$ (17,611)	\$ (7,802)	\$ (68,652)	\$ 171,895
Covered employee payroll	NA	\$ 249,516	\$ 261,402	\$ 278,072	\$ 321,437	\$ 400,633
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-18.10%	-6.74%	-2.81%	-21.36%	41.96%
Plan fiduciary net position as a percentage of the total pension liability	NA	103.50%	101.00%	100.40%	103.00%	94.30%
<b><u>Tier 2 Public Employees Retirement System</u></b>						
Proportion of the net pension liability (asset)	0.0662400%	0.0662400%	0.0769399%	0.0884248%	0.0843521%	0.0694376%
Proportionate share of the net pension liability (asset)	\$ 398	\$ (2,007)	\$ (168)	\$ 9,864	\$ 7,437	\$ 29,739
Covered employee payroll	NA	\$ 325,232	\$ 497,100	\$ 725,155	\$ 826,279	\$ 811,752
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-0.60%	-0.03%	1.36%	0.90%	3.66%
Plan fiduciary net position as a percentage of the total pension liability	NA	103.50%	100.20%	95.10%	97.40%	90.80%
<b><u>Tier 2 Public Safety and Firefighters Retirement System</u></b>						
Proportion of the net pension liability (asset)	0.3472113%	0.3472113%	0.3364296%	0.3211270%	0.3679596%	0.3583076%
Proportionate share of the net pension liability (asset)	\$ (2,050)	\$ (5,136)	\$ (4,915)	\$ (2,788)	\$ (4,258)	\$ 8,978
Covered employee payroll	NA	\$ 143,656	\$ 200,184	\$ 265,325	\$ 388,478	\$ 479,372
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-3.60%	-2.46%	-1.05%	-1.10%	1.87%
Plan fiduciary net position as a percentage of the total pension liability	NA	120.50%	110.70%	103.60%	103.00%	95.60%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.  
NA Information not available

**FARMINGTON CITY CORPORATION**

**Schedule of Contributions**

**Utah Retirement Systems**

**Last 10 Fiscal Years**

FY:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>Noncontributory System</u></b>										
Actuarial determined contributions	\$ 204,523	\$ 240,090	\$ 267,966	\$ 312,501	\$ 336,263	\$ 347,340	\$ 364,381	\$ 377,418	\$ 369,626	\$ 359,226
Contributions in relation to the contractually required contribution	(204,523)	(240,090)	(267,966)	(312,501)	(336,263)	(347,340)	(364,381)	(377,418)	(369,626)	(359,226)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,754,050	\$ 1,795,738	\$ 1,949,246	\$ 1,914,649	\$ 1,946,891	\$ 1,880,643	\$ 1,978,004	\$ 2,055,898	\$ 2,014,328	\$ 1,960,962
Contributions as a percentage of covered-employee payroll	11.66%	13.37%	13.75%	16.32%	17.27%	18.47%	18.42%	18.36%	18.35%	18.32%
<b><u>Public Safety System</u></b>										
Actuarial determined contributions	\$ 161,472	\$ 169,864	\$ 193,021	\$ 213,181	\$ 225,997	\$ 221,087	\$ 232,303	\$ 212,799	\$ 217,210	\$ 219,585
Contributions in relation to the contractually required contribution	(161,472)	(169,864)	(193,021)	(213,181)	(225,997)	(221,087)	(232,303)	(212,799)	(217,210)	(219,585)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 691,824	\$ 650,072	\$ 713,043	\$ 690,560	\$ 703,165	\$ 649,491	\$ 682,441	\$ 624,760	\$ 639,324	\$ 678,084
Contributions as a percentage of covered-employee payroll	23.34%	26.13%	27.07%	30.87%	32.14%	34.04%	34.04%	34.06%	33.97%	32.38%
<b><u>Firefighters System</u></b>										
Contractually required contribution	\$ 6,253	\$ 12,066	\$ 19,589	\$ 24,018	\$ 7,256	\$ 9,743	\$ 10,687	\$ 11,216	\$ 14,708	\$ 18,371
Contributions in relation to the contractually required contribution	(6,253)	(12,066)	(19,589)	(24,018)	(7,256)	(9,743)	(10,687)	(11,216)	(14,708)	(18,371)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 48,344	\$ 71,947	\$ 125,974	\$ 135,615	\$ 245,128	\$ 255,056	\$ 267,840	\$ 286,178	\$ 378,287	\$ 398,504
Contributions as a percentage of covered-employee payroll	12.93%	16.77%	15.55%	17.71%	2.96%	3.82%	3.99%	3.92%	3.89%	4.61%
<b><u>Tier 2 Public Employees System*</u></b>										
Contractually required contribution	\$ -	\$ -	\$ -	\$ 11,795	\$ 36,361	\$ 61,674	\$ 90,548	\$ 119,949	\$ 124,153	\$ 128,322
Contributions in relation to the contractually required contribution	-	-	-	(11,795)	(36,361)	(61,674)	(90,548)	(119,949)	(124,153)	(128,322)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ -	\$ -	\$ -	\$ 137,793	\$ 262,332	\$ 412,808	\$ 607,294	\$ 804,483	\$ 821,660	\$ 826,546
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	8.56%	13.86%	14.94%	14.91%	14.91%	15.11%	15.53%
<b><u>Tier 2 Public Safety and Firefighters System*</u></b>										
Contractually required contribution	\$ -	\$ -	\$ 3,278	\$ 3,957	\$ 17,511	\$ 40,329	\$ 50,860	\$ 75,123	\$ 88,795	\$ 109,404
Contributions in relation to the contractually required contribution	-	-	(3,278)	(3,957)	(17,511)	(40,329)	(50,860)	(75,123)	(88,795)	(109,404)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ -	\$ -	\$ 31,366	\$ 35,651	\$ 83,985	\$ 178,842	\$ 226,046	\$ 337,786	\$ 422,199	\$ 503,903
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	11.10%	20.85%	22.55%	22.50%	22.24%	21.03%	21.71%
<b><u>Tier 2 Public Employees DC Only System*</u></b>										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 206	\$ 2,402	\$ 2,683	\$ 2,835	\$ 11,539	\$ 26,968
Contributions in relation to the contractually required contribution	-	-	-	-	(206)	(2,402)	(2,683)	(2,835)	(11,539)	(26,968)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ 3,694	\$ 35,749	\$ 40,107	\$ 42,531	\$ 172,489	\$ 403,117
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	5.58%	6.72%	6.69%	6.67%	6.69%	6.69%
<b><u>Tier 2 Public Safety and Firefighter DC Only System*</u></b>										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,120	\$ 4,503
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	(3,120)	(4,503)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,352	\$ 38,064
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.84%	11.83%

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

**FARMINGTON CITY CORPORATION**  
**Notes to Required Supplemental Information**  
**June 30, 2019**

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**Changes of Assumptions**

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

## **SUPPLEMENTAL INFORMATION**

# FARMINGTON CITY CORPORATION

## Nonmajor Governmental Funds

June 30, 2019

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### 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.

*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.

*G.O. Bond 2015 Park Fund* - This fund is used to account for principal and interest on the general obligation bonds used to finance construction and improvements of the City's park.

### 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.

# FARMINGTON CITY CORPORATION

## Nonmajor Governmental Funds

June 30, 2019

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### 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, 2019**

	Debt Service				Capital Projects
	Police Sales Tax Revenue Bond	Sales Tax Revenue Bond	Building G.O.Bond	G.O. Bond 2015 Park	Government Buildings Improvement
<b>Assets</b>					
Cash and cash equivalents	\$ 267,399	921	49,302	27,788	211,578
Cash with fiscal agents	74	548	502	503	-
Receivables:					
Property taxes	-	-	420,000	403,000	-
Sales tax	-	90,470	-	-	-
Miscellaneous	96	-	22	12	106
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>267,569</u>	<u>91,939</u>	<u>469,826</u>	<u>431,303</u>	<u>211,684</u>
<b>Liabilities</b>					
Checks written in excess of cash					
Accounts payable	-	-	-	-	1,390
Due to other funds	-	64,000	-	-	-
Total liabilities	<u>-</u>	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>1,390</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	-	-	420,000	403,000	-
Unavailable revenue - special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>420,000</u>	<u>403,000</u>	<u>-</u>
<b>Fund Balances</b>					
Restricted					
Perpetual care	-	-	-	-	-
Debt service	-	-	49,826	28,303	-
Assigned					
Debt service	267,569	27,939	-	-	-
Capital projects	-	-	-	-	210,294
Total fund balances	<u>267,569</u>	<u>27,939</u>	<u>49,826</u>	<u>28,303</u>	<u>210,294</u>
Total liabilities and fund balances	<u>\$ 267,569</u>	<u>91,939</u>	<u>469,826</u>	<u>431,303</u>	<u>211,684</u>

**FARMINGTON CITY CORPORATION**  
**Combining Balance Sheet - Nonmajor Governmental Funds (continued)**  
**June 30, 2019**

	Capital Projects			Permanent	Total
	Capital	Fire	Real Estate	Cemetery	Nonmajor
	Equipment	Protection	Property	Perpetual	Governmental
			Asset	Care	Fund
<b><u>Assets</u></b>					
Cash and cash equivalents	79,892	797,603	1,568,409	189,079	3,191,971
Cash with fiscal agents	-	-	-	-	1,627
Receivables:					
Property taxes	-	-	-	-	823,000
Sales tax	-	-	-	-	90,470
Miscellaneous	35	354	696	85	1,406
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>79,927</u>	<u>797,957</u>	<u>1,569,105</u>	<u>189,164</u>	<u>4,108,474</u>
<b><u>Liabilities</u></b>					
Checks written in excess of cash					
Accounts payable	6,000	-	-	-	7,390
Due to other funds	-	-	-	-	64,000
Total liabilities	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,390</u>
<b><u>Deferred Inflows of Resources</u></b>					
Unavailable revenue - property taxes	-	-	-	-	823,000
Unavailable revenue - special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>823,000</u>
<b><u>Fund Balances</u></b>					
Restricted					
Perpetual care	-	-	-	189,164	189,164
Debt service	-	-	-	-	78,129
Assigned					
Debt service	-	-	-	-	295,508
Capital projects	73,927	797,957	1,569,105	-	2,651,283
Total fund balances	<u>73,927</u>	<u>797,957</u>	<u>1,569,105</u>	<u>189,164</u>	<u>3,214,084</u>
Total liabilities and fund balances	<u>79,927</u>	<u>797,957</u>	<u>1,569,105</u>	<u>189,164</u>	<u>4,108,474</u>

**FARMINGTON CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Debt Service				Capital Projects
	Police	RAP	Building	G.O. Bond	Government
	Sales Tax Revenue Bond	Sales Tax Revenue Bond	G.O.Bond	2015 Park	Buildings Improvement
<b>REVENUES</b>					
Property tax	\$ -	-	426,645	408,808	-
Sales tax	-	465,191	-	-	-
Impact fees	-	-	-	-	74,324
Contributions	-	-	-	-	-
Interest	6,932	4,030	4,340	3,325	5,551
Net increase(decrease) in fair value of investments	1,097	-	202	114	868
Other	-	-	-	-	9,201
Total	<u>8,029</u>	<u>469,221</u>	<u>431,187</u>	<u>412,247</u>	<u>89,944</u>
<b>EXPENDITURES</b>					
Capital outlay	-	-	-	-	25,819
Agents fees	-	1,500	3,000	1,000	-
Operating lease payments	-	-	-	-	-
Debt service:					
Principal retirement	58,000	337,000	381,000	270,000	-
Interest	8,884	54,030	45,982	140,488	-
Total	<u>66,884</u>	<u>392,530</u>	<u>429,982</u>	<u>411,488</u>	<u>25,819</u>
Excess of revenues over (under) expenditures	<u>(58,855)</u>	<u>76,691</u>	<u>1,205</u>	<u>759</u>	<u>64,125</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Transfers in	50,000	-	-	-	22,000
Transfers (out)	-	(100,000)	-	-	(50,000)
Total other financing sources (uses)	<u>50,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>
Net change in fund balances	(8,855)	(23,309)	1,205	759	36,125
Fund balances - beginning of year	276,424	51,248	48,621	27,544	174,169
Fund balances - end of year	<u>\$ 267,569</u>	<u>27,939</u>	<u>49,826</u>	<u>28,303</u>	<u>210,294</u>

**FARMINGTON CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Nonmajor Governmental Funds (continued)**  
**For the Year Ended June 30, 2019**

	Capital Projects			Permanent Fund	Total
	Capital Equipment	Fire Protection	Real Estate Property Asset	Cemetery Perpetual Care	Nonmajor Governmental Funds
<b>REVENUES</b>					
Property tax	\$ -	-	-	-	835,453
Sales tax	-	-	-	-	465,191
Impact fees	-	52,497	-	-	126,821
Contributions	-	-	4,750,000	-	4,750,000
Interest	2,612	20,061	2,075	4,893	53,819
Net increase(decrease) in fair value of investments	328	3,273	6,437	776	13,095
Other	-	-	-	10,500	19,701
Total	<u>2,940</u>	<u>75,831</u>	<u>4,758,512</u>	<u>16,169</u>	<u>6,264,080</u>
<b>EXPENDITURES</b>					
Capital outlay	498,474	-	3,189,417	-	3,713,710
Agents fees	-	-	-	-	5,500
Operating lease payments	156,565	-	-	-	156,565
Debt service:					
Principal retirement	83,239	48,533	-	-	1,177,772
Interest	8,094	8,855	-	-	266,333
Total	<u>746,372</u>	<u>57,388</u>	<u>3,189,417</u>	<u>-</u>	<u>5,319,880</u>
Excess of revenues over (under) expenditures	<u>(743,432)</u>	<u>18,443</u>	<u>1,569,095</u>	<u>16,169</u>	<u>944,200</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	23,000	-	-	-	23,000
Capital lease proceeds	151,565	-	-	-	151,565
Transfers in	570,000	-	-	-	642,000
Transfers (out)	-	-	-	(19,000)	(169,000)
Total other financing sources (uses)	<u>744,565</u>	<u>-</u>	<u>-</u>	<u>(19,000)</u>	<u>647,565</u>
Net change in fund balances	1,133	18,443	1,569,095	(2,831)	1,591,765
Fund balances - beginning of year	72,794	779,514	10	191,995	1,622,319
Fund balances - end of year	<u>\$ 73,927</u>	<u>797,957</u>	<u>1,569,105</u>	<u>189,164</u>	<u>3,214,084</u>

**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, 2019**

	Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>			
Interest	\$ 6,000	6,932	932
Net increase(decrease) in fair value of investments	-	1,097	1,097
Total revenues	<u>6,000</u>	<u>8,029</u>	<u>2,029</u>
<b>EXPENDITURES</b>			
Agent's fees	2,000	-	2,000
Principal retirement	58,000	58,000	-
Interest & fees	16,000	8,884	7,116
Total expenditures	<u>76,000</u>	<u>66,884</u>	<u>9,116</u>
Excess revenues over (under) expenditures	<u>(70,000)</u>	<u>(58,855)</u>	<u>11,145</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	50,000	50,000	-
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balances	(20,000)	(8,855)	11,145
Fund balances - beginning of year	<u>276,424</u>	<u>276,424</u>	<u>-</u>
Fund balances - end of year	<u>\$ 256,424</u>	<u>267,569</u>	<u>11,145</u>

**FARMINGTON CITY CORPORATION**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**RAP Sales Tax Revenue Bond - Debt Service Fund**  
**For the Year Ended June 30, 2019**

	Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>			
Sales tax	\$ 460,000	465,191	5,191
Interest	3,500	4,030	530
Total revenues	<u>463,500</u>	<u>469,221</u>	<u>5,721</u>
<b>EXPENDITURES</b>			
Principal retirement	337,000	337,000	-
Interest	55,000	54,030	970
Agents fee	2,000	1,500	500
Total expenditures	<u>394,000</u>	<u>392,530</u>	<u>1,470</u>
Excess revenues over (under) expenditures	<u>69,500</u>	<u>76,691</u>	<u>7,191</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	(30,500)	(23,309)	7,191
Fund balances - beginning of year	51,248	51,248	-
Fund balances - end of year	<u>\$ 20,748</u>	<u>27,939</u>	<u>7,191</u>

**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, 2019**

	Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>			
Property tax	\$ 429,800	426,645	(3,155)
Interest	4,000	4,340	340
Net increase(decrease) in fair value of investments	-	202	202
Total revenues	<u>433,800</u>	<u>431,187</u>	<u>(2,613)</u>
<b>EXPENDITURES</b>			
Agent's fees	3,000	3,000	-
Principal retirement	381,000	381,000	-
Interest	47,000	45,982	1,018
Total expenditures	<u>431,000</u>	<u>429,982</u>	<u>1,018</u>
Net change in fund balances	2,800	1,205	(1,595)
Fund balances - beginning of year	<u>48,621</u>	<u>48,621</u>	-
Fund balances - end of year	<u><u>\$ 51,421</u></u>	<u><u>49,826</u></u>	<u><u>(1,595)</u></u>

**FARMINGTON CITY CORPORATION**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**G.O. Bond 2015 Park - Debt Service Fund**  
**For the Year Ended June 30, 2019**

	Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>			
Property tax	\$ 411,500	408,808	(2,692)
Interest	1,000	3,325	2,325
Net increase(decrease) in fair value of investments	-	114	114
Total revenues	<u>412,500</u>	<u>412,247</u>	<u>(253)</u>
<b>EXPENDITURES</b>			
Agent's fees	1,500	1,000	500
Principal retirement	270,000	270,000	-
Interest	141,000	140,488	512
Total expenditures	<u>412,500</u>	<u>411,488</u>	<u>1,012</u>
Net change in fund balances	-	759	759
Fund balances - beginning of year	<u>27,544</u>	<u>27,544</u>	-
Fund balances - end of year	<u><u>\$ 27,544</u></u>	<u><u>28,303</u></u>	<u><u>759</u></u>

**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, 2019**

	Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>			
Police impact fees	\$ 75,000	74,324	(676)
Interest	4,400	5,551	1,151
Net increase (decrease) in fair value of investments	-	868	868
Contributions	100	82	(18)
Other income	9,300	9,119	(181)
Total revenues	<u>88,800</u>	<u>89,944</u>	<u>1,144</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>39,000</u>	<u>25,819</u>	<u>13,181</u>
Total expenditures	<u>39,000</u>	<u>25,819</u>	<u>13,181</u>
Excess (deficiency) of revenues over expenditures	<u>49,800</u>	<u>64,125</u>	<u>14,325</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	65,000	22,000	(43,000)
Transfers (out)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>(28,000)</u>	<u>(43,000)</u>
Net change in fund balances	64,800	36,125	(28,675)
Fund balances- beginning of year	<u>174,169</u>	<u>174,169</u>	<u>-</u>
Fund balances - end of year	<u><u>\$ 238,969</u></u>	<u><u>210,294</u></u>	<u><u>(28,675)</u></u>

**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, 2019**

	Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>			
Interest	\$ 2,500	2,612	112
Net increase (decrease) in fair value of investments	-	328	328
Total revenues	<u>2,500</u>	<u>2,940</u>	<u>440</u>
<b>EXPENDITURES</b>			
Capital outlay	622,506	498,474	124,032
Operating lease payments	36,994	156,565	(119,571)
Principal retirement	83,006	83,239	(233)
Interest	8,094	8,094	-
Total expenditures	<u>750,600</u>	<u>746,372</u>	<u>4,228</u>
Excess (deficiency) of revenues over expenditures	<u>(748,100)</u>	<u>(743,432)</u>	<u>4,668</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	23,000	23,000	-
Capital lease proceeds	152,000	151,565	(435)
Transfers in	573,100	570,000	(3,100)
Total other financing sources (uses)	<u>748,100</u>	<u>744,565</u>	<u>(3,535)</u>
Net change in fund balances	-	1,133	1,133
Fund balances - beginning of year	<u>72,794</u>	<u>72,794</u>	<u>-</u>
Fund balances - end of year	<u>\$ 72,794</u>	<u>73,927</u>	<u>1,133</u>

**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, 2019**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>			
Fire protection impact fees	\$ 60,000	52,497	(7,503)
Interest	17,000	20,061	3,061
Net increase(decrease) in fair value of investments	-	3,273	3,273
Total revenues	<u>77,000</u>	<u>75,831</u>	<u>(1,169)</u>
<b>EXPENDITURES</b>			
Capital Lease			
Principal retirement	48,533	48,533	-
Interest	<u>8,867</u>	<u>8,855</u>	<u>12</u>
Total expenditures	<u>57,400</u>	<u>57,388</u>	<u>12</u>
Net change in fund balances	19,600	18,443	(1,157)
Fund balances - beginning of year	<u>779,514</u>	<u>779,514</u>	-
Fund balances - end of year	<u><u>\$ 799,114</u></u>	<u><u>797,957</u></u>	<u><u>(1,157)</u></u>

**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, 2019**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Contributions	\$ -	4,750,000	4,750,000
Interest	-	2,075	2,075
Net increase(decrease) in fair value of investments		6,437	6,437
Total revenues	<u>-</u>	<u>4,758,512</u>	<u>4,758,512</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>-</u>	<u>3,189,417</u>	<u>(3,189,417)</u>
Total expenditures	<u>-</u>	<u>3,189,417</u>	<u>(3,189,417)</u>
Net change in fund balances	-	1,569,095	1,569,095
Fund balances - beginning of year	<u>10</u>	<u>10</u>	<u>-</u>
Fund balances - end of year	<u>\$ 10</u>	<u>1,569,105</u>	<u>1,569,095</u>

**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, 2019**

	Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUE</b>			
Sale of burial rights/raised marker fees	\$ 11,200	10,500	(700)
Interest	4,000	4,893	893
Net increase(decrease) in fair value of investments	-	776	776
Total revenues	<u>15,200</u>	<u>16,169</u>	<u>969</u>
<b>EXPENDITURES</b>			
Expenditures	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>15,200</u>	<u>16,169</u>	<u>969</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	<u>(17,000)</u>	<u>(19,000)</u>	<u>(2,000)</u>
Total other financing sources (uses)	<u>(17,000)</u>	<u>(19,000)</u>	<u>(2,000)</u>
Net change in fund balances	(1,800)	(2,831)	(1,031)
Fund balances - beginning of year	<u>191,995</u>	<u>191,995</u>	<u>-</u>
Fund balances - end of year	<u>\$ 190,195</u>	<u>189,164</u>	<u>(1,031)</u>

**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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
<b>REVENUES</b>				
Impact fees	\$ 700,000	750,000	726,849	(23,151)
Grants	-	-	-	-
Interest	40,000	90,000	97,838	7,838
Net increase(decrease) in fair value of investments	-	-	17,210	17,210
Contributions	293,000	436,600	273,343	(163,257)
Total revenues	<u>1,033,000</u>	<u>1,276,600</u>	<u>1,115,240</u>	<u>(161,360)</u>
<b>EXPENDITURES</b>				
Capital outlay	1,106,000	991,600	781,863	209,737
Capital lease:				
Principal retirement	49,981	49,981	49,981	-
Interest	5,019	5,019	9,829	(4,810)
Total expenditures	<u>1,161,000</u>	<u>1,046,600</u>	<u>841,673</u>	<u>204,927</u>
Excess (deficiency) of revenues over expenditures	<u>(128,000)</u>	<u>230,000</u>	<u>273,567</u>	<u>43,567</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	128,000	128,000	180,000	52,000
Total other financing sources (uses)	<u>128,000</u>	<u>128,000</u>	<u>180,000</u>	<u>52,000</u>
Net change in fund balances	-	358,000	453,567	95,567
Fund balances - beginning of year	<u>3,689,723</u>	<u>3,689,723</u>	<u>3,689,723</u>	-
Fund balances - end of year	<u><u>\$ 3,689,723</u></u>	<u><u>4,047,723</u></u>	<u><u>4,143,290</u></u>	<u><u>95,567</u></u>

**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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Impact fees	\$ 1,400,000	1,275,000	1,281,217	6,217
Interest	1,000	-	(13,190)	(13,190)
Net increase(decrease) in fair value of investments	-	-	672	672
Contributions	-	-	68,205	68,205
Other income	10,000	10,000	9,719	(281)
Total revenues	<u>1,411,000</u>	<u>1,285,000</u>	<u>1,346,623</u>	<u>61,623</u>
<b>EXPENDITURES</b>				
Capital outlay	2,242,784	1,697,000	1,066,910	630,090
Capital lease:				
Principal retirement	178,121	178,121	178,121	-
Interest	11,095	11,095	11,095	-
Total expenditures	<u>2,432,000</u>	<u>1,886,216</u>	<u>1,256,126</u>	<u>630,090</u>
Excess revenues over (under) expenditures	<u>(1,021,000)</u>	<u>(601,216)</u>	<u>90,497</u>	<u>691,713</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bonds issued	900,000	804,000	804,246	246
Sale of assets	-	-	-	-
Transfers in	213,000	647,000	577,754	(69,246)
Total other financing sources and uses	<u>1,113,000</u>	<u>1,451,000</u>	<u>1,382,000</u>	<u>(69,000)</u>
Net change in fund balances	92,000	849,784	1,472,497	622,713
Fund balances - beginning of year	<u>(617,138)</u>	<u>(617,138)</u>	<u>(617,138)</u>	-
Fund balances - end of year	<u>\$ (525,138)</u>	<u>232,646</u>	<u>855,359</u>	<u>622,713</u>

**CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS**

**FARMINGTON CITY COR**  
**Capital Assets Used in the Operation of Gove**  
**Sch**

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**Governmental funds capital assets**

- Land
- Buildings
- Improvements other than buildings
- Machinery and equipment
- Infrastructure

**Investment in governmental funds capital assets by source**

- General fund
- Capital projects funds
- Grants and contributions

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**APPORTIONMENT**  
**Governmental Funds**  
**Schedule By Source**  
**June 30, 2019**

<b>2019</b>	
\$	31,546,384
	21,814,814
	26,202,677
	7,211,651
	42,582,834
<b>\$</b>	<b>129,358,360</b>
\$	26,641,979
	79,396,111
	23,320,271
<b>\$</b>	<b>129,358,360</b>

**FARMINGTON CITY CORPORATION**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**June 30, 2019**

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Totals</u>
<b><u>FUNCTION AND ACTIVITY</u></b>						
General Government						
Administration	\$ 8,395,045	-	14,156	27,415	-	8,436,616
Government Buildings	-	9,172,536	871,634	447,643	-	10,491,813
	<u>8,395,045</u>	<u>9,172,536</u>	<u>885,790</u>	<u>475,058</u>	<u>-</u>	<u>18,928,429</u>
Public Safety						
Police Protection	-	1,777,917	-	1,025,277	-	2,803,194
Fire Protection	-	2,305,101	-	2,606,140	-	4,911,241
	<u>-</u>	<u>4,083,018</u>	<u>-</u>	<u>3,631,417</u>	<u>-</u>	<u>7,714,435</u>
Highways and Streets	<u>16,746,127</u>	<u>-</u>	<u>13,267,659</u>	<u>2,006,292</u>	<u>41,145,242</u>	<u>73,165,320</u>
Planning and Inspection	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,947</u>	<u>-</u>	<u>132,947</u>
Parks and Recreation	<u>6,405,213</u>	<u>8,559,260</u>	<u>12,049,228</u>	<u>965,938</u>	<u>1,437,592</u>	<u>29,417,231</u>
	<u>\$ 31,546,385</u>	<u>21,814,814</u>	<u>26,202,677</u>	<u>7,211,652</u>	<u>42,582,834</u>	<u>129,358,361</u>

**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, 2019**

<b><u>FUNCTION AND ACTIVITY</u></b>	Governmental Fund Capital Assets 2018	Additions	Deletions	Governmental Fund Capital Assets 2019
General Government				
Administration	\$ 5,247,199	3,189,417	-	8,436,616
Government Buildings	10,642,257	-	-	10,642,257
	<u>15,889,456</u>	<u>3,189,417</u>	<u>-</u>	<u>19,078,873</u>
Public Safety				
Police Protection	2,871,957	58,010	83,174	2,846,793
Fire Protection	4,743,704	165,230	80,231	4,828,703
	<u>7,615,661</u>	<u>223,240</u>	<u>163,405</u>	<u>7,675,496</u>
Highways and Streets	<u>70,486,233</u>	<u>2,059,067</u>	<u>71,648</u>	<u>72,473,652</u>
Planning and Inspection	<u>124,692</u>	<u>34,266</u>	<u>26,011</u>	<u>132,947</u>
Parks and Recreation	<u>28,884,851</u>	<u>1,124,024</u>	<u>11,482</u>	<u>29,997,393</u>
Balance - end of year	<u>\$ 123,000,893</u>	<u>6,630,014</u>	<u>272,546</u>	<u>129,358,361</u>

# 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.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	103
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	110
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	114
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	119
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	121

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 48,560,830	\$ 51,571,321	\$ 54,488,777	\$ 55,250,667	\$ 57,698,365	\$ 53,274,845	\$ 59,039,799	\$ 59,873,259	\$ 65,643,864	\$ 68,820,218
Restricted	3,049,279	2,708,105	2,459,575	3,194,644	3,263,936	4,375,989	4,717,719	7,239,970	8,001,475	8,225,448
Unrestricted	1,823,476	2,158,861	2,521,759	3,159,636	2,325,216	7,243,082	3,446,921	3,490,116	1,242,433	5,070,948
<b>Total governmental activities net position</b>	<b>53,433,585</b>	<b>56,438,287</b>	<b>59,470,111</b>	<b>61,604,947</b>	<b>63,287,517</b>	<b>64,893,916</b>	<b>67,204,439</b>	<b>70,603,345</b>	<b>74,887,772</b>	<b>82,116,614</b>
Business-type activities										
Net investment in capital assets	18,314,073	19,747,735	19,611,003	20,545,807	21,482,743	23,042,227	23,647,679	23,198,476	24,908,379	26,171,550
Restricted	1,434,901	1,513,235	2,202,741	2,084,792	2,213,258	2,469,638	3,272,473	4,012,749	3,025,368	3,276,333
Unrestricted	1,904,785	2,432,304	3,155,524	3,694,435	3,465,640	2,539,184	2,389,541	3,346,987	3,847,408	4,364,372
<b>Total business-type activities net position</b>	<b>21,653,759</b>	<b>23,693,274</b>	<b>24,969,268</b>	<b>26,325,034</b>	<b>27,161,641</b>	<b>28,051,049</b>	<b>29,309,693</b>	<b>30,558,212</b>	<b>31,781,155</b>	<b>33,812,255</b>
Primary government										
Net investment in capital assets	66,874,903	71,319,056	74,099,780	75,796,474	79,181,108	76,317,072	82,687,478	83,071,735	90,552,243	94,991,768
Restricted	4,484,180	4,221,340	4,662,316	5,279,436	5,477,194	6,845,627	7,990,192	11,252,719	11,026,843	11,501,781
Unrestricted	3,728,261	4,591,165	5,677,283	6,854,071	5,790,856	9,782,266	5,836,462	6,837,103	5,089,841	9,435,320
<b>Total primary government net position</b>	<b>\$ 75,087,344</b>	<b>\$ 80,131,561</b>	<b>\$ 84,439,379</b>	<b>\$ 87,929,981</b>	<b>\$ 90,449,158</b>	<b>\$ 92,944,965</b>	<b>\$ 96,514,132</b>	<b>\$ 101,161,557</b>	<b>\$ 106,668,927</b>	<b>\$ 115,928,869</b>

# FARMINGTON CITY CORPORATION

## Changes in net position

### Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,506,018	\$ 2,406,573	\$ 1,862,212	\$ 2,184,987	\$ 3,602,333	\$ 4,833,442	\$ 4,811,475	\$ 4,960,565	\$ 4,437,526	\$ 4,096,819
Public safety	2,349,593	2,299,079	2,531,443	2,631,075	2,954,347	3,036,812	3,375,930	3,727,314	3,958,002	4,437,899
Highways and public works	2,166,407	2,288,759	2,488,745	2,569,319	2,592,916	2,610,320	2,742,167	2,999,771	2,909,862	4,246,319
Community development	738,284	783,092	878,754	987,309	1,019,697	1,035,413	1,166,737	1,231,345	1,161,964	1,235,814
Economic development	-	-	-	-	-	-	350,000	-	185,329	355,619
Parks and cemetery	1,019,920	1,140,691	1,173,396	1,276,539	1,266,291	1,364,671	1,513,155	1,752,270	1,880,283	2,178,516
Interest on long-term debt	335,986	381,702	331,769	252,239	189,562	191,551	369,988	365,801	319,250	281,470
Total governmental activities	<u>8,116,208</u>	<u>9,299,896</u>	<u>9,266,319</u>	<u>9,901,468</u>	<u>11,625,146</u>	<u>13,072,209</u>	<u>14,329,452</u>	<u>15,037,066</u>	<u>14,852,216</u>	<u>16,832,456</u>
Business-type activities:										
Water utility	1,591,333	1,528,688	1,681,880	1,672,536	1,858,817	2,070,237	2,010,100	2,261,147	2,352,346	2,221,310
Sewer utility	1,196,500	1,272,821	1,299,053	1,340,504	1,403,225	1,447,993	1,715,690	1,720,663	1,795,939	1,831,256
Garbage utility	948,602	1,033,108	1,088,756	1,125,646	1,113,238	1,109,862	1,159,596	1,192,338	1,254,628	1,353,511
Storm water utility	503,201	556,200	576,270	595,977	821,920	1,049,891	928,215	923,160	929,855	1,025,571
Ambulance service	232,841	269,106	304,949	324,921	283,710	301,751	434,728	347,699	362,876	414,154
Transportation utility	-	-	-	-	-	-	-	-	-	5,198
Recreation	689,745	690,701	772,151	835,973	868,186	910,446	1,178,697	1,400,441	1,511,288	1,672,500
Total business-type activities	<u>5,162,222</u>	<u>5,350,624</u>	<u>5,723,059</u>	<u>5,895,557</u>	<u>6,349,096</u>	<u>6,890,180</u>	<u>7,427,026</u>	<u>7,845,448</u>	<u>8,206,932</u>	<u>8,523,500</u>
Total primary government	<u>\$ 13,278,430</u>	<u>\$ 14,650,520</u>	<u>\$ 14,989,378</u>	<u>\$ 15,797,025</u>	<u>\$ 17,974,242</u>	<u>\$ 19,962,389</u>	<u>\$ 21,756,478</u>	<u>\$ 22,882,514</u>	<u>\$ 23,059,148</u>	<u>\$ 25,355,956</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 889,535	\$ 936,588	\$ 823,371	\$ 1,086,677	\$ 818,946	\$ 745,430	\$ 1,241,815	\$ 1,017,393	\$ 974,554	\$ 1,150,283
Public safety	293,012	330,558	307,296	258,418	270,094	264,604	260,003	257,286	378,367	279,601
Highways and public works	-	-	-	-	-	-	-	-	-	726,849
Community development	54,266	184,713	177,056	104,140	103,255	179,908	202,394	129,797	103,105	95,698
Parks and cemetery	-	76,492	44,231	44,698	53,107	57,759	49,731	53,096	299,005	1,281,217
Operating grants and contributions	582,897	603,123	620,826	658,412	631,101	677,920	1,074,560	880,405	1,972,562	1,037,668
Capital grants and contributions	6,933,011	2,329,453	2,771,571	1,620,507	2,035,626	2,010,379	342,136	379,830	1,099,513	5,091,548
Total governmental activities	<u>8,752,721</u>	<u>4,460,927</u>	<u>4,744,351</u>	<u>3,772,852</u>	<u>3,912,129</u>	<u>3,936,000</u>	<u>3,170,639</u>	<u>2,717,807</u>	<u>4,827,106</u>	<u>9,662,864</u>
Business-type activities:										
Charges for services										
Water utility	1,241,475	1,653,143	1,760,264	1,838,707	1,849,649	1,981,654	1,967,065	2,050,165	2,320,485	2,338,220
Sewer utility	1,228,943	1,304,093	1,333,515	1,375,336	1,439,862	1,475,921	1,703,170	1,767,622	1,827,165	1,856,576
Garbage utility	1,015,195	1,122,016	1,151,755	1,176,880	1,177,029	1,208,184	1,257,328	1,286,862	1,333,698	1,357,293
Storm water utility	604,416	621,326	646,215	710,224	702,959	725,731	754,580	793,493	1,112,131	1,279,611
Ambulance service	254,484	339,690	272,312	312,975	284,713	363,568	435,498	509,105	612,349	549,647
Transportation utility	-	-	-	-	-	-	-	-	-	635,505
Recreation	412,363	433,271	483,687	516,584	515,701	550,427	677,226	827,995	951,659	974,334

# FARMINGTON CITY CORPORATION

## Changes in net position (continued)

### Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating grants and contributions	-	4,892	2,620	7,594	-	9,240	-	7,255	-	-
Capital grants and contributions	1,786,973	668,261	335,213	334,979	518,954	412,081	102,094	-	481,413	545,484
Total business-type activities	6,543,849	6,146,692	5,985,581	6,273,279	6,488,867	6,726,806	6,896,961	7,242,497	8,638,900	9,536,670
Total primary government	15,296,570	10,607,619	10,729,932	10,046,131	10,400,996	10,662,806	10,067,600	9,960,304	13,466,006	19,199,534
Net (expense) / revenue										
Governmental activities	636,513	(4,838,969)	(4,521,968)	(6,128,616)	(7,713,017)	(9,136,209)	(11,158,813)	(12,319,259)	(10,025,110)	(7,169,592)
Business-type activities	1,381,627	796,068	262,522	377,722	139,771	(163,374)	(530,065)	(602,951)	431,968	1,013,170
Total primary government	<u>\$ 2,018,140</u>	<u>\$ (4,042,901)</u>	<u>\$ (4,259,446)</u>	<u>\$ (5,750,894)</u>	<u>\$ (7,573,246)</u>	<u>\$ (9,299,583)</u>	<u>\$ (11,688,878)</u>	<u>\$ (12,922,210)</u>	<u>\$ (9,593,142)</u>	<u>\$ (6,156,422)</u>
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 2,450,496	\$ 2,552,025	\$ 2,597,720	\$ 2,689,552	\$ 3,404,425	\$ 4,076,021	\$ 5,490,490	\$ 6,751,489	\$ 7,121,331	\$ 7,539,195
General sales and use tax	1,916,700	1,802,477	1,970,478	2,380,246	2,581,678	3,087,473	3,500,946	5,156,740	5,193,118	5,545,354
Franchise tax	812,219	834,926	792,347	890,062	950,579	995,717	1,007,291	1,024,805	466,279	384,976
Energy use tax	369,488	371,763	407,383	388,065	446,458	484,678	465,601	568,990	1,147,972	1,166,886
Impact fees	446,407	1,082,688	2,264,262	1,142,059	1,099,803	772,265	1,896,845	2,651,634	-	-
Interest earnings	188,344	98,377	97,841	40,439	41,761	34,262	47,021	123,368	213,052	313,690
Net increase (decrease) in invest.	-	-	-	-	-	-	-	(33,934)	(74,110)	62,730
Gain (loss) on sale of assets	279,456	983,033	(19,318)	18,478	23,429	309,372	48,072	59,976	89,930	92,105
Miscellaneous	7,800	68,578	40,207	148,189	48,755	24,543	21,631	14,449	26,090	26,800
Transfers	(308,655)	59,347	(307,249)	(143,298)	(333,436)	(388,694)	(435,227)	(599,355)	(711,492)	(733,362)
Total governmental activities	<u>6,162,255</u>	<u>7,853,214</u>	<u>7,843,671</u>	<u>7,553,792</u>	<u>8,263,452</u>	<u>9,395,637</u>	<u>12,042,670</u>	<u>15,718,162</u>	<u>13,472,170</u>	<u>14,398,374</u>
Business-type activities:										
Impact fees	115,527	347,834	843,222	837,565	608,294	279,808	982,221	1,150,847	-	-
Interest earnings	60,057	22,146	18,470	32,609	36,314	28,334	25,576	80,601	142,564	193,684
Net increase (decrease) in invest.	-	-	-	-	-	-	-	(9,329)	(26,599)	19,445
Gain (loss) on sale of assets	8,868	-	74,500	-	-	-	53,731	29,996	(36,484)	71,439
Transfers	308,655	(59,347)	307,249	143,298	333,436	388,694	435,227	599,355	711,492	733,362
Total business-type activities	<u>493,107</u>	<u>310,633</u>	<u>1,243,441</u>	<u>1,013,472</u>	<u>978,044</u>	<u>696,836</u>	<u>1,496,755</u>	<u>1,851,470</u>	<u>790,973</u>	<u>1,017,930</u>
Total primary government	<u>\$ 6,655,362</u>	<u>\$ 8,163,847</u>	<u>\$ 9,087,112</u>	<u>\$ 8,567,264</u>	<u>\$ 9,241,496</u>	<u>\$ 10,092,473</u>	<u>\$ 13,539,425</u>	<u>\$ 17,569,632</u>	<u>\$ 14,263,143</u>	<u>\$ 15,416,304</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 6,798,768	\$ 3,014,245	\$ 3,321,703	\$ 1,425,176	\$ 550,435	\$ 259,428	\$ 883,857	\$ 3,398,903	\$ 3,447,060	\$ 7,228,782
Business-type activities	1,874,734	1,106,701	1,505,963	1,391,194	1,117,815	533,462	966,690	1,248,519	1,222,941	2,031,100
Total primary government	<u>\$ 8,673,502</u>	<u>\$ 4,120,946</u>	<u>\$ 4,827,666</u>	<u>\$ 2,816,370</u>	<u>\$ 1,668,250</u>	<u>\$ 792,890</u>	<u>\$ 1,850,547</u>	<u>\$ 4,647,422</u>	<u>\$ 4,670,001</u>	<u>\$ 9,259,882</u>

\*In 2019 impact fees for governmental and business-type activities are reported with charges for services.

# FARMINGTON CITY CORPORATION

## Governmental Activities Tax Revenue by Source

### Last Ten Fiscal Years

(accrual basis of accounting)

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<u>Fiscal Year</u>	<u>General Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Energy Use Tax</u>	<u>Total Tax Revenue</u>
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
2016	6,112,989	4,279,181	1,046,073	495,204	11,933,447
2017	6,751,489	5,156,740	1,024,805	568,990	13,502,024
2018	7,121,331	5,193,118	466,279 *	1,147,972 *	13,928,700
2019	7,539,195	5,545,354	384,976	1,166,886	14,636,411

\*In FY2018 Pacificorp began paying Energy Use Tax instead of Franchise Tax.

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# FARMINGTON CITY CORPORATION

## Fund Balances of Governmental Funds

### Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General fund</b>										
Restricted	\$ 36,395	\$ 87,877	\$ 84,540	\$ 136,274	\$ 17,150	\$ 36,128	\$ 14,015	\$ 208,366	\$ 139,481	\$ 153,929
Assigned	75,569	80,991	87,697	90,750	105,403	104,486	104,564	103,802	106,488	104,049
Unassigned	1,162,445	1,670,962	959,059	1,332,506	1,469,355	1,792,672	2,409,656	3,044,384	2,640,670	2,721,687
<b>Total general fund</b>	<b>\$ 1,274,409</b>	<b>\$ 1,839,830</b>	<b>\$ 1,131,296</b>	<b>\$ 1,559,530</b>	<b>\$ 1,591,908</b>	<b>\$ 1,933,286</b>	<b>\$ 2,528,235</b>	<b>\$ 3,356,552</b>	<b>\$ 2,886,639</b>	<b>\$ 2,979,665</b>
<b>All other governmental funds</b>										
Restricted for:										
Perpetual care	\$ 190,353	\$ 231,423	\$ 186,669	\$ 197,324	\$ 204,919	\$ 215,607	\$ 179,242	\$ 178,736	\$ 191,995	\$ 189,164
Debt service	544,037	598,448	134,876	140,557	115,282	86,792	51,906	63,555	76,165	78,129
Impact fees	700,938	1,253,228	1,593,875	1,929,892	1,719,184	2,548,475	2,566,266	4,266,365	4,608,855	3,946,280
Redevelopment	1,577,556	537,129	459,615	790,597	996,743	1,489,037	1,906,340	2,522,998	2,985,029	3,857,946
Assigned, reported in:										
Debt service funds	137,462	124,429	120,076	150,627	139,796	101,639	109,226	252,607	327,673	295,508
Capital projects funds	1,367,185	539,321	1,331,500	1,723,821	995,262	6,596,743	2,030,348	1,502,755	222,508	3,703,652
<b>Total all other governmental funds</b>	<b>\$ 4,517,531</b>	<b>\$ 3,283,978</b>	<b>\$ 3,826,611</b>	<b>\$ 4,932,818</b>	<b>\$ 4,171,186</b>	<b>\$ 11,038,293</b>	<b>\$ 6,843,328</b>	<b>\$ 8,787,016</b>	<b>\$ 8,412,225</b>	<b>\$ 12,070,679</b>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>										
Taxes	\$5,561,191	\$5,767,928	\$6,347,925	\$7,383,140	\$8,643,889	\$10,464,328	\$11,933,447	\$13,502,024	\$13,928,700	\$14,636,411
Special assessments	28,591	36,552	28,036	23,713	12,342	15,044	7,710	424	-	-
Leases	437,800	435,950	3,389	-	-	-	-	-	-	-
Licenses and permits	630,510	818,217	637,390	969,776	691,139	623,011	1,061,056	833,068	643,349	723,802
Intergovernmental	582,897	721,208	675,230	658,956	631,645	651,510	1,034,011	854,863	880,423	1,013,193
Grants	-	-	-	-	-	-	-	-	-	-
Charges for services	209,850	323,291	276,272	206,607	195,756	287,612	320,528	256,887	249,246	231,246
Impact fees	1,082,688	2,264,262	1,142,059	1,099,803	772,265	1,896,845	1,813,125	2,651,634	1,264,450	2,134,887
Fines and forfeitures	293,012	259,093	243,730	193,751	211,843	197,911	178,369	174,271	157,990	227,104
Interest	44,596	45,909	36,068	40,777	33,214	44,582	90,674	119,002	208,682	372,050
Net increase (decrease) in fair value of investments									(74,110)	
Miscellaneous revenue	172,019	167,954	236,967	172,554	171,207	160,798	210,681	207,795	293,453	243,409
Contributions	205,313	625,550	1,889,885	461,628	272,879	247,632	342,136	423,734	1,099,513	5,091,548
Total revenues	<u>9,248,467</u>	<u>11,465,914</u>	<u>11,516,951</u>	<u>11,210,705</u>	<u>11,636,179</u>	<u>14,589,273</u>	<u>16,991,737</u>	<u>19,023,702</u>	<u>18,651,696</u>	<u>24,673,650</u>
<b>EXPENDITURES</b>										
Current:										
General government	959,474	1,022,353	1,073,937	1,082,052	1,175,518	1,216,014	3,692,045	4,122,311	4,250,163	4,607,007
Public safety	2,166,346	2,124,323	2,360,421	2,458,063	2,766,223	2,934,178	3,231,391	3,456,560	3,841,272	4,058,711
Highways and public works	679,927	689,689	735,788	823,392	827,071	812,121	900,279	1,052,955	1,582,891	2,050,403
Community development	729,837	778,635	873,648	981,889	1,011,833	1,050,794	1,171,299	1,200,997	1,163,309	1,173,391
Economic development	-	-	-	-	-	-	350,000	-	185,329	355,619
Parks and cemetery	609,869	680,522	696,868	713,331	676,198	779,820	849,202	870,819	948,908	977,938
Capital outlay	7,811,657	4,862,462	3,567,400	2,245,506	7,563,033	5,667,386	11,784,469	3,191,947	7,516,155	5,719,048
Debt service:										
Principal retirement	1,246,081	1,272,630	4,162,576	917,153	1,464,622	966,529	1,436,872	1,497,825	1,356,243	1,559,874
Interest and fiscal charges	342,602	413,831	356,948	245,648	205,527	154,643	386,662	357,406	319,220	323,195
Bond issuance costs	101,500	-	65,230	-	-	-	-	-	-	-
Total expenditures	<u>14,647,293</u>	<u>11,844,445</u>	<u>13,892,816</u>	<u>9,467,034</u>	<u>15,690,025</u>	<u>13,581,485</u>	<u>23,802,219</u>	<u>15,750,820</u>	<u>21,163,490</u>	<u>20,825,186</u>
Excess (deficiency) revenues over (under) expenditures	(5,398,826)	(378,531)	(2,375,865)	1,743,671	(4,053,846)	1,007,788	(6,810,482)	3,272,882	(2,511,794)	3,848,464
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds of bonds	4,042,000	-	2,246,800	-	-	6,087,406	3,500,000	-	1,138,609	1,125,000
Insurance proceeds	-	-	87,983	-	-	-	-	-	-	-
Proceeds of capital leases	622,000	-	-	100,000	1,764,838	500,000	93,000	-	350,000	151,565
Proceeds from sale of fixed assets	1,296,404	17,645	18,478	24,208	1,948,450	48,518	157,199	132,412	157,682	92,105
Transfers in	2,139,084	1,396,560	4,316,863	1,845,584	2,278,275	1,528,292	1,979,713	1,777,284	2,340,359	1,402,754
Transfers (out)	(2,079,737)	(1,703,809)	(4,460,161)	(2,179,020)	(2,666,969)	(1,963,519)	(2,519,446)	(2,376,639)	(3,051,851)	(2,136,116)
Total other financing sources (uses)	<u>6,019,751</u>	<u>(289,604)</u>	<u>2,209,963</u>	<u>(209,228)</u>	<u>3,324,594</u>	<u>6,200,697</u>	<u>3,210,466</u>	<u>(466,943)</u>	<u>934,799</u>	<u>635,308</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	620,925	(668,135)	(165,902)	1,534,443	(729,252)	7,208,485	(3,600,016)	2,805,939	(1,576,995)	4,483,772
Fund balances - beginning of year	5,171,015	5,791,940	5,123,805	4,957,903	6,492,346	5,763,094	12,971,579	9,371,563	12,143,568	10,566,572
Fund balances - end of year	<u>\$5,791,940</u>	<u>\$5,123,805</u>	<u>\$4,957,903</u>	<u>\$6,492,346</u>	<u>\$5,763,094</u>	<u>\$12,971,579</u>	<u>\$ 9,371,563</u>	<u>\$12,177,502</u>	<u>\$10,566,573</u>	<u>\$15,050,344</u>
Debt service as a percentage of noncapital expenditures	22.27%	20.89%	42.27%	14.78%	16.38%	9.84%	14.24%	14.21%	14.17%	13.27%



# FARMINGTON CITY CORPORATION

## General Governmental Tax Revenue by Source

### Last Ten Fiscal Years

(modified accrual basis of accounting)

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Fiscal Year	General Property Tax	Sales Tax	Franchise Tax	Energy Use Tax	Total Tax Revenue
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	465,901	10,464,628
2016	6,112,989	4,279,181	1,046,073	495,204	11,933,447
2017	6,751,489	5,156,740	1,024,805	568,990	13,502,024
2018	7,121,331	5,193,118	466,279 *	1,147,972 *	13,928,700
2019	7,539,195	5,545,354	384,976	1,166,886	14,636,411

Includes General, Special Revenue, and Debt Service Funds.

\*In FY2018 Pacificorp began paying Energy Use Tax instead of Franchise Tax.

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**Farmington City Corporation**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property <sup>1</sup>		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
	Residential Property (in thousands)	Commercial Property (in thousands)					
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%	2,149,738	63.57%
2015-16	1,087,545	317,368	53,494	1,458,407	0.2226%	2,280,134	63.96%
2016-17	1,186,135	361,424	54,283	1,601,842	0.2132%	2,501,066	64.05%
2017-18	1,326,261	401,153	79,828	1,807,242	0.1942%	2,817,193	64.15%
2018-19	1,389,467	555,118	77,630	2,022,296	0.1765%	3,471,783	58.25%

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

<sup>1</sup> 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**

Fiscal Year	Farmington			Overlapping Rates						Total Direct and Overlapping Rates	
	Operating Rate	Debt Service Rate	Total City Rate	Davis County			Davis County School District				Total Special Districts <sup>1</sup>
				Operating Rate	Debt Service Rate	Total County Rate	Operating Rate	Debt Service Rate	Total School Rate		
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%
2016	0.1542%	0.0684%	0.2226%	0.2043%	0.0110%	0.2153%	0.5984%	0.2571%	0.8555%	0.1328%	1.4262%
2017	0.1466%	0.0666%	0.2132%	0.1938%	0.0076%	0.2014%	0.5710%	0.2415%	0.8125%	0.1264%	1.3535%
2018	0.1343%	0.0599%	0.1942%	0.2141%	0.0069%	0.2210%	0.5290%	0.2285%	0.7575%	0.1223%	1.2950%
2019	0.1234%	0.0531%	0.1765%	0.1984%	0.0062%	0.2046%	0.5132%	0.2569%	0.7701%	0.1135%	1.2647%

Source: Utah State Tax Commission

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

<sup>1</sup> 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 in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009-10	2,072,825	1,953,806	94.26 %	119,019	2,072,825	100.00 %
2010-11	2,100,558	1,988,518	94.67 %	112,040	2,100,558	100.00 %
2011-12	2,195,140	2,165,928	98.67 %	29,163	2,195,091	100.00 %
2012-13	2,211,848	2,114,502	95.60 %	97,346	2,211,848	100.00 %
2013-14	2,342,310	2,324,238	99.23 %	17,263	2,341,501	99.97 %
2014-15	2,803,082	2,639,384	94.16 %	160,135	2,799,519	99.87 %
2015-16	3,241,117	3,226,239	99.54 %	15,090	3,241,329	100.01 %
2016-17	3,420,230	3,322,762	97.15 %	21,708	3,344,470	97.78 %
2017-18	3,523,536	3,414,682	96.91 %	-	3,414,682	96.91 %
2018-19	3,583,093	3,448,995	96.26 %	-	3,448,995	96.26 %

Source: Davis County Auditor's Office

**FARMINGTON CITY CORPORATION**  
**Principal Taxpayers**  
**Current Year and Ten Years Ago**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Station Park Centercal LLC	\$ 244,344,824	1	12.08%	\$ 14,283,044	2	1.38%
Lagoon Investment Company	60,457,907	2	2.99%	\$ 24,385,238	1	2.36%
Covey Park Lane LLC	27,421,616	3	1.36%			
Pacificorp	19,493,970	4	0.96%	5,937,768	4	0.57%
SLC Pipeline LLC	15,754,853	5	0.78%			
Avanti Farmington LLC	14,319,252	6	0.71%			
AW Development LLC	11,165,200	7	0.55%			
SN Farmington (was Cabelas Wholesale Inc.)	10,489,243	8	0.52%			
Questar Gas	7,047,240	9	0.35%			
Smiths Food King Properties	6,304,759	10	0.31%	6,908,694	3	0.67%
Oakridge Golf & Country				5,889,850	5	0.57%
Ivy Properties LLC				4,440,910	7	0.43%
QWest Communication				4,949,361	6	0.48%
Boyer Wheeler Farm				4,074,486	8	0.39%
Plumber, Debora D				3,382,426	9	0.33%
Cal-Wai Properties				3,357,252	10	0.32%
JSA Properties & Management, LLC						
Totals	<u>\$ 416,798,864</u>		<u>20.61%</u>	<u>\$ 77,609,029</u>		<u>7.50%</u>

Sources: Davis County Auditor's Office

**FARMINGTON CITY CORPORATION**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Capital Leases			
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	0.0492%	300.77
2014-15	8,602,506	978,000	37,000	2,029,837	-	96,680	11,569,011	0.0863%	538.54
2015-16	8,063,582	3,878,000	-	1,855,965	-	48,746	13,846,293	0.0979%	623.31
2016-17	7,444,658	3,284,000	-	1,565,140	-	-	12,293,798	0.0802%	536.07
2017-18	6,803,734	4,039,000	-	1,582,500	-	-	12,425,234	N/A	N/A
2018-19	6,083,000	4,615,000	-	1,336,753	-	117,717	12,152,470	N/A	N/A

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 <sup>1</sup>	Total	Percentage of Estimated Actual Taxable Value <sup>2</sup> of Property	Per Capita <sup>3</sup>
2010	4,830,000	83,937	4,746,063	0.4586%	259.70
2011	4,435,000	57,454	4,377,546	0.4281%	236.76
2012	4,043,000	38,161	4,004,839	0.4066%	208.04
2013	3,562,000	38,161	3,523,839	0.3367%	173.59
2014	3,054,000	52,907	3,001,093	0.2563%	143.45
2015	8,602,506	47,115	8,555,391	0.6260%	398.26
2016	8,063,582	33,242	8,030,340	0.5506%	361.50
2017	7,444,658	43,262	7,401,396	0.4621%	322.74
2018	6,803,734	48,621	6,755,113	0.3738%	290.77
2019	6,083,000	49,826	6,033,174	0.2983%	259.69

<sup>1</sup> Externally restricted for payment of debt principal.

<sup>2</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

<sup>3</sup> Population data can be found in the Schedule of Demographic and Economic Statistics.

**FARMINGTON CITY CORPORATION**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2019**

<u>Name of Governmental Unit</u>	<u>2018 Taxable Value</u>	<u>City's Estimated Portion of Taxable Value</u>	<u>Percent Applicable to Farmington (c)</u>	<u>General Obligation Debt <sup>1</sup></u>	<u>Amount Applicable to Farmington</u>
State of Utah (a)	\$ 285,970,117,064	\$ 2,022,296,034	0.71%	\$ 2,145,560,000	<u>\$ 15,233,476</u>
Davis County School District	24,508,404,457	2,022,296,034	8.25%	539,425,000	44,502,563
Davis County	24,508,404,457	2,022,296,034	8.25%	539,425,000	44,502,563
Weber Basin Water Conservancy District	56,578,614,675	2,022,296,034	3.57%	12,725,000	<u>454,283</u>
Total overlapping debt (b)					89,459,408
Farmington City - direct (d)	2,022,296,034	2,022,296,034	100.00%	6,734,000	<u>6,734,000</u>
Total direct and overlapping					<u>\$ 96,193,408</u>

<sup>1</sup> 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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	68,962,640	67,837,360	73,190,800	67,675,880	73,326,620	94,158,560	91,205,360	100,042,640	112,687,720	138,871,320
Total net debt applicable to limit	4,746,063	4,377,546	4,004,839	3,508,966	3,001,093	8,380,379	8,030,340	7,401,396	6,755,113	6,033,174
Legal debt margin	<u>64,216,577</u>	<u>63,459,814</u>	<u>69,185,961</u>	<u>64,166,914</u>	<u>70,325,527</u>	<u>85,778,181</u>	<u>83,175,020</u>	<u>92,641,244</u>	<u>105,932,607</u>	<u>132,838,146</u>
Total net debt applicable to the limit as a percentage of debt limit	6.88%	6.45%	5.47%	5.18%	4.09%	8.90%	8.80%	7.40%	5.99%	4.34%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Total Estimated Actual Value (in thousands) \$ 3,471,783

Debt limit - 4% of total actual value 138,871,320

Total amount of net debt applicable to  
debt limit 6,033,174

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

Legal debt margin \$ 132,838,146

**FARMINGTON CITY CORPORATION**  
**Pledged Revenue Bond Coverage**  
**Last Ten Fiscal Years**

**Water and Storm Sewer Revenue Bonds**

Fiscal Year	Gross Revenue <sup>1</sup>	Direct Operating Expenses <sup>2</sup>	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2016	2,774,502	2,100,621	673,881	-	-	-	N/A
2017	2,913,234	2,308,364	604,870	-	-	-	N/A
2018	3,009,082	2,383,011	626,071	-	-	-	N/A
2019	3,159,922	2,272,931	886,991	-	-	-	N/A

**Special Assessment Bonds**

Fiscal Year	Special Assessment Collections	Debt Service Requirements			Coverage
		Principal	Interest	Total	
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
2016	7,710	37,000	1,536	38,536	0.20
2017	424	-	-	-	N/A
2018	-	-	-	-	N/A
2019	-	-	-	-	N/A

<sup>1</sup> Includes operating and non-operating revenues.

<sup>2</sup> Includes operating and non-operating expenses excluding depreciation.

<sup>3</sup> 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
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	37,073	29.3	4,550	4.3
2014	20,921	12,782,159	38,163	29.3	4,610	3.4
2015	21,482	13,410,934	39,941	29.3	4,742	3.0
2016	22,214	14,149,468	41,339	29.3	4,995	3.4
2017	22,933	15,333,000	44,106	29.3	5,851	3.1
2018	23,232	16,279,515	46,286	29.2	6,064	2.9
2019	23,232	N/A	N/A	30.2	6,373	1.9

**Data Sources:**

Population: US Census Bureau for 2010 (2009 and 2011-18 is estimate for City of Farmington)

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

Per Capita Personal Income: US Bureau of Economic Analysis (Davis County)  
(Per capita personal income by county 2015-17)

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 - June 2019 Rate)

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

Employer	2018			2009		
	Estimated Number of Employees	Rank	Percentage of Total City Employment	Estimated Number of Employees	Rank	Percentage of Total City Employment
Davis County School District	7000-9999	1	N/A	800-1500	1	N/A
Lagoon Corporation	1000-1999	2	N/A	250-500	3	N/A
Davis County	500-999	3	N/A	400-600	2	N/A
University of Utah Farmington Health	500-999	4	N/A			
Pluralsight	500-999	5	N/A			
Smiths Food and Drug	100-249	6	N/A	50-99	6	N/A
Thomasarts Holding, Inc.	100-249	7	N/A	50-99	9	
Cabela's	100-249	8	N/A	100-249	5	N/A
Farmington City	100-249	9	N/A	20-49		N/A
Harmons	100-249	10	N/A			
Cornerstone Programs Corporation				100-249	4	N/A
Oakridge Country Club				50-99	7	N/A
Northwest Sales Co.				50-99	8	N/A
State of Utah				50-99	10	N/A

Source: [www.jobs.utah.gov](http://www.jobs.utah.gov)

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**

<b>Function</b>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government	6.5	6.5	7.5	7.5	7.5	7	7	7	7	8
Public Safety										
Police										
Officers	13	13	14	14	16	16	17	17	21	21
Civilians	3	3	3	3	3	3	3	3	3	3
Fire										
Firefighters & Officers	22	22	22	22	24	22	18	25	25	17
Civilians	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0
Highways and Streets										
Maintenance	4	4	4	4.5	4.5	5.0	6.5	8	8	8
Sanitation	1	1	1	1	1	1	1	1	1	1
Community Development	7	7	7	7	7	8	7.5	8	8	10
Parks & Cemetery	3	4	4	5	5	6	6.5	6	7	7
Water	7	7	7	7	7	7	7	7	8	7
Sewer	1	1	1	1	1	1	1	1	1	1
Storm Water	2	2	2	2	2	2	3	3	3	2
Recreation	5	5	5	5	6	7	6.5	6.5	6.5	9.0
Total Employees	<u>75.0</u>	<u>76.0</u>	<u>78.0</u>	<u>79.5</u>	<u>84.5</u>	<u>84.0</u>	<u>84.5</u>	<u>93.0</u>	<u>99.0</u>	<u>94.5</u>

Data source: Farmington City finance department

**FARMINGTON CITY CORPORATION**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Recreation and culture										
Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes	76,500	76,800	76,800	76,800	76,800	76,800	76,800	76,800	76,800	83,999
Youth in recreation program	4,342	4,829	5,001	6,544	6,768	6,681	8,767	8,825	11,649	11,430
Public works										
Building permits issued	284	133	162	265	139	127	330	211	87	65
Water										
Utility customers	4,723	4,893	4,937	5,207	5,280	5,412	5,590	5,824	5,959	6,031
Average daily consumption	1,175,652	1,295,047	1,193,559	1,199,504	1,159,732	1,234,358	1,256,055	1,382,831	1,385,981	1,353,068

Data source: Farmington City finance department or various City departments

# FARMINGTON CITY CORPORATION

## Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	89	87	88	88	88	88	89	97.5	98.0	98.5
Streetlights	918	940	940	940	940	950	968	976	984	1,002
Traffic Signals*										7
Recreation										
Parks acreage	73	83	83	83	83	83	88	88	88	113
Parks	11	14	14	14	14	14	14	14	14	13
Boweries	13	14	14	14	14	14	14	14	15	10
Tennis courts	8	8	8	8	8	8	8	8	8	8
Pickleball courts										8
Soccer fields	14	14	14	14	14	14	14	14	14	17
Baseball/Softball diamonds	6	3	3	3	3	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
Gymnasium	-	-	-	-	-	-	1	1	1	1
Water										
Water mains (miles)	103	105	107	107	108	110	116	117	118	118
Fire hydrants	1,196	1,241	1,254	1,274	1,292	1,340	1,413	1,413	1,418	1,422
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)	1,176	1,295	1,194	1,200	1,159	1,234	1,256	1,382	1,385	1,353

Data sources: Various City departments

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

## **OTHER REPORTS**

**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, 2019, which collectively comprise Farmington City's basic financial statements and have issued our report thereon dated November 4, 2019.

***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.

### ***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 4, 2019.

### ***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.

*Wright & Associates, P.C.*

Ogden, Utah  
December 10, 2019

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

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

**Report on Compliance**

We have audited Farmington City Corporation's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Farmington City Corporation for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes
- Open and Public Meetings Act
- Treasurer's Bond
- Enterprise Fund Transfers, Reimbursements, Loans, and Services

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on Farmington City Corporation'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 Corporation occurred. An audit includes examining, on a test basis, evidence about Farmington City Corporation'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. However, our audit does not provide a legal determination of Farmington City Corporation's compliance.

### ***Opinion on Compliance***

In our opinion, Farmington City Corporation complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guid.*

Farmington City Corporation's response to the noncompliance findings indentified in our audit is described in the accompanying schedule of findings. Farmington City Corporation'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 Corporation is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Farmington City Corporation's internal control over compliance with the compliance requirements that could have a direct and material effect on Farmington City Corporation 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 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 Corporation's internal control over compliance.

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

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

*Purpose of Report*

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

*Wright & Associates, P.C.*

Ogden, Utah

December 10, 2019