



SMITHFIELD CITY CORPORATION
96 South Main
Smithfield, UT 84335

AGENDA

Public Notice is given that the Smithfield City Council will meet in a regularly scheduled meeting at 96 South Main, Smithfield, Utah, on **Wednesday, December 10, 2025**. The meeting will begin at 6:30 PM.

Welcome/pledge of allegiance and thought/prayer by Mayor Monson

1. Approval of the city council meeting minutes from November 17, 2025.
2. Public comment on items not on the agenda or agenda items not requiring a public hearing during the council meeting.
3. Recognition of Bob Holbrook for years of dedicated service on the Planning Commission.
4. Recognition of Jamie Anderson for years of dedicated service on the Planning Commission.
5. Discussion and possible approval of Michael Beckstead as a member of the Smithfield City Planning Commission effective January 1, 2026.
6. Discussion and possible approval of Robert Felshaw as a member of the Smithfield City Planning Commission effective January 1, 2026.
7. Discussion and possible approval of Haley Lister as a member of the Smithfield City Tree Committee.
8. Discussion and possible approval of Nick Reithel as a member of the Smithfield City Tree Committee.
9. Audit presentation for Fiscal Year 2025, which is the period of July 1, 2024, through June 30, 2025, by representatives of Richey May formerly known as Allred Jackson.
10. Discussion and possible vote on Ordinance 2025-24, an Ordinance rezoning Cache County Parcel Number 08-080-0008 from R-1-10 PUD (Single Family Residential 10,000 Square Feet Planned Unit Development Overlay Zone) to R-1-10 PUD (Single Family Residential 10,000 Square Feet Planned Unit Development Overlay Zone). The parcel is approximately 1.74 acres and is

located at approximately 370 North 250 West. The request was submitted by Jesse Vega.

11. Discussion and possible vote on Ordinance 2025-23, an Ordinance amending the Smithfield City Municipal Code Title 16 “Subdivision Regulations”, Chapter 16.04 “General Provisions”, Section 16.04.060 “Compliance Required”.
12. Discussion and possible vote on Ordinance 2025-22, an Ordinance amending the Smithfield City Construction & Design Standards, Part I “Design Standards”, Chapter 2.0 “Street Design”, Section 2.1 “General”.
13. Discussion and possible vote on Ordinance 2025-21, an Ordinance amending the Smithfield City Municipal Code Title 5 “Business Licenses and Regulations”, adding Chapter 5.34 “Firearms & Ammunition” and Section 5.34.010 “Business License”, and amending Title 17 “Zoning Regulations”, Chapter 17.120 “Use Matrix Table”, Section 17.120.010 “Use Allowance Matrix”.
14. Discussion and possible approval of the Water Use & Preservation Plan as part of the General Plan.
15. Public Hearing for the purpose of discussing Ordinance 2025-30, an Ordinance amending the Smithfield City Municipal Code Title 8 “Health and Safety”, Chapter 8.08 “Fire Code”, adding in its entirety Section 8.08.070 “International Wildland-Urban Interface Code (WUIC)”.
16. Discussion and possible vote on Ordinance 2025-30.
17. Public Hearing for the purpose of discussing Ordinance 2025-29, an Ordinance amending Chapter 3.20, Municipal Impact Fees by modifying the Wastewater (Sewer) Collection Impact Fee.
18. Discussion and possible vote on Ordinance 2025-29.
19. Public Hearing for the purpose of discussing Ordinance 2025-28, an Ordinance enacting compensation increases for specific officers.
20. Discussion and possible vote on Ordinance 2025-28.
21. Public Hearing for the purpose of discussing Resolution 2025-12, a Resolution amending the Fiscal Year 2026 Budget which is the period of July 1, 2025, through June 30, 2026.
22. Discussion and possible vote on Resolution 2025-12.
23. City Manager Report

RAPZ Tax Applications - 2026

24. Council Member and Mayor Reports
 25. Closing thoughts and remarks by Mayor Monson, Sue Hyer and Wade Campbell
- Adjournment

*****Items on the agenda may be considered earlier than shown on the agenda.*****

In accordance with the Americans with Disabilities Act, individuals needing special accommodation for this meeting should contact the City Recorder at (435) 792-7997, at least three (3) days before the date of the meeting.

The meeting will be streamed at the following link: [YouTube Channel](#) or <https://www.youtube.com/@smithfieldutah/streams>

RICHEY MAY



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

**Richey, May & Co., LLP
50 East 2500 North, # 200
North Logan, UT 84341
(435) 752-6441
richeymay.com**

SMITHFIELD CITY
Table of Contents

Introductory Section

Letter of transmittal 3

Financial Section

Independent auditor’s report..... 7

Management’s discussion and analysis 11

Basic financial statements:

Statement of net position..... 23

Statement of activities 25

Balance sheet – governmental funds 26

Reconciliation of the governmental funds balance sheet to the statement of net position... 28

Statement of revenues, expenditures and changes in fund balances – governmental funds 29

Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities..... 31

Schedule of revenues, expenditures, and changes in fund balance - budget and actual – general fund..... 32

Statement of net position – proprietary funds 33

Statement of revenues, expenses and changes in fund net position – proprietary funds 35

Statement of cash flows – proprietary funds..... 37

Notes to the financial statements 40

SMITHFIELD CITY
Table of Contents

Continued

Required Supplementary Information

Schedule of the proportionate share of the net pension liability..... 73

Schedule of contributions 75

Notes to the required supplementary information 78

Other Reports

Independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *government auditing standards* 81

Independent auditor’s report on compliance and report on internal control over compliance as required by the *state compliance audit guide* 83

Schedules of State Findings and Recommendations

Schedule of state compliance findings and recommendations – current year 89

Schedule of state compliance findings and recommendations – prior year..... 90

INTRODUCTORY SECTION

This page intentionally left blank.

SMITHFIELD CITY CORPORATION

96 South Main Street - P.O. Box 96

Smithfield, Utah 84335

Phone (435) 563-6226

www.smithfieldutah.gov

OFFICIALS

KRIS MONSON
MAYOR

JUSTIN B. LEWIS
CITY MANAGER

JODIE B. MACK
CITY TREASURER

DANA LAZCANOTEGUI
CITY RECORDER

COUNCIL MEMBERS

WADE C. CAMPBELL

SUE HYER

TODD ORME

JENN STAKER

October 14, 2025

Smithfield City Council
Smithfield, Utah

Council:

It is with great pleasure that the financial statements for Smithfield City (“City”) for the year ended June 30, 2025, are presented.

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. These financial statements are hereby issued and submitted to you for the fiscal year ended June 30, 2025, in accordance with these requirements.

This report consists of management’s representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the City’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City’s internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. This internal control structure is subject to periodic evaluation by management. To the best of management’s knowledge and belief, this financial report is complete and reliable in all material respects.



The City's financial statements have been audited by Richey, May & Co., LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Smithfield City for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The financial reporting entity includes all funds of the primary government (i.e., Smithfield City, as legally defined).

I wish to express my appreciation to all members of the City who assisted and contributed to the preparation of this report.

Respectfully submitted,

Mayor Kristi Monson
Smithfield City

FINANCIAL SECTION

This page intentionally left blank.

INDEPENDENT AUDITOR’S REPORT

To the Mayor and City Council
Smithfield City
Smithfield, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Smithfield City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Smithfield City’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Smithfield City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Smithfield City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

Report on Summarized Comparative Information

We have previously audited Smithfield City’s 2024 financial statements, and we expressed an unmodified opinion on the respective financial statements in our report dated October 2, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ending June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Smithfield City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Smithfield City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Smithfield City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Management is responsible for the other information included in this report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025, on our consideration of Smithfield 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 solely 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 the effectiveness of 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 Smithfield City's internal control over financial reporting and compliance.



Richey, May & Co., LLP
North Logan, UT
October 14, 2025

This page intentionally left blank.

SMITHFIELD CITY
Management's Discussion and Analysis

For the Year Ended June 30, 2025

As management of Smithfield City, we offer readers of Smithfield City's (the "City") financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The total net position of Smithfield City was \$102,213,241. Of this amount, \$61,246,715 consisted of capital assets, net of any related debt and \$8,470,856 of restricted net position. As such, the City has \$12,040,844 of unrestricted governmental net position and \$20,454,826 of unrestricted business-type net position.
- The long-term debt of the City decreased \$119,385. The decrease in long-term liabilities was primarily the result of the City's repayment of debt principal. Changes in long-term debt included principal debt repayments of \$95,000, and a decrease in the compensated absences accrual of \$24,385.
- The City operated its governmental activities as planned.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, consisting of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide a broad overview of the City's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of Smithfield City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Smithfield City is improving or deteriorating. However, users should also consider other nonfinancial factors when evaluating the financial statements of the City.
- The Statement of Activities presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements distinguish functions of Smithfield City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 23 - 25 of this report.

SMITHFIELD CITY Management's Discussion and Analysis

Continued

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Smithfield City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- Governmental Funds – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on the flow of resources and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services provided. Governmental fund information helps users determine whether there are more or fewer financial resources available to spend in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation included with the fund financial statements. The major governmental funds are the General Fund and Capital Improvements Fund.
- Proprietary Funds – The City uses enterprise funds to account for proprietary fund activity, which includes water utility, sewer, storm sewer, and solid waste. The funds are reported using the same method as the Statement of Activities. Each of these enterprise funds meets the criteria for major fund classification.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated previously, net position may serve over time as a useful indicator of a government's financial position. In the case of Smithfield City, assets exceeded liabilities by \$102,213,241.

The largest portion of Smithfield City's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SMITHFIELD CITY
Management's Discussion and Analysis

Continued

The following table summarizes the City's net position as of June 30, 2025:

| | Governmental Activities | | Business-type Activities | |
|--|-------------------------|----------------------|--------------------------|----------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Current and other assets | \$ 23,870,908 | \$ 20,601,021 | \$ 25,229,220 | \$ 19,535,807 |
| Capital and right-of-use assets | 34,170,909 | 32,468,546 | 28,808,372 | 26,202,250 |
| Pension asset | 33,010 | 81,834 | 8,776 | 23,081 |
| Deferred outflow of resources | 996,337 | 926,897 | 264,850 | 261,433 |
| Total assets and deferred outflow of resources | <u>59,071,164</u> | <u>54,078,298</u> | <u>54,311,218</u> | <u>46,022,571</u> |
| Long-term debt and leases outstanding | 1,732,566 | 1,958,636 | - | - |
| Other liabilities | 6,060,840 | 4,966,086 | 1,264,594 | 1,027,144 |
| Deferred inflow of resources | 2,105,660 | 1,903,043 | 5,481 | 3,923 |
| Total liabilities and deferred inflow of resources | <u>9,899,066</u> | <u>8,827,765</u> | <u>1,270,075</u> | <u>1,031,067</u> |
| Net position: | | | | |
| Net investment in capital assets | 32,438,343 | 30,512,543 | 28,808,372 | 26,202,250 |
| Restricted for debt and capital improvements | 4,692,911 | 4,490,710 | 3,777,945 | 2,562,563 |
| Unrestricted | 12,040,844 | 10,247,280 | 20,454,826 | 16,226,691 |
| Total net position | <u>\$ 49,172,098</u> | <u>\$ 45,250,533</u> | <u>\$ 53,041,143</u> | <u>\$ 44,991,504</u> |

SMITHFIELD CITY
Management's Discussion and Analysis

Continued

Governmental activities increased Smithfield City's net position by \$3,921,565 and business-type activities increased net position by \$8,049,639. The elements of these increases for the fiscal year ended June 30, 2025 were as follows:

| | Governmental Activities | | Business-type Activities | |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 6,484,805 | \$ 5,606,564 | \$ 9,824,339 | \$ 9,256,963 |
| Operating grants & contributions | 935,762 | 1,116,134 | - | - |
| Capital grants & contributions | 2,191,467 | 1,952,888 | 4,947,803 | 3,060,190 |
| General revenues: | | | | |
| Property taxes | 2,049,485 | 1,886,895 | - | - |
| Other taxes | 4,514,818 | 4,425,361 | - | - |
| Investment income | 1,370,663 | 1,244,270 | 419,539 | 427,727 |
| Other revenues | 42,611 | 4,417 | - | - |
| Total revenues | <u>\$ 17,589,611</u> | <u>\$ 16,236,529</u> | <u>\$ 15,191,681</u> | <u>\$ 12,744,880</u> |

SMITHFIELD CITY
Management's Discussion and Analysis

Continued

Continued from previous page:

| | Governmental Activities | | Business-type Activities | |
|---------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Expenses: | | | | |
| General government | \$ 873,846 | \$ 885,094 | \$ - | \$ - |
| Public safety | 5,302,909 | 4,438,595 | - | - |
| Highways/public improvements | 2,014,220 | 2,525,510 | - | - |
| Parks & recreation | 4,969,240 | 4,203,829 | - | - |
| Library | 486,972 | 452,921 | - | - |
| Interest on long-term debt | 20,859 | 29,227 | - | - |
| Water | - | - | 2,181,870 | 1,978,544 |
| Sewer | - | - | 3,018,075 | 2,959,155 |
| Storm sewer | - | - | 540,060 | 585,597 |
| Solid Waste | - | - | 1,402,037 | 1,459,455 |
| Total expenses | <u>13,668,046</u> | <u>12,535,176</u> | <u>7,142,042</u> | <u>6,982,751</u> |
| Net change in net position | 3,921,565 | 3,701,353 | 8,049,639 | 5,762,129 |
| Net position, beginning of year | <u>45,250,533</u> | <u>41,549,180</u> | <u>44,991,504</u> | <u>39,229,375</u> |
| Net position, end of year | <u><u>\$ 49,172,098</u></u> | <u><u>\$ 45,250,533</u></u> | <u><u>\$ 53,041,143</u></u> | <u><u>\$ 44,991,504</u></u> |

SMITHFIELD CITY
Management's Discussion and Analysis

Continued

FINANCIAL ANALYSIS OF 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.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$16,667,143 compared to \$14,585,455 as of June 30, 2024. Of this total amount, \$11,863,937 constitutes unreserved fund balance (committed, assigned and unassigned), which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or is non-spendable.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,866,980, while the total fund balance reached \$10,670,186. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The fund balance represents 69 percent of total General Fund expenditures.

As stated previously, the City maintains enterprise funds to account for the business-type activities of the City. Information regarding these activities can be found in the government-wide financial statements but is also reported in greater detail in the separate fund financial statements included within this report.

Unrestricted net position of the Water, Sewer, Storm Sewer, and Solid Waste funds at the end of the year amounted to \$20,454,826. Revenues and expenditures from normal operations increased due to growth from construction and new housing.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was amended twice during the fiscal year. There were increases for property tax, sales tax, energy tax, fee in lieu of tax, mass transit tax, Class "C" Road funds, RTIF (Rural Transportation Investment Fund) tax and local road tax. There was a decrease to franchise tax. Several grants were received including: RAPZ for three different areas, JAG for policy, safety equipment for public works, police early intervention for police, protect & serve for police, BEMS for the fire department, Utah Fire Dept Grant for the fire department, Per Capita Grant for the fire department and CLEF for the library. Interest earnings were strong and showed a substantial increase. Building remained strong and showed increases in zoning and subdivision fees. Burials and grave plot purchases were once again above projected amounts. A surplus sale was held to sell surplus equipment. Donations were received by the police department, library, and historical preservation commission. Wildland fire income was substantial for the fiscal year. Projects included the continued renovation of the Douglass Mercantile building which will be a history museum long term. Two large land purchases were made. Approximately 11.71 acres was purchased on Crow Mountain Road and approximately 4.55 acres was purchased in the area of

**SMITHFIELD CITY
Management's Discussion and Analysis**

Continued

GENERAL FUND BUDGETARY HIGHLIGHTS - *continued*

North 400 West. The process of updating the General Plan continued and will be finalized in Fiscal Year 2026. The Rec Center and Birch Creek Golf Course revenues were substantially higher than original projections. The Arts Council continues to grow and add additional activities for the residents to enjoy. A new additional full-time patrol police officer was hired. One of the trucks on lease for the police department was paid off early. Additional funds were allocated for the continued replacement of old sections of sidewalk and the addition of new sidewalk to tie areas together. Funds earned by the fire department from fighting wildland fires were reinvested in the fire department by purchasing new equipment such as ambulance vehicles. The old ambulance box will be placed on a new cab and chassis truck. Additional funds were allocated for equipment purchases at the golf course.

Capital Asset and Debt Administration

Smithfield City's investment in capital and right-of-use assets for its governmental and proprietary fund activities as of June 30, 2025 amounts to \$62,979,281 (net of accumulated depreciation and amortization). The investments in capital assets include land, buildings and improvements, system improvements, vehicles and equipment, infrastructure, and water rights. There was a total increase in the City's investment in fixed assets for the current year of \$4,308,485. Major capital asset events during the current fiscal year including improvements to new subdivisions were as follows:

- Land \$1,580,588
- Road, sidewalk and infrastructure 1,402,840
- Sewer line improvements 1,699,757
- Water line improvements 1,482,559
- Storm sewer improvements 78,487
- Buildings and improvements 454,943
- Vehicles and equipment 1,197,432

| | Governmental Activities | Business-type Activities | Total |
|----------------------------|----------------------------|-----------------------------|----------------------|
| Land | \$ 9,072,230 | \$ 319,268 | \$ 9,391,498 |
| Buildings and improvements | 16,658,629 | 1,582,005 | 18,240,634 |
| System improvements | - | 42,086,734 | 42,086,734 |
| Vehicles and equipment | 8,348,107 | 2,296,675 | 10,644,782 |
| Infrastructure | 27,244,315 | - | 27,244,315 |
| Water rights | - | 309,595 | 309,595 |
| Construction in progress | - | 107,723 | 107,723 |
| Accumulated depreciation | (27,237,291) | (17,893,628) | (45,130,919) |
| Total capital assets | <u>\$ 34,085,990</u> | <u>\$ 28,808,372</u> | <u>\$ 62,894,362</u> |
| Right-of-use assets | <u>\$ 84,919</u> | <u>\$ -</u> | <u>\$ 84,919</u> |

**SMITHFIELD CITY
Management’s Discussion and Analysis**

Continued

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,407,000 which consisted of debt that is secured by specific revenue sources (i.e. revenue bonds).

During the current fiscal year, the City's total bonded debt decreased by \$95,000 due to regular payments made.

| | Governmental Activities | Business-type Activities | Total |
|----------------------|----------------------------|-----------------------------|--------------|
| Revenue bonds | \$ 1,407,000 | \$ - | \$ 1,407,000 |
| Lease liabilities | 86,513 | - | 86,513 |
| Compensated absences | 239,053 | - | 239,053 |

Additional information on the City's long-term debt (including financing leases and compensated absences) can be found in the footnotes to this financial report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET IMPACT

Revenues in all almost all funds were higher than projected. Almost all grants and impact fees are not budgeted for until received. Building continues at a substantial pace, so a large amount of impact fees were collected and utility revenue is increasing as more buildings are completed, and the buildings are occupied. Park impact fees were utilized to purchase land which will be the future home of the Tuveson Park on Crow Mountain Road. Land was purchased in the area of 400 North 400 West with the long-term intent of connecting 400 North and 440 North. Engineering continued for the future construction of a three-million-gallon water tank and the replacement of the 100 plus year old waterline in Smithfield Canyon. Construction of the new water tank will start in Fiscal Year 2026. Once final studies are completed on the spring line replacement the engineering can be completed. Engineering continued on the 1000 South Main storm water pipe and retention pond project. The City is working with the Army Corp of Engineers on the required wetland delineation which will be required for the retention pond. Once this is determined the plans can be finalized. The General Plan update will be completed in Fiscal Year 2026 and once it is completed the Transportation Plan can be finalized as well. Impact fee studies have been completed or are in the process of being completed for storm water, culinary water, sewer collection and parks. A property tax increase was approved for Fiscal Year 2026 to help pay for tree trimming in park strips throughout certain areas in the city. Bridge widening projects at 400 West Center and 800 West Center will be completed in Fiscal Year 2026. Effective July 1, 2025, the monthly central dispatch fee increased from \$3.00 per month to \$3.30 per month. This is a fee which is passed along to Logan City for dispatch and emergency services. Long-term plans need to be made for the maintenance and upkeep of existing city buildings. Only a small amount of funds has been allocated yearly for maintenance and repair and all of the buildings are aging and will require significant improvements, repairs and maintenance long term. Several water infrastructure projects were completed in Fiscal Year 2025 and more will be completed in Fiscal Year 2026 including the addition of a booster station at approximately 400 North 400 East.

SMITHFIELD CITY
Management's Discussion and Analysis

Continued

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of Smithfield City's finances for all those with an interest in the City's financials. Questions concerning any information provided in this report or request for additional information should be addressed to Smithfield City Manager, P.O. Box 96, Smithfield, Utah, 84335.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

SMITHFIELD CITY
Statement of Net Position

As of June 30, 2025

| | Governmental Activities | Business-type Activities | Total 2025 | Memorandum 2024 |
|---|----------------------------|-----------------------------|-----------------------|-----------------------|
| Assets | | | | |
| Cash and investments | \$ 12,277,413 | \$ 20,465,751 | \$ 32,743,164 | \$ 25,363,023 |
| Cash - restricted | 7,861,323 | 3,777,945 | 11,639,268 | 10,423,886 |
| Receivables - net | 3,621,877 | 952,355 | 4,574,232 | 4,143,512 |
| Prepaid expenses | - | 33,169 | 33,169 | 73,039 |
| Inventories | 110,295 | - | 110,295 | 133,368 |
| Total current assets | 23,870,908 | 25,229,220 | 49,100,128 | 40,136,828 |
| Capital assets | | | | |
| Land | 9,072,230 | 319,268 | 9,391,498 | 7,810,910 |
| Buildings and improvements | 16,658,629 | 1,582,005 | 18,240,634 | 17,785,691 |
| System improvements | - | 42,086,734 | 42,086,734 | 36,491,023 |
| Vehicles and equipment | 8,348,107 | 2,296,675 | 10,644,782 | 9,644,521 |
| Infrastructure | 27,244,315 | - | 27,244,315 | 25,841,475 |
| Water rights | - | 309,595 | 309,595 | 309,595 |
| Construction in progress | - | 107,723 | 107,723 | 2,184,804 |
| Accumulated depreciation | (27,237,291) | (17,893,628) | (45,130,919) | (41,587,788) |
| Right-of-use asset - vehicles | 84,919 | - | 84,919 | 190,565 |
| Pension asset | 33,010 | 8,776 | 41,786 | 104,915 |
| Total assets | 58,074,827 | 54,046,368 | 112,121,195 | 98,912,539 |
| Deferred outflow of resources - pensions | 996,337 | 264,850 | 1,261,187 | 1,188,330 |
| Total assets and deferred outflows | \$ 59,071,164 | \$ 54,311,218 | \$ 113,382,382 | \$ 100,100,869 |

See accompanying notes to the financial statements.

SMITHFIELD CITY
Statement of Net Position

Continued

| | Governmental Activities | Business-type Activities | Total 2025 | Memorandum 2024 |
|---|----------------------------|-----------------------------|-----------------------|----------------------|
| Liabilities and deferred inflows of resources | | | | |
| Accounts payable and accrued liabilities | \$ 935,954 | \$ 755,056 | \$ 1,691,010 | \$ 1,778,117 |
| Customer deposits | 4,167,811 | 440,229 | 4,608,040 | 3,404,254 |
| Internal balances | 146,232 | (146,232) | - | - |
| Lease liability - vehicles, current | 42,391 | - | 42,391 | 106,684 |
| Lease liability - vehicles, noncurrent | 44,122 | - | 44,122 | 86,514 |
| Net pension liability | 810,843 | 215,541 | 1,026,384 | 810,859 |
| Long-term debt payable, current | 216,527 | - | 216,527 | 358,488 |
| Bonds payable, noncurrent | 1,429,526 | - | 1,429,526 | 1,406,950 |
| Total liabilities | <u>7,793,406</u> | <u>1,264,594</u> | <u>9,058,000</u> | <u>7,951,866</u> |
| Deferred inflows of resources - pensions | 20,609 | 5,481 | 26,090 | 17,822 |
| Deferred inflows of resources - property taxes | 2,085,051 | - | 2,085,051 | 1,889,144 |
| Total liabilities and deferred inflows of resources | <u>9,899,066</u> | <u>1,270,075</u> | <u>11,169,141</u> | <u>9,858,832</u> |
| Net Position | | | | |
| Net investment in capital assets | 32,438,343 | 28,808,372 | 61,246,715 | 56,714,793 |
| Restricted for debt and capital improvements | 4,692,911 | 3,777,945 | 8,470,856 | 7,053,273 |
| Unrestricted | 12,040,844 | 20,454,826 | 32,495,670 | 26,473,971 |
| Total net position | <u>\$ 49,172,098</u> | <u>\$ 53,041,143</u> | <u>\$ 102,213,241</u> | <u>\$ 90,242,037</u> |

SMITHFIELD CITY
Statement of Activities

For the Year Ended June 30, 2025

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Memorandum 2024 |
|--------------------------------------|---------------------|-------------------------|--|--|--|-----------------------------|-----------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total 2025 | |
| Governmental activities: | | | | | | | | |
| General government | \$ 873,846 | \$ 416,462 | \$ 15,769 | \$ - | \$ (441,615) | \$ - | \$ (441,615) | \$ (319,226) |
| Public safety | 5,302,909 | 2,568,025 | 76,304 | 326,830 | (2,331,750) | - | (2,331,750) | (2,051,902) |
| Highways and public works | 2,014,220 | 81,703 | 830,723 | 1,594,275 | 492,481 | - | 492,481 | (190,790) |
| Parks and recreation | 4,969,240 | 3,407,965 | 1,144 | 270,362 | (1,289,769) | - | (1,289,769) | (868,163) |
| Library | 486,972 | 10,650 | 11,822 | - | (464,500) | - | (464,500) | (400,282) |
| Interest on long-term debt | 20,859 | - | - | - | (20,859) | - | (20,859) | (29,227) |
| Total governmental activities | <u>13,668,046</u> | <u>6,484,805</u> | <u>935,762</u> | <u>2,191,467</u> | <u>(4,056,012)</u> | <u>-</u> | <u>(4,056,012)</u> | <u>(3,859,590)</u> |
| Business-type activities: | | | | | | | | |
| Water Utility | 2,181,870 | 3,387,857 | - | 2,526,101 | - | 3,732,088 | 3,732,088 | 2,693,648 |
| Sewer | 3,018,075 | 3,615,565 | - | 1,554,343 | - | 2,151,833 | 2,151,833 | 1,608,051 |
| Storm sewer | 540,060 | 1,177,082 | - | 867,359 | - | 1,504,381 | 1,504,381 | 898,379 |
| Solid Waste | 1,402,037 | 1,643,835 | - | - | - | 241,798 | 241,798 | 134,324 |
| Total business-type activities | <u>\$ 7,142,042</u> | <u>\$ 9,824,339</u> | <u>\$ -</u> | <u>\$ 4,947,803</u> | <u>-</u> | <u>7,630,100</u> | <u>7,630,100</u> | <u>5,334,402</u> |
| General Revenues: | | | | | | | | |
| Property taxes | | | | | 2,049,485 | - | 2,049,485 | 1,886,895 |
| General sales and use tax | | | | | 3,032,219 | - | 3,032,219 | 2,922,143 |
| Other taxes | | | | | 1,482,599 | - | 1,482,599 | 1,503,218 |
| Unrestricted investment earnings | | | | | 1,370,663 | 419,539 | 1,790,202 | 1,671,997 |
| Gain (loss) on disposal of asset | | | | | 42,611 | - | 42,611 | 4,417 |
| Total general revenues and transfers | | | | | <u>7,977,577</u> | <u>419,539</u> | <u>8,397,116</u> | <u>7,988,670</u> |
| Change in net position | | | | | 3,921,565 | 8,049,639 | 11,971,204 | 9,463,482 |
| Net position, beginning | | | | | <u>45,250,533</u> | <u>44,991,504</u> | <u>90,242,037</u> | <u>80,778,555</u> |
| Net position, ending | | | | | <u>\$ 49,172,098</u> | <u>\$ 53,041,143</u> | <u>\$ 102,213,241</u> | <u>\$ 90,242,037</u> |

See accompanying notes to the financial statements.

SMITHFIELD CITY
Balance Sheet
Governmental Funds

As of June 30, 2025

| | General | Capital Improvements Fund | 2025 | Memorandum 2024 |
|---|----------------------|---------------------------------|----------------------|----------------------|
| Assets | | | | |
| Cash and investments | \$ 6,280,456 | \$ 5,996,957 | \$ 12,277,413 | \$ 9,247,041 |
| Restricted cash and investments | 7,861,323 | - | 7,861,323 | 7,861,323 |
| Receivables (net): | | | | |
| Property tax | 2,129,664 | - | 2,129,664 | 1,900,000 |
| Other taxes | 746,613 | - | 746,613 | 634,546 |
| Other | 745,600 | - | 745,600 | 784,873 |
| Prepaid expenses | - | - | - | 39,870 |
| Inventory | 110,295 | - | 110,295 | 133,368 |
| Total assets | \$ 17,873,951 | \$ 5,996,957 | \$ 23,870,908 | \$ 20,601,021 |
| Liabilities and deferred inflow of resources | | | | |
| Accounts payable and accrued liabilities | \$ 935,954 | \$ - | \$ 935,954 | \$ 1,072,115 |
| Customer deposits and escrow | 4,167,811 | - | 4,167,811 | 3,043,451 |
| Total liabilities | 5,103,765 | - | 5,103,765 | 4,115,566 |
| Deferred inflows of resources-taxes | 2,100,000 | - | 2,100,000 | 1,900,000 |
| Total liabilities and deferred inflow of resources | \$ 7,203,765 | \$ - | \$ 7,203,765 | \$ 6,015,566 |

**SMITHFIELD CITY
Balance Sheet
Governmental Funds**

Continued

| | General | Capital Improvements Fund | 2025 | Memorandum 2024 |
|--|---------------|---------------------------------|---------------|--------------------|
| Fund balance | | | | |
| Nonspendable: | | | | |
| Inventory | \$ 110,295 | \$ - | \$ 110,295 | \$ 133,368 |
| Restricted for: | | | | |
| Roads and capital projects | 4,427,563 | - | 4,427,563 | 4,234,842 |
| Liquor law | 37,743 | - | 37,743 | 34,686 |
| Debt Service | 227,605 | - | 227,605 | 221,182 |
| Committed for: | | | | |
| Capital projects | - | 5,996,957 | 5,996,957 | 4,626,480 |
| Unassigned for: | | | | |
| General fund | 5,866,980 | - | 5,866,980 | 5,334,897 |
| Total fund balances | 10,670,186 | 5,996,957 | 16,667,143 | 14,585,455 |
| Total liabilities, deferred inflow of resources and fund balances | \$ 17,873,951 | \$ 5,996,957 | \$ 23,870,908 | \$ 20,601,021 |

See accompanying notes to the financial statements.

SMITHFIELD CITY

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

As of June 30, 2025

| | | |
|--|---------------------|-----------------------------|
| Total fund balances of governmental funds | | \$ 16,667,143 |
| 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 governmental funds. | | |
| Land | \$ 9,072,230 | |
| Buildings and improvements | 16,658,629 | |
| Vehicles and equipment | 8,348,107 | |
| Infrastructure | 27,244,315 | |
| Less: accumulated depreciation | <u>(27,237,291)</u> | |
| | | 34,085,990 |
| Pension related assets, liabilities, deferred inflows and deferred outflows are not payable in the current period and therefore are not reported in the governmental funds. | | |
| Net pension asset | \$ 33,010 | |
| Deferred outflows of resources - pensions | 996,337 | |
| Deferred inflows of resources - pensions | (20,609) | |
| Net pension liability | <u>(810,843)</u> | |
| | | 197,895 |
| Certain receivables will be collected after the year end, but are not available soon enough to pay for the current period's expenditures, and are therefore offset by deferred inflows of resources in the governmental funds. | | |
| Delinquent property taxes | <u>\$ 14,949</u> | |
| | | 14,949 |
| Interfund loan from water fund | | (146,232) |
| Right-of-use assets and related lease liabilities are not due and payable in the current period or financial resources and therefore are not reported in the governmental funds. | | |
| Right-of-use assets - vehicles | \$ 84,919 | |
| Lease liability - vehicles | <u>(86,513)</u> | |
| | | (1,594) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Bonds payable | \$ (1,407,000) | |
| Compensated absences | <u>(239,053)</u> | |
| | | <u>(1,646,053)</u> |
| Net position of governmental activities | | <u><u>\$ 49,172,098</u></u> |

SMITHFIELD CITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2025

| | General | Capital Improvements Fund | 2025 | Memorandum 2024 |
|--|---------------------|---------------------------------|---------------------|---------------------|
| Revenues: | | | | |
| Taxes | \$ 6,560,210 | \$ - | \$ 6,560,210 | \$ 6,314,686 |
| Licenses and permits | 32,143 | - | 32,143 | 29,209 |
| Intergovernmental | 1,920,275 | - | 1,920,275 | 2,116,696 |
| Charges for services | 6,161,469 | - | 6,161,469 | 5,249,631 |
| Investment earnings | 1,329,649 | 41,014 | 1,370,663 | 1,244,270 |
| Fines and forfeitures | 60,778 | - | 60,778 | 46,748 |
| Library | 22,472 | - | 22,472 | 22,153 |
| Miscellaneous revenues | 101,067 | - | 101,067 | 300,220 |
| Total revenues | <u>16,188,063</u> | <u>41,014</u> | <u>16,229,077</u> | <u>15,323,613</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 646,526 | - | 646,526 | 910,213 |
| Public safety | 5,082,725 | - | 5,082,725 | 4,111,088 |
| Highways and public works | 1,759,311 | - | 1,759,311 | 2,058,842 |
| Parks and recreation | 5,479,019 | 670,537 | 6,149,556 | 5,131,585 |
| Library | 436,023 | - | 436,023 | 403,163 |
| Debt service: | | | | |
| Principal retirement | 95,000 | - | 95,000 | 164,895 |
| Interest and fiscal charges | 20,859 | - | 20,859 | 29,227 |
| Total expenditures | <u>13,519,463</u> | <u>670,537</u> | <u>14,190,000</u> | <u>12,809,013</u> |
| Excess (deficiency) of revenues over expenditures | <u>\$ 2,668,600</u> | <u>\$ (629,523)</u> | <u>\$ 2,039,077</u> | <u>\$ 2,514,600</u> |

See accompanying notes to the financial statements.

SMITHFIELD CITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Continued

| | General | Capital Improvements Fund | 2025 | Memorandum 2024 |
|--|----------------------|---------------------------------|----------------------|----------------------|
| Other financing sources (uses): | | | | |
| Transfers in | \$ - | \$ 2,000,000 | \$ 2,000,000 | \$ 1,350,000 |
| Transfers out | (2,000,000) | - | (2,000,000) | (1,350,000) |
| Sale of assets | 42,611 | - | 42,611 | 4,417 |
| Total other financing sources (uses) | <u>(1,957,389)</u> | <u>2,000,000</u> | <u>42,611</u> | <u>4,417</u> |
| Net change in fund balances | 711,211 | 1,370,477 | 2,081,688 | 2,519,017 |
| Fund balances, beginning | <u>9,958,975</u> | <u>4,626,480</u> | <u>14,585,455</u> | <u>12,066,438</u> |
| Fund balances, ending | <u>\$ 10,670,186</u> | <u>\$ 5,996,957</u> | <u>\$ 16,667,143</u> | <u>\$ 14,585,455</u> |

SMITHFIELD CITY

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2025

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

| | |
|--|---------------------|
| Net change in fund balances-total governmental funds | \$ 2,081,688 |
| 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 outlay (\$2,890,085) exceeded depreciation (\$2,395,906) in the current period. | 494,179 |
| Governmental funds do not report the contribution of capital assets from third parties. However, the Statement of Activities reports these third party contributions as capital grants and contributions. | 1,313,830 |
| The issuance of an interfund loan 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. This amount is the difference in interfund loan balance from the prior year. | 71,818 |
| The issuance of long-term debt (e.g., bonds, notes) 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. This amount is the net effect of these differences in the treatment of long-term debt including compensated absences and related items. | 119,385 |
| Certain revenues reported on the accrual basis in the Statement of Activities do not provide current financial resources and thus are deferred in the governmental funds until available. | 4,093 |
| Certain expenses related to right-of-use assets and related lease liabilities in the Statement of Activities are amortized over the life of the lease. This amount is the net effect of the differences of amortization and lease interest and principal payments. | 1,039 |
| The net effect of transactions involving net pension asset and liability and deferred outflows and inflows of resources related to pensions. | <u>(164,467)</u> |
| Change in net position of governmental activities | <u>\$ 3,921,565</u> |

See accompanying notes to the financial statements. 31

SMITHFIELD CITY
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund

For the Year Ended June 30, 2025

| | Budget Amounts | | Actual | Variance with |
|--|----------------|--------------|---------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Revenues: | | | | |
| Taxes | \$ 6,128,784 | \$ 6,582,255 | \$ 6,560,210 | \$ (22,045) |
| Licenses and permits | 24,800 | 31,260 | 32,143 | 883 |
| Intergovernmental | 670,000 | 1,024,945 | 1,920,275 | 895,330 |
| Charges for services | 4,615,897 | 6,131,594 | 6,161,469 | 29,875 |
| Fines and forfeitures | 30,000 | 48,400 | 60,778 | 12,378 |
| Library | 9,000 | 36,288 | 22,472 | (13,816) |
| Miscellaneous revenues | 828,000 | 1,136,797 | 1,430,716 | 293,919 |
| Total revenues | 12,306,481 | 14,991,539 | 16,188,063 | 1,196,524 |
| Expenditures: | | | | |
| General government | 709,364 | 748,329 | 646,526 | 101,803 |
| Public safety | 4,952,490 | 5,555,192 | 5,082,725 | 472,467 |
| Highways and public works | 2,389,146 | 2,792,216 | 1,759,311 | 1,032,905 |
| Parks and recreation | 4,033,788 | 5,654,758 | 5,479,019 | 175,739 |
| Library | 446,297 | 455,589 | 436,023 | 19,566 |
| Debt service | 123,355 | 122,355 | 115,859 | 6,496 |
| Total expenditures | 12,654,440 | 15,328,439 | 13,519,463 | 1,808,976 |
| Excess (deficiency) of expenditures over revenues | (347,959) | (336,900) | 2,668,600 | 3,005,500 |
| Other financing sources (uses): | | | | |
| Proceeds from sale of assets | - | 42,610 | 42,611 | 1 |
| Transfers in (out) | - | (200,000) | (2,000,000) | (1,800,000) |
| Net change in fund balance | (347,959) | (494,290) | 711,211 | 1,205,501 |
| Fund balance, beginning | 9,958,975 | 9,958,975 | 9,958,975 | - |
| Fund balance, ending | \$ 9,611,016 | \$ 9,464,685 | \$ 10,670,186 | \$ 1,205,501 |

SMITHFIELD CITY
Statement of Net Position
Proprietary Funds

As of June 30, 2025

| | Water Utility Fund | Sewer Fund | Storm Sewer Fund | Solid Waste Fund | 2025 Total | 2024 Memorandum |
|---|-----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 10,059,223 | \$ 5,491,481 | \$ 4,464,300 | \$ 450,747 | \$ 20,465,751 | \$ 16,115,982 |
| Restricted cash and cash equivalents | 2,584,157 | - | 1,193,788 | - | 3,777,945 | 2,562,563 |
| Accounts receivable, net | 346,133 | 346,685 | 114,979 | 144,558 | 952,355 | 824,093 |
| Prepaid expenses | - | - | 33,169 | - | 33,169 | 33,169 |
| Due from other funds | 146,232 | - | - | - | 146,232 | 218,050 |
| Total current assets | 13,135,745 | 5,838,166 | 5,806,236 | 595,305 | 25,375,452 | 19,753,857 |
| Noncurrent assets: | | | | | | |
| Land and water rights | 311,098 | 75,000 | 242,765 | - | 628,863 | 628,863 |
| Equipment, buildings, and improvements | 20,782,225 | 20,655,124 | 4,635,788 | - | 46,073,137 | 42,300,468 |
| Less accumulated depreciation | (6,751,210) | (9,778,597) | (1,363,821) | - | (17,893,628) | (16,727,081) |
| Net pension asset | 3,343 | 3,343 | 1,254 | 836 | 8,776 | 23,081 |
| Total noncurrent assets | 14,345,456 | 10,954,870 | 3,515,986 | 836 | 28,817,148 | 26,225,331 |
| Total assets | 27,481,201 | 16,793,036 | 9,322,222 | 596,141 | 54,192,600 | 45,979,188 |
| Deferred outflow of resources - pensions | 100,895 | 100,895 | 37,836 | 25,224 | 264,850 | 261,433 |
| Total assets and deferred outflows | \$ 27,582,096 | \$ 16,893,931 | \$ 9,360,058 | \$ 621,365 | \$ 54,457,450 | \$ 46,240,621 |

See accompanying notes to the financial statements.

SMITHFIELD CITY
Statement of Net Position
Proprietary Funds

Continued

| | Water Utility Fund | Sewer Fund | Storm Sewer Fund | Solid Waste Fund | 2025 Total | 2024 Memorandum |
|--|-----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 351,160 | \$ 233,734 | \$ 39,630 | \$ 130,532 | \$ 755,056 | \$ 706,002 |
| Customer deposits | 440,229 | - | - | - | 440,229 | 360,803 |
| Total current liabilities | <u>791,389</u> | <u>233,734</u> | <u>39,630</u> | <u>130,532</u> | <u>1,195,285</u> | <u>1,066,805</u> |
| Noncurrent liabilities: | | | | | | |
| Net pension liability | 82,111 | 82,111 | 30,791 | 20,528 | 215,541 | 178,389 |
| Total long-term liabilities | <u>82,111</u> | <u>82,111</u> | <u>30,791</u> | <u>20,528</u> | <u>215,541</u> | <u>178,389</u> |
| Total liabilities | <u>873,500</u> | <u>315,845</u> | <u>70,421</u> | <u>151,060</u> | <u>1,410,826</u> | <u>1,245,194</u> |
| Deferred inflows of resources - pensions | <u>2,088</u> | <u>2,088</u> | <u>783</u> | <u>522</u> | <u>5,481</u> | <u>3,923</u> |
| Total liabilities and deferred inflows of resources | <u>\$ 875,588</u> | <u>\$ 317,933</u> | <u>\$ 71,204</u> | <u>\$ 151,582</u> | <u>\$ 1,416,307</u> | <u>\$ 1,249,117</u> |
| Net Position | | | | | | |
| Net investment in capital assets Restricted for capital and other activities | \$ 14,342,113 | \$ 10,951,527 | \$ 3,514,732 | \$ - | \$ 28,808,372 | \$ 26,202,250 |
| Unrestricted | 2,584,157 | - | 1,193,788 | - | 3,777,945 | 2,562,563 |
| Total net position | <u>9,780,238</u> | <u>5,624,471</u> | <u>4,580,334</u> | <u>469,783</u> | <u>20,454,826</u> | <u>16,226,691</u> |
| Total net position | <u>\$ 26,706,508</u> | <u>\$ 16,575,998</u> | <u>\$ 9,288,854</u> | <u>\$ 469,783</u> | <u>\$ 53,041,143</u> | <u>\$ 44,991,504</u> |

SMITHFIELD CITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

For the Year Ended June 30, 2025

| | Water Utility Fund | Sewer Fund | Storm Sewer Fund | Solid Waste Fund | 2025 Total | 2024 Memorandum |
|----------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating revenues: | | | | | | |
| Charges for services | \$ 3,365,467 | \$ 3,590,465 | \$ 1,177,082 | \$ 1,643,835 | \$ 9,776,849 | \$ 8,583,946 |
| Fees and miscellaneous | 22,390 | 25,100 | - | - | 47,490 | 45,792 |
| Total operating revenues | <u>3,387,857</u> | <u>3,615,565</u> | <u>1,177,082</u> | <u>1,643,835</u> | <u>9,824,339</u> | <u>8,629,738</u> |
| Operating expenses: | | | | | | |
| Salaries and benefits | 590,605 | 595,762 | 222,592 | 106,607 | 1,515,566 | 1,329,467 |
| Current expenses | 1,029,006 | 1,184,476 | 185,021 | 1,295,430 | 3,693,933 | 3,988,643 |
| Depreciation | 562,259 | 649,690 | 132,447 | - | 1,344,396 | 1,154,659 |
| Total operating expenses | <u>2,181,870</u> | <u>2,429,928</u> | <u>540,060</u> | <u>1,402,037</u> | <u>6,553,895</u> | <u>6,472,769</u> |
| Operating income | <u>\$ 1,205,987</u> | <u>\$ 1,185,637</u> | <u>\$ 637,022</u> | <u>\$ 241,798</u> | <u>\$ 3,270,444</u> | <u>\$ 2,156,969</u> |

See accompanying notes to the financial statements.

SMITHFIELD CITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

Continued

| | Water Utility Fund | Sewer Fund | Storm Sewer Fund | Solid Waste Fund | 2025 Total | 2024 Memorandum |
|--|-----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| Non-operating revenue (expense): | | | | | | |
| Interest revenue | \$ 335,081 | \$ 47,582 | \$ 36,876 | \$ - | \$ 419,539 | \$ 427,727 |
| Interest expense | - | - | - | - | - | (20,949) |
| Total non-operating revenue (expense) | <u>335,081</u> | <u>47,582</u> | <u>36,876</u> | <u>-</u> | <u>419,539</u> | <u>406,778</u> |
| Net income before contributions | 1,541,068 | 1,233,219 | 673,898 | 241,798 | 3,689,983 | 2,563,747 |
| Grant proceeds | 80,337 | - | - | - | 80,337 | - |
| Impact fees | 887,304 | 933,168 | 609,532 | - | 2,430,004 | 1,829,780 |
| Impact fees paid to Logan City | - | (588,147) | - | - | (588,147) | (489,033) |
| Water dedication contributions | 632,229 | - | - | - | 632,229 | 627,225 |
| Developers contributions | <u>926,231</u> | <u>621,175</u> | <u>257,827</u> | <u>-</u> | <u>1,805,233</u> | <u>1,230,410</u> |
| Change in net position | 4,067,169 | 2,199,415 | 1,541,257 | 241,798 | 8,049,639 | 5,762,129 |
| Net position, beginning | <u>22,639,339</u> | <u>14,376,583</u> | <u>7,747,597</u> | <u>227,985</u> | <u>44,991,504</u> | <u>39,229,375</u> |
| Net position, ending | <u>\$ 26,706,508</u> | <u>\$ 16,575,998</u> | <u>\$ 9,288,854</u> | <u>\$ 469,783</u> | <u>\$ 53,041,143</u> | <u>\$ 44,991,504</u> |

SMITHFIELD CITY
Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2025

| | Water Utility Fund | Sewer Fund | Storm Sewer Fund | Solid Waste Fund | 2025 Total | 2024 Memorandum |
|---|-----------------------|--------------|---------------------|---------------------|--------------|--------------------|
| Cash Flows From Operating Activities | | | | | | |
| Receipts from customers and users | \$ 3,481,327 | \$ 3,647,830 | \$ 1,181,039 | \$ 1,642,405 | \$ 9,952,601 | \$ 8,704,720 |
| Payments to suppliers | (1,020,218) | (1,313,382) | (186,899) | (1,251,880) | (3,772,379) | (4,287,666) |
| Payments to employees | (590,605) | (595,762) | (222,592) | (106,607) | (1,515,566) | (1,329,467) |
| Net cash flows from operating activities | 1,870,504 | 1,738,686 | 771,548 | 283,918 | 4,664,656 | 3,087,587 |
| Cash Flows From Noncapital Financing Activities | | | | | | |
| Change in due to/from other funds | 71,818 | - | - | - | 71,818 | 70,966 |
| Net cash flows from noncapital financing activities | 71,818 | - | - | - | 71,818 | 70,966 |
| Cash Flows From Capital and Related Financing Activities | | | | | | |
| Impact fees | 887,304 | 933,168 | 609,532 | - | 2,430,004 | 1,829,780 |
| Impact fees paid to Logan City | - | (588,147) | - | - | (588,147) | (489,033) |
| Grant proceeds | 80,337 | - | - | - | 80,337 | - |
| Water dedication contributions | 632,229 | - | - | - | 632,229 | 627,225 |
| Purchases of capital assets | (905,580) | (1,161,218) | (78,487) | - | (2,145,285) | (2,417,424) |
| Principal payments on bonds payable | - | - | - | - | - | (384,000) |
| Interest paid on bonds payable | - | - | - | - | - | (20,949) |
| Net cash flows from capital and financing activities | \$ 694,290 | \$ (816,197) | \$ 531,045 | \$ - | \$ 409,138 | \$ (854,401) |

See accompanying notes to the financial statements.

SMITHFIELD CITY
Statement of Cash Flows
Proprietary Funds

Continued

| | Water Utility Fund | Sewer Fund | Storm Sewer Fund | Solid Waste Fund | 2025 Total | 2024 Memorandum |
|--|-----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| Cash Flows From Investing Activities | | | | | | |
| Interest received | \$ 335,081 | \$ 47,582 | \$ 36,876 | \$ - | \$ 419,539 | \$ 427,727 |
| Net cash flows from investing activities | 335,081 | 47,582 | 36,876 | - | 419,539 | 427,727 |
| Net increase in cash, restricted cash, and cash equivalents | 2,971,693 | 970,071 | 1,339,469 | 283,918 | 5,565,151 | 2,731,879 |
| Cash, restricted cash, and cash equivalents beginning of year | 9,671,687 | 4,521,410 | 4,318,619 | 166,829 | 18,678,545 | 15,946,666 |
| Cash, restricted cash, and cash equivalents, end of year | <u>\$ 12,643,380</u> | <u>\$ 5,491,481</u> | <u>\$ 5,658,088</u> | <u>\$ 450,747</u> | <u>\$ 24,243,696</u> | <u>\$ 18,678,545</u> |
| Shown in the Statement of Net Position as: | | | | | | |
| Cash and cash equivalents | \$ 10,059,223 | \$ 5,491,481 | \$ 4,464,300 | \$ 450,747 | \$ 20,465,751 | \$ 16,115,982 |
| Restricted cash and cash equivalents | 2,584,157 | - | 1,193,788 | - | 3,777,945 | 2,562,563 |
| Total cash, restricted cash, and cash equivalents | <u>\$ 12,643,380</u> | <u>\$ 5,491,481</u> | <u>\$ 5,658,088</u> | <u>\$ 450,747</u> | <u>\$ 24,243,696</u> | <u>\$ 18,678,545</u> |

SMITHFIELD CITY
Statement of Cash Flows
Proprietary Funds

Continued

| | Water Utility Fund | Sewer Fund | Storm Sewer Fund | Solid Waste Fund | 2025 Total | 2024 Memorandum |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | | | | |
| Operating income | \$ 1,205,987 | \$ 1,185,637 | \$ 637,022 | \$ 241,798 | \$ 3,270,444 | \$ 2,156,969 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | | |
| Depreciation expense | 562,259 | 649,690 | 132,447 | - | 1,344,396 | 1,154,659 |
| (Increase) decrease in accounts receivable | (93,470) | (32,265) | (3,957) | 1,430 | (128,262) | (74,982) |
| (Increase) decrease in deferred outflow | 17,938 | 6,055 | (2,186) | (25,224) | (3,417) | (67,819) |
| (Increase) decrease in pension asset | 7,149 | 6,099 | 1,893 | (836) | 14,305 | 12,828 |
| (Increase) decrease in prepaid expenses | - | - | - | - | - | (33,169) |
| Increase (decrease) in payables | 89,885 | (86,147) | (384) | 45,700 | 49,054 | (167,685) |
| Increase (decrease) in pension liability | 1,025 | 9,134 | 6,465 | 20,528 | 37,152 | 36,609 |
| Increase (decrease) in deferred inflow | 305 | 483 | 248 | 522 | 1,558 | (1,369) |
| Increase (decrease) in deposits | 79,426 | - | - | - | 79,426 | 71,546 |
| Net cash flows from operating activities | <u>\$ 1,870,504</u> | <u>\$ 1,738,686</u> | <u>\$ 771,548</u> | <u>\$ 283,918</u> | <u>\$ 4,664,656</u> | <u>\$ 3,087,587</u> |
| Supplementary information | | | | | | |
| Non-cash items from capital and related financing activities include contributions by developers | <u>\$ 926,231</u> | <u>\$ 621,175</u> | <u>\$ 257,827</u> | <u>\$ -</u> | <u>\$ 1,805,233</u> | <u>\$ 1,230,410</u> |

See accompanying notes to the financial statements.

SMITHFIELD CITY
Notes to the Financial Statements

For the Year ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Smithfield City (the “City”), operates as an incorporated governmental entity within the State of Utah. The City operates under a city council form of government with six council members and provides the following services: public safety (police, fire, and ambulance), streets and public improvements, parks and recreation, golf course, library and general administrative services. In addition, the City has established and operates a water system, a sewer system, and a storm sewer system.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

The City's basic financial statements include the accounts of all City operations. The accounting policies of the City conform to generally accepted accounting principles.

The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent upon the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The City participates in the Cache Valley Transit District (CVTD) and the Cache Metropolitan Planning Organization (CMPO), which are separate legal entities not controlled or dependent upon the City. However, the City has imposed a sales tax of three-tenths of a percent to fund the CVTD. The sales tax is collected directly by the CVTD; however, as the taxing entity, the City reports this tax as revenue and an expenditure on these financial statements.

Government-wide and fund 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. Most of the effects of interfund activities have been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Government-wide and fund financial statements – *Continued*

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Financial statements are presented for both governmental funds and proprietary funds, and major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after yearend. Expenditures are recorded when the related fund liability is incurred, except for non-matured interest on general long-term debt as well as expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Measurement Focus, Basis of Accounting, and Presentation – *Continued*

The government reports the following major governmental funds:

- *General Fund* – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Capital Projects Fund* – The Capital Projects Fund is used to accumulate resources for future capital projects or large asset purchases.

The government reports the following major proprietary funds:

- *Water Utility Fund* – The Water Utility Fund accounts for the activities of the City's water operations.
- *Sewer Fund* – The Sewer Fund accounts for the activities of the City's sewer operations.
- *Storm Sewer Fund* – The Storm Sewer Fund accounts for the activities of the City's storm water drainage systems.
- *Solid Waste Fund* – The Solid Waste Fund accounts for garbage collection and disposal.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating 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.

Cash & Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Whenever possible, the City's cash accounts are pooled into common pooled accounts in order to maximize investment opportunities. Negative balances incurred in pooled cash at year-end are treated as interfund payables of the deficit account and interfund receivables in the other funds with positive balances.

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.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds". Receivables consist of all revenues earned at year-end but received after year-end. Allowances for uncollectible accounts are based upon historical trends. The City has an allowance for doubtful accounts of \$152,226 for ambulance services in the general fund. The City does not have any allowance accounts for any other accounts as they feel all amounts are materially collectible. Receivable balances for the governmental activities include sales taxes, franchise taxes, property taxes, and other fees. Business-type activities report receivables for utility service fees and facility charges.

Inventories

All inventories are valued at the lower of cost or market (first-in/first-out method). Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt services, unused impact fees, escrow account, and state restricted funds.

Restricted resources rather than unrestricted resources are used first to fund related appropriations.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives 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, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 7-40 |
| Infrastructure | 25 |
| Machinery and equipment | 3-20 |

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate unused vacation leave. The liability for compensated absences is recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or paid out upon termination or retirement. In the fund financial statements, governmental funds do not report a liability for compensated absences while proprietary funds report the liability as it is incurred. Compensated absences related to governmental activities are usually liquidated by the General Fund. In the government-wide financial statements, the liability for governmental activities compensated absences is included in long-term liabilities with the current portion estimated based on historical trends.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Taxes

In Utah, county governments assess, levy, collect and disburse two principal types of tax: 1) personal property tax which is assessed on business assets other than real estate, and 2) tax on real estate and improvements. Taxes are levied on all business and personal property on January 1 and real estate and improvement taxes are levied on January 1 and are payable by November 30. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by unearned revenue.

The City Council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 30 each year. The County Treasurer, acting as tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

Long-term Obligations

In the government-wide financial statements and proprietary 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. Issuance costs are expensed in the year incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 are reported as debt service expenditures.

Equity Classifications

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

Net investment in capital assets – This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Equity Classifications – *Continued*

Restricted net position – This classification consists of net position constrained to a particular use by 1) external groups such as creditors, grantors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – This classification consists of all other net position amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classifications

Governmental fund equity is classified as fund balance in the fund financial statements. Fund balance is further classified based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified inventory as non-spendable.

Restricted – This classification includes amounts for which constraints have been placed on the use of resources either (a) externally by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. Such intent may be expressed by the City Council, City Manager or City Recorder. No other governing body or officials have this authority delegated to them. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Fund Balance Classifications – *Continued*

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

Proprietary fund equity is classified the same as in the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements 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 period(s) and will not be recognized as an inflow of resources (revenue) until that time.

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) including additions to and 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Revenues and expenses

Program revenues – Program revenues include charges to customers, grants and contributions for operational or capital requirements. Grants are usually reimbursable grants and are thus recognized as revenue at the time the associated expenditures are made.

General revenues – Property taxes, franchise taxes, motor vehicle taxes, other taxes, and interest income associated with the current fiscal period that are susceptible to accrual, and received in the availability period, are recognized as revenues of the fiscal period they are intended to finance. All taxes and internally dedicated resources are reported as general revenues.

Proprietary funds – Proprietary funds distinguish between operating revenues and non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with the fund’s principal ongoing operations. Subsidies and grants to proprietary funds, which finance either capital projects or current operations, are reported as nonoperating revenue or capital contributions. Other revenues that do not result from providing services are reported as non-operating revenues.

Expenses – For proprietary fund financial statements, operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

2. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the State of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles. All funds of the City have legally adopted budgets.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. On or before the first regularly scheduled meeting of the City Council in May, the City Administrator, authorized under state statute to be appointed budget officer, submits a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers' comments are heard. Notice of the hearing is given at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection 10 days prior to the public hearing.
- C. On or before June 30, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1.
- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The City Administrator, however, acting as budget officer, has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing, as required in B) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- G. Encumbrances lapse at year end. Encumbered amounts carry over to the following year and are subject to re-appropriation. Therefore, no encumbrances are presented in the financial statements.

During the budget year, the City modified the budget on several occasions using the above procedures.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

Deposits – Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7, the “Act”) in handling its depository and investing transactions. The City considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. City funds are deposited in qualified depositories as defined by the Act. The City does not have a deposit policy for custodial credit risk. As of June 30, 2025, \$9,419,156 of the local government’s bank balances of \$10,252,974 was uninsured and uncollateralized.

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 Utah Money Management 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 Money Management 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.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS – *Continued*

Investments – *Continued*

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 Money Management Act. 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.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon a participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

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:

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

SMITHFIELD CITY
Notes to the Financial Statements

Continued

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS – *Continued*

Investments – *Continued*

At June 30, 2025, the City had the following recurring fair value measurements.

| Investments by fair value level | 6/30/2025 | Fair Value Measurements Using | | |
|---|------------------|--------------------------------------|----------------|----------------|
| | | Level 1 | Level 2 | Level 3 |
| Utah Public Treasurers' Investment Fund | \$ 34,367,721 | \$ - | \$ 34,367,721 | \$ - |
| Total investments measured at fair value | \$ 34,367,721 | \$ - | \$ 34,367,721 | \$ - |

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:

- Utah Public Treasurers' Investment Fund: application of the June 30, 2025 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City'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 five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS – *Continued*

Investment Maturity

As of June 30, 2025, the City’s investments had the following maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in years)</u> | | |
|---|-------------------|---|------------|-------------|
| | | <u>Less than 1</u> | <u>1-5</u> | <u>6-10</u> |
| Utah Public Treasurers' Investment Fund | \$ 34,367,721 | \$ 34,367,721 | \$ - | \$ - |
| Total investments measured at fair value | \$ 34,367,721 | \$ 34,367,721 | \$ - | \$ - |

Credit Risk

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

For the year ended June 30, 2025, the City had investments of \$34,367,721 with the PTIF. The entire balance had a maturity of less than one year. The PTIF pool has not been rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City 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 percent depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy in place to address custodial credit risk.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

4. RECEIVABLES

Receivables as of year-end for the government's individual major funds, including the applicable allowances for uncollectible accounts, were as follows:

| | <u>Accounts</u> | <u>Allowance</u> | <u>Property tax</u> | <u>Other taxes</u> | <u>B&C road</u> | <u>Grants</u> | <u>Total</u> |
|---------------|---------------------|---------------------|---------------------|--------------------|---------------------|------------------|---------------------|
| General | \$ 728,372 | \$ (152,226) | \$ 2,129,664 | \$ 746,613 | \$ 161,954 | \$ 7,500 | \$ 3,621,877 |
| Water utility | 324,433 | - | - | - | - | 21,700 | 346,133 |
| Sewer | 346,685 | - | - | - | - | - | 346,685 |
| Storm sewer | 114,979 | - | - | - | - | - | 114,979 |
| Solid waste | 144,558 | - | - | - | - | - | 144,558 |
| | <u>\$ 1,659,027</u> | <u>\$ (152,226)</u> | <u>\$ 2,129,664</u> | <u>\$ 746,613</u> | <u>\$ 161,954</u> | <u>\$ 29,200</u> | <u>\$ 4,574,232</u> |

5. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances as of June 30, 2025 was as follows:

Internal balances:

| <u>Purpose</u> | <u>Amount</u> | <u>Due to</u> | <u>Due from</u> |
|------------------------------------|-------------------|---------------|-----------------|
| Equipment purchase - 1.2% interest | \$ 69,901 | Water Fund | General Fund |
| Equipment purchase - 1.2% interest | 76,331 | Water Fund | General Fund |
| | <u>\$ 146,232</u> | | |

Interfund Transfers:

| <u>Purpose</u> | <u>Amount</u> | <u>Transfer in</u> | <u>Transfer out</u> |
|------------------|---------------|--------------------|---------------------|
| Capital projects | \$ 2,000,000 | Capital Projects | General |

SMITHFIELD CITY
Notes to the Financial Statements

Continued

6. REFUNDABLE CUSTOMER DEPOSITS

Smithfield City requires a security deposit for utility services. The customer security deposit reported as a liability in the Water Fund covers garbage pickup, water charges, and sewer services. The City held customer deposits in the Water Fund of \$440,229 at June 30, 2025.

The City also requires that developers provide a guaranteed deposit to ensure that improvements are completed. The deposit is refunded after all improvements have been made. The City held contractor deposits and escrow accounts in the General Fund, under the caption of customer deposits, of \$4,167,811 as of June 30, 2025.

7. CAPITAL ASSETS

| Primary Governmental Activity | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------|-----------|-------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 7,491,642 | \$ 1,580,588 | \$ - | \$ 9,072,230 |
| Total capital assets not being depreciated | 7,491,642 | 1,580,588 | - | 9,072,230 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 16,272,660 | 385,969 | - | 16,658,629 |
| Vehicles and equipment | 7,532,911 | 834,518 | 19,322 | 8,348,107 |
| Infrastructure | 25,841,475 | 1,402,840 | - | 27,244,315 |
| Total capital assets being depreciated | 49,647,046 | 2,623,327 | 19,322 | 52,251,051 |
| Less accumulated depreciation | (24,860,707) | (2,395,906) | (19,322) | (27,237,291) |
| Total capital assets being depreciated, net | 24,786,339 | 227,421 | - | 25,013,760 |
| Governmental activities capital assets, net | \$ 32,277,981 | \$ 1,808,009 | \$ - | \$ 34,085,990 |

SMITHFIELD CITY
Notes to the Financial Statements

Continued

7. CAPITAL ASSETS - *Continued*

| Business-type activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|---------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 319,268 | \$ - | \$ - | \$ 319,268 |
| Construction in progress | 2,184,804 | 107,723 | 2,184,804 | 107,723 |
| Water rights and stock | 309,595 | - | - | 309,595 |
| Total capital assets not being depreciated | <u>2,813,667</u> | <u>107,723</u> | <u>2,184,804</u> | <u>736,586</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 1,513,031 | 68,974 | - | 1,582,005 |
| System improvements | 36,491,023 | 5,595,711 | - | 42,086,734 |
| Vehicles and equipment | 2,111,610 | 362,914 | 177,849 | 2,296,675 |
| Total capital assets being depreciated | <u>40,115,664</u> | <u>6,027,599</u> | <u>177,849</u> | <u>45,965,414</u> |
| Less accumulated depreciation | <u>(16,727,081)</u> | <u>(1,344,396)</u> | <u>(177,849)</u> | <u>(17,893,628)</u> |
| Total capital assets being depreciated, net | <u>23,388,583</u> | <u>4,683,203</u> | <u>-</u> | <u>28,071,786</u> |
| Business-type activities capital assets, net | <u>\$ 26,202,250</u> | <u>\$ 4,790,926</u> | <u>\$ 2,184,804</u> | <u>\$ 28,808,372</u> |

Depreciation has been charged to the departments as follows:

| | |
|--------------------------|---------------------|
| General government | \$ 62,853 |
| Public safety | 334,300 |
| Highway and public works | 1,231,368 |
| Parks and recreation | 716,436 |
| Library | <u>50,949</u> |
| Total depreciation | <u>\$ 2,395,906</u> |

SMITHFIELD CITY
Notes to the Financial Statements

Continued

8. LONG-TERM DEBT

Long-term debt at June 30, 2025, was comprised of the following:

Governmental activities:

| Description | Amount |
|--|----------------------------|
| \$1,440,000 Sales Tax Revenue Bonds, Series 2009. Payable to the State of Utah Permanent Community Impact Fund Board for the construction of a new City administration building. Due in annual installments ranging from \$37,000 to \$84,000 through July 2035, plus interest of 3.5 percent. | \$ 787,000 |
| \$965,000 Sales Tax Revenue Bonds, Series 2014. Payable to the State of Utah Permanent Community Impact Fund Board for the expansion of the City library building. Due in annual installments ranging from \$32,000 to \$45,000 through October 2039, plus interest of 1.5 percent. | <u>620,000</u> |
| Total bonds | <u><u>\$ 1,407,000</u></u> |

SMITHFIELD CITY
Notes to the Financial Statements

Continued

8. LONG-TERM DEBT – *Continued*

In accordance with GASB 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, the City has reported separately below the debt obligations, including direct placements. Direct placements have terms negotiated directly with the investor or lender and are not offered for public sale. All bonds below are direct placement.

The annual requirements for bonds of the governmental-type activities as of June 30, 2025, were as follows:

| Fiscal Year | Governmental bonds | |
|-------------|---------------------|-------------------|
| | Principal | Interest |
| 2026 | \$ 97,000 | \$ 27,204 |
| 2027 | 100,000 | 25,284 |
| 2028 | 102,000 | 23,304 |
| 2029 | 105,000 | 21,278 |
| 2030 | 109,000 | 19,191 |
| 2031-2035 | 589,000 | 62,237 |
| 2036-2040 | 305,000 | 11,901 |
| Total | <u>\$ 1,407,000</u> | <u>\$ 190,399</u> |

The City has pledged all sales tax revenues to secure the Series 2009 and 2014 revenue bonds. As of June 30, 2025, remaining future principal and interest payments on these bonds totaled approximately \$1,407,000 and \$190,399, respectively. Scheduled payments on these bonds end in July 2035 and October 2039, respectively. The Series 2009 bonds were issued to construct a new City administration building. Principal and interest payments on the Series 2009 bonds currently amount to approximately \$77,000 or three percent of sales tax revenues. The Series 2014 bonds were issued to construct an addition to the City library. Principal and interest payments on the Series 2014 bonds currently amount to approximately \$47,000 or two percent of sales tax revenues.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

8. LONG-TERM DEBT – *Continued*

Long-term liability activity is as follows:

| Governmental Activities | July 1, 2024 | Additions | Reductions | June 30, 2025 | Due in One Year |
|------------------------------------|---------------------|------------------|-------------------|----------------------|----------------------------|
| Bonds payable | \$ 1,502,000 | \$ - | \$ 95,000 | \$ 1,407,000 | \$ 97,000 |
| Compensated absences* | 263,438 | - | 24,385 | 239,053 | 119,527 |
| Total | <u>\$ 1,765,438</u> | <u>\$ -</u> | <u>\$ 119,385</u> | <u>\$ 1,646,053</u> | <u>\$ 216,527</u> |

* The change in the compensated absences is presented as a net change.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

9. FINANCING LEASES AND RIGHT-OF-USE ASSETS

The City has various financing leases for vehicles as outlined below:

Governmental activities:

| Description | Amount |
|--|-----------|
| \$212,297 financing leases for six Ford F150 trucks. Due in four remaining annual installments of \$45,916 through June 2027, including interest of four percent. As of June 30, 2025 the following values were included on the government-wide financial statements: assets \$212,297; accumulated amortization \$127,378; amortization expense \$49,535. | \$ 86,513 |
| Total financing leases | \$ 86,513 |

No impairments on the leases were noted as of June 30, 2025.

The future required lease payments are as follows:

| | Principal | Interest | Lease payment |
|------|-----------|----------|------------------|
| 2026 | \$ 42,391 | \$ 3,525 | \$ 45,916 |
| 2027 | 44,122 | 1,794 | 45,916 |
| | \$ 86,513 | \$ 5,319 | \$ 91,832 |

10. COMMITMENTS AND CONTINGENCIES

Cost Participation Agreement

The City entered into a cost participation agreement with Cache Highline Water Association (CHWA) during fiscal year 2013 whereby the City agreed to make a one-time payment of \$58,050 in fiscal year 2013 to CHWA and 22 annual payments of \$14,952 through fiscal year 2034. These payments are to fund the Cache Community Emergency Watershed Project which relates to improvements to be made to the L&N canal and the Logan, Hyde Park and Smithfield canals.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

11. PENSION PLANS

Plan description – eligible plan participants are provided with pensions through the Utah Retirement Systems. Participation in 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, retirement systems.
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple- employer public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System); are multiple employer, cost sharing, public employee retirement systems.

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 Utah State Retirement 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 to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or by visiting the website: www.urs.org/general/publications.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

11. PENSION PLANS – *Continued*

Summary of Benefits by System

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

| System | Final Average Salary | Years of service required and/or age eligible for benefit | Benefit percent per year of service | COLA** |
|---|----------------------|---|---|--|
| Noncontributory System | Highest 3 years | 30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65 | 2.0% per year all years | Up to 4% |
| Public Safety System | Highest 3 years | 20 years any age 10 years age 60 4 years age 65 | 2.5% per year up to 20 years; 2.0% per year over 20 years | Up to 2.5% or 4% depending on employer |
| Firefighters System | Highest 3 years | 20 years any age 10 years age 60 4 years age 65 | 2.5% per year up to 20 years; 2.0% per year over 20 years | Up to 4% |
| Tier 2 Public Employees System | Highest 5 years | 35 years any age 20 years age 60* 10 years age 62* 4 years age 65 | 1.5% per year all years | Up to 2.5% |
| Tier 2 Public Safety and Firefighter System | Highest 5 years | 25 years any age 20 years age 60* 10 years age 62* 4 years age 65 | 1.5% per year to June 30, 2020; 2% per year July 1, 2020 to present | Up to 2.5% |

*actuarial reductions are applied

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

SMITHFIELD CITY
Notes to the Financial Statements

Continued

11. PENSION PLANS – *Continued*

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2025 were as follows:

| Utah Retirement Systems | Employee | Employer | Employer 401(k) |
|---|----------|----------|--------------------|
| Contributory System | | | |
| 111- Local Governmental Division Tier 2 | 0.70% | 15.19% | N/A |
| Noncontributory System | | | |
| 15- Local Governmental Division Tier 1 | N/A | 16.97% | N/A |
| Public Safety System | | | |
| Contributory | | | |
| 122 - Tier 2 DB Hybrid Public Safety | 4.73% | 25.33% | N/A |
| Noncontributory | | | |
| 43 - Other Division A with 2.5% COLA | N/A | 33.54% | N/A |
| Firefighters Retirement System | | | |
| 31- Other Division A | 15.05% | 1.61% | N/A |
| 132- Tier 2 DB Hybrid Firefighters | 4.73% | 14.08% | N/A |
| Tier 2 401K Option | | | |
| 211- Local Government | N/A | 5.19% | 10.00% |
| 222- Public Safety | N/A | 11.33% | 14.00% |
| 232- Firefighters | N/A | 0.08% | 14.00% |

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

SMITHFIELD CITY
Notes to the Financial Statements

Continued

11. PENSION PLANS – *Continued*

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

| System | Employer Contributions | Employee Contributions |
|--|---------------------------|---------------------------|
| Noncontributory System | \$ 213,789 | N/A |
| Public Safety System | 160,049 | N/A |
| Firefighters System | 1,800 | 15,624 |
| Tier 2 Public Employees System | 149,222 | 6,367 |
| Tier 2 Public Safety and Firefighter System | 165,040 | 42,027 |
| Tier 2 DC Public Safety and Firefighter Plan | 6,266 | N/A |
| Total Contributions | <u>\$ 696,166</u> | <u>\$ 64,018</u> |

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

SMITHFIELD CITY
Notes to the Financial Statements

Continued

11. PENSION PLANS – *Continued*

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

At June 30, 2025, the City reported a net pension asset of \$41,786 and a net pension liability of \$1,026,384.

| | (Measurement Date): December 31, 2024 | | | | |
|--------------------------------------|---------------------------------------|--------------------------|------------------------|--------------------------------------|----------------------|
| | Net Pension Asset | Net Pension Liability | Proportionate Share | Proportionate Share 12/31/2023 | Change (Decrease) |
| Noncontributory System | \$ - | \$ 417,523 | 0.1316643% | 0.1268865% | 0.0047778% |
| Public Safety System | - | 430,160 | 0.2780064% | 0.2892205% | -0.0112141% |
| Firefighters System | 41,786 | - | 0.2378841% | 0.4470331% | -0.2091490% |
| Tier 2 Public Employees System | - | 91,489 | 0.0306763% | 0.0282097% | 0.0024666% |
| Tier 2 Public Safety and Firefighter | - | 87,212 | 0.1928226% | 0.1274202% | 0.0654024% |
| Total net pension asset/liability | <u>\$ 41,786</u> | <u>\$ 1,026,384</u> | | | |

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

SMITHFIELD CITY
Notes to the Financial Statements

Continued

11. PENSION PLANS – *Continued*

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

For the year ended June 30, 2025, the City recognized pension expense of \$911,331. At June 30, 2025, the City 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 | \$ 432,498 | \$ 5,213 |
| Changes in assumptions | 117,354 | 1,379 |
| Net difference between projected and actual earnings on pension plan investments | 223,656 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 132,078 | 19,498 |
| Contributions subsequent to the measurement date | 355,601 | - |
| Total | \$ 1,261,187 | \$ 26,090 |

As of June 30, 2025, \$355,601 was reported as deferred outflows of resources related to pensions resulting from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Net Deferred Outflows (Inflows) of Resources |
|-------------------------|--|
| 2025 | \$ 362,176 |
| 2026 | 438,142 |
| 2027 | (35,206) |
| 2028 | 7,282 |
| 2029 | 38,001 |
| Thereafter | 69,104 |

SMITHFIELD CITY
Notes to the Financial Statements

Continued

11. PENSION PLANS – *Continued*

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

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Salary increases | 3.50-9.50%, average, including inflation |
| Investment rate of return | 6.85%, net of pension plan investment expense, including inflation |

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based on gender, occupation and age, as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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

| Asset class | Target Asset Allocation | Real Return Arithmetic Basis | Long Term expected portfolio real rate of return |
|------------------------------------|-------------------------|------------------------------|--|
| Equity securities | 35% | 7.01% | 2.45% |
| Debt securities | 20% | 2.54% | 0.51% |
| Real assets | 18% | 5.45% | 0.98% |
| Private equity | 12% | 10.05% | 1.21% |
| Absolute return | 15% | 4.36% | 0.65% |
| Cash and cash equivalents | 0% | 0.49% | 0.00% |
| Totals | 100% | | 5.80% |
| Inflation | | | 2.50% |
| Expected arithmetic nominal return | | | 8.30% |

SMITHFIELD CITY
Notes to the Financial Statements

Continued

11. PENSION PLANS – *Continued*

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

Discount rate – The discount rate used to measure the total pension liability was 6.85 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.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate – The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 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 one percentage point lower (5.85 percent) or one percentage point higher (7.85 percent) than the current rate:

| System | 1% Decrease (5.85%) | Discount Rate (6.85%) | 1% Increase (7.85%) |
|---|------------------------|--------------------------|------------------------|
| Noncontributory System | \$ 1,765,778 | \$ 417,523 | \$ (713,227) |
| Public Safety System | 1,321,513 | 430,160 | (297,170) |
| Firefighters System | 90,936 | (41,786) | (150,003) |
| Tier 2 Public Employees System | 273,255 | 91,489 | (49,907) |
| Tier 2 Public Safety and Firefighter System | 297,383 | 87,212 | (80,824) |
| Total | <u>\$ 3,748,865</u> | <u>\$ 984,598</u> | <u>\$ (1,291,131)</u> |

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 for the Retirement Systems but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

11. PENSION PLANS – *Continued*

Defined Contribution Savings Plans - continued

The City participates in the following defined contribution savings plans with Utah Retirement Systems:

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

Employee and employer contributions to the Utah Retirement defined contribution savings plans for fiscal year ended June 30, were as follows:

| | 2025 | 2024 | 2023 |
|------------------------|-----------|-----------|-----------|
| 401(k) Plan | | | |
| Employer Contributions | \$ 48,133 | \$ 31,860 | \$ 20,525 |
| Employee Contributions | 62,919 | 53,736 | 43,913 |
| 457 Plan | | | |
| Employee Contributions | 4,261 | 3,609 | 1,485 |
| Roth IRA Plan | | | |
| Employee Contributions | 41,910 | 25,630 | 17,885 |

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

12. 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; injuries to employees; and natural disasters. It is the policy of the City to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damages, and other losses. A minimal deductible applies to these policies, which the City pays in the event of any loss. The City has also purchased a workers' compensation policy. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SMITHFIELD CITY
Notes to the Financial Statements

Continued

13. RESTRICTED FUND BALANCES

The City had the following restricted equity balances as of June 30, 2025:

| | General | Water | Sewer | Storm Sewer |
|---------------------------|---------------------|---------------------|-------------|---------------------|
| Capital projects | \$ 855,174 | \$ 2,584,157 | \$ - | \$ 1,193,788 |
| B&C roads/local transit | 3,572,389 | - | - | - |
| Liquor allotment | 37,743 | - | - | - |
| Debt sinking and reserves | 227,605 | - | - | - |
| Total | <u>\$ 4,692,911</u> | <u>\$ 2,584,157</u> | <u>\$ -</u> | <u>\$ 1,193,788</u> |

14. MEMORANDUM TOTALS

Prior year total columns on the financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Such data is also not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Certain reclassifications have taken place in the prior year to conform to current year presentation.

15. CHANGE IN ACCOUNTING PRINCIPLES

In 2025 the City adopted *GASB Statement No. 101– Compensated Absences*, which introduces a new model for recording obligations that arise from compensated absences. The new model focuses on recognizing liabilities for unused leave when it’s more likely than not to be used or paid out. This was effective for the City as of July 1, 2025, and had no material impact on the City’s financial statements.

The City also adopted *GASB Statement No. 102 – Certain Risk Disclosures*. This Statement establishes requirements to disclose certain risks faced by governments and defines concentrations and constraints. Risk disclosure under the new standard will provide timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make the City vulnerable to a substantial impact. This was effective for the city as of July 1, 2025, and had no material impact on the city’s financial statements.

16. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through October 14, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

SMITHFIELD CITY
Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

For the Year Ended June 30, 2025

| | As of fiscal year ended June 30, | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered- employee payroll | Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | Plan fiduciary net position as a percentage of its covered-employee payroll |
|--------------------------------------|---|--|---|--------------------------------------|---|--|
| Noncontributory System | 2016 | 0.1354559% | \$ 766,475 | \$ 1,119,960 | 68.44% | 87.80% |
| | 2017 | 0.1264798% | 812,155 | 1,051,707 | 77.22% | 87.30% |
| | 2018 | 0.1242967% | 544,581 | 1,035,057 | 52.61% | 91.90% |
| | 2019 | 0.1227727% | 904,064 | 1,074,738 | 84.12% | 87.00% |
| | 2020 | 0.1304498% | 491,647 | 1,173,669 | 41.89% | 93.70% |
| | 2021 | 0.1313894% | 67,395 | 1,174,038 | 5.74% | 99.20% |
| | 2022 | 0.1359771% | (778,755) | 1,231,100 | -63.26% | 108.70% |
| | 2023 | 0.1327415% | 227,354 | 1,256,172 | 18.10% | 97.50% |
| | 2024 | 0.1268865% | 294,321 | 1,220,792 | 24.11% | 96.90% |
| | 2025 | 0.1316643% | 417,523 | 1,271,391 | 32.84% | 96.02% |
| Public Safety System | 2016 | 0.1599960% | \$ 286,593 | \$ 221,649 | 129.30% | 87.10% |
| | 2017 | 0.1561583% | 316,888 | 204,308 | 155.10% | 86.50% |
| | 2018 | 0.1670221% | 262,001 | 218,729 | 119.78% | 90.20% |
| | 2019 | 0.1841455% | 473,730 | 245,782 | 192.74% | 84.70% |
| | 2020 | 0.1988368% | 319,256 | 255,310 | 125.05% | 90.90% |
| | 2021 | 0.2048798% | 170,100 | 318,974 | 53.33% | 95.50% |
| | 2022 | 0.2536631% | (206,011) | 420,864 | -48.95% | 104.20% |
| | 2023 | 0.2912098% | 376,685 | 554,952 | 67.88% | 93.60% |
| | 2024 | 0.2892205% | 413,633 | 572,867 | 72.20% | 93.44% |
| | 2025 | 0.2780064% | 430,160 | 503,490 | 85.44% | 93.30% |
| Firefighters Retirement System | 2016 | 0.6850098% | \$ (12,407) | \$ 184,312 | -6.73% | 101.00% |
| | 2017 | 0.4274197% | (3,370) | 119,999 | -2.81% | 100.40% |
| | 2018 | 0.4132930% | (25,812) | 120,900 | -21.35% | 103.00% |
| | 2019 | 0.4313059% | 56,004 | 133,212 | 42.04% | 94.30% |
| | 2020 | 0.5458338% | (67,694) | 174,759 | -38.74% | 105.00% |
| | 2021 | 0.6194551% | (173,212) | 202,087 | -85.71% | 110.50% |
| | 2022 | 0.6489370% | (378,471) | 216,354 | -174.93% | 120.10% |
| | 2023 | 0.6284888% | (163,221) | 227,562 | -71.73% | 108.40% |
| | 2024 | 0.4470331% | (104,915) | 258,176 | -40.64% | 106.79% |
| | 2025 | 0.2378841% | (41,786) | 179,096 | -23.33% | 104.64% |

SMITHFIELD CITY
Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

Continued

| | As of fiscal year ended June 30, | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered- employee payroll | Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | Plan fiduciary net position as a percentage of its covered-employee payroll |
|---|-------------------------------------|---|--|------------------------------|--|---|
| Tier 2 Public Employees System* | 2016 | 0.0394788% | \$ (86) | \$ 255,126 | -0.03% | 100.20% |
| | 2017 | 0.0399722% | 4,459 | 327,804 | 1.36% | -1.05% |
| | 2018 | 0.0338572% | 2,985 | 331,413 | 0.90% | 97.40% |
| | 2019 | 0.0223850% | 9,587 | 262,344 | 3.65% | 90.80% |
| | 2020 | 0.0219889% | 4,945 | 305,480 | 1.62% | 96.50% |
| | 2021 | 0.0242348% | 3,486 | 387,485 | 0.90% | 98.30% |
| | 2022 | 0.0243455% | (10,304) | 451,316 | -2.28% | 103.80% |
| | 2023 | 0.0260844% | 28,403 | 567,846 | 5.00% | 92.30% |
| | 2024 | 0.0282097% | 54,907 | 729,317 | 7.53% | 89.58% |
| | 2025 | 0.0306763% | 91,489 | 908,661 | 10.07% | 87.44% |
| Tier 2 Public Safety and Firefighter System* | 2016 | 0.0466577% | \$ (682) | \$ 27,800 | -2.45% | 110.70% |
| | 2017 | 0.1772772% | (1,539) | 146,472 | -1.05% | 103.60% |
| | 2018 | 0.2144840% | (2,482) | 226,271 | -1.10% | 103.00% |
| | 2019 | 0.2396497% | 6,005 | 321,280 | 1.87% | 95.60% |
| | 2020 | 0.2442440% | 22,975 | 402,556 | 5.71% | 89.60% |
| | 2021 | 0.2198195% | 19,717 | 441,102 | 4.47% | 93.10% |
| | 2022 | 0.1915413% | (9,681) | 458,046 | -2.11% | 102.80% |
| | 2023 | 0.1439745% | 12,011 | 442,979 | 2.71% | 96.40% |
| | 2024 | 0.1274202% | 47,998 | 482,800 | 9.94% | 89.10% |
| | 2025 | 0.1928226% | 87,212 | 880,177 | 9.91% | 90.10% |

**In accordance with paragraph 81.a of GASB 68, employers must disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI.

SMITHFIELD CITY
Schedule of Contributions
Last 10 Fiscal Years

For the Year Ended June 30, 2025

| | As of fiscal year ended June 30, | Actuarial Determined Contributions | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | Covered employee payroll | Contributions as a percentage of covered employee payroll |
|---------------------------|-------------------------------------|--|---|--|-----------------------------|--|
| Noncontributory System | 2016 | \$ 201,970 | \$ 201,970 | \$ - | \$ 1,096,188 | 18.42% |
| | 2017 | 190,111 | 190,111 | - | 1,029,294 | 18.47% |
| | 2018 | 192,797 | 192,797 | - | 1,044,109 | 18.47% |
| | 2019 | 206,270 | 206,270 | - | 1,128,240 | 18.28% |
| | 2020 | 216,697 | 216,697 | - | 1,179,665 | 18.37% |
| | 2021 | 217,197 | 217,197 | - | 1,182,633 | 18.37% |
| | 2022 | 221,214 | 221,214 | - | 1,212,936 | 18.24% |
| | 2023 | 228,132 | 228,132 | - | 1,278,476 | 17.84% |
| | 2024 | 223,680 | 223,680 | - | 1,253,962 | 17.84% |
| | 2025 | 213,789 | 213,789 | - | 1,271,466 | 16.81% |
| Public Safety System | 2016 | \$ 69,653 | \$ 69,653 | \$ - | \$ 204,621 | 34.04% |
| | 2017 | 71,061 | 71,061 | - | 208,719 | 34.05% |
| | 2018 | 76,607 | 76,607 | - | 225,049 | 34.04% |
| | 2019 | 87,519 | 87,519 | - | 257,106 | 34.04% |
| | 2020 | 88,465 | 88,465 | - | 277,853 | 31.84% |
| | 2021 | 107,423 | 107,423 | - | 369,418 | 29.08% |
| | 2022 | 141,806 | 141,806 | - | 469,625 | 30.20% |
| | 2023 | 172,265 | 172,265 | - | 601,507 | 28.64% |
| | 2024 | 161,095 | 161,095 | - | 536,224 | 30.04% |
| | 2025 | 160,049 | 160,049 | - | 529,271 | 30.24% |

SMITHFIELD CITY
Schedule of Contributions
Last 10 Fiscal Years

Continued

| | As of fiscal year ended June 30, | Actuarial Determined Contributions | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | Covered employee payroll | Contributions as a percentage of covered employee payroll |
|------------------------------------|-------------------------------------|--|---|--|-----------------------------|--|
| Firefighters System | 2016 | \$ 6,083 | \$ 6,083 | \$ - | \$ 152,448 | 3.99% |
| | 2017 | 4,544 | 4,544 | - | 116,800 | 3.89% |
| | 2018 | 4,912 | 4,912 | - | 125,000 | 3.93% |
| | 2019 | 7,009 | 7,009 | - | 152,044 | 4.61% |
| | 2020 | 8,909 | 8,909 | - | 193,240 | 4.61% |
| | 2021 | 9,395 | 9,395 | - | 203,796 | 4.61% |
| | 2022 | 9,995 | 9,995 | - | 216,815 | 4.61% |
| | 2023 | 7,907 | 7,907 | - | 254,817 | 3.10% |
| | 2024 | 4,574 | 4,574 | - | 230,088 | 1.99% |
| | 2025 | 1,800 | 1,800 | - | 128,628 | 1.40% |
| Tier 2 Public Employees System* | 2016 | \$ 47,751 | \$ 47,751 | \$ - | \$ 320,262 | 14.91% |
| | 2017 | 47,592 | 47,592 | - | 319,194 | 14.91% |
| | 2018 | 48,144 | 48,144 | - | 318,624 | 15.11% |
| | 2019 | 39,677 | 39,677 | - | 255,321 | 15.54% |
| | 2020 | 56,014 | 56,014 | - | 357,690 | 15.66% |
| | 2021 | 61,971 | 61,971 | - | 392,224 | 15.80% |
| | 2022 | 80,372 | 80,372 | - | 500,134 | 16.07% |
| | 2023 | 104,716 | 104,716 | - | 654,069 | 16.01% |
| | 2024 | 133,621 | 133,621 | - | 801,724 | 16.67% |
| | 2025 | 149,222 | 149,222 | - | 944,016 | 15.81% |

SMITHFIELD CITY
Schedule of Contributions
Last 10 Fiscal Years

Continued

| | As of fiscal year ended June 30, | Actuarial Determined Contributions | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | Covered employee payroll | Contributions as a percentage of covered employee payroll |
|--|-------------------------------------|--|---|--|-----------------------------|--|
| Tier 2 Public Safety and Firefighter System* | 2016 | \$ 15,738 | \$ 15,738 | \$ - | \$ 89,123 | 17.66% |
| | 2017 | 27,704 | 27,704 | - | 167,760 | 16.51% |
| | 2018 | 47,168 | 47,168 | - | 305,175 | 15.46% |
| | 2019 | 56,434 | 56,434 | - | 342,108 | 16.50% |
| | 2020 | 74,302 | 74,302 | - | 445,637 | 16.67% |
| | 2021 | 72,334 | 72,334 | - | 405,663 | 17.83% |
| | 2022 | 88,291 | 88,291 | - | 479,283 | 18.42% |
| | 2023 | 74,582 | 74,582 | - | 410,236 | 18.18% |
| | 2024 | 129,278 | 129,278 | - | 721,050 | 17.93% |
| | 2025 | 165,040 | 165,040 | - | 916,202 | 18.01% |
| Tier 2 Public Safety and Firefighter DC Only System* | 2016 | \$ 4,058 | \$ 4,058 | \$ - | \$ 34,300 | 11.83% |
| | 2017 | 4,184 | 4,184 | - | 45,608 | 9.17% |
| | 2018 | 467 | 467 | - | 37,288 | 1.25% |
| | 2019 | 29 | 29 | - | 35,681 | 0.08% |
| | 2020 | 36 | 36 | - | 45,268 | 0.08% |
| | 2021 | 40 | 40 | - | 50,033 | 0.08% |
| | 2022 | 43 | 43 | - | 53,694 | 0.08% |
| | 2023 | 2,315 | 2,315 | - | 80,477 | 2.88% |
| | 2024 | 5,834 | 5,834 | - | 174,499 | 3.34% |
| | 2025 | 6,266 | 6,266 | - | 227,439 | 2.76% |

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

**In accordance with paragraph 81.a of GASB 68, employers need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI.

SMITHFIELD CITY

Notes to the Required Supplementary Information

For the Year Ended June 30, 2025

1. Changes in Assumptions

June 30, 2025 -There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

June 30, 2024 - Changes include updates to the mortality improvement assumption, salary increase assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

June 30, 2023 -There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

June 30, 2022 -The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

June 30, 2021 -There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be assessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and States" tab.

June 30, 2020 – As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighters Systems, except for a 10 percent load at first eligibility for unreduced retirement prior to age 65.

June 30, 2019 – The assumptions and methods used to calculate the Total Pension Liability remain unchanged from the prior year.

June 30, 2018 -As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.2 percent to 6.95 percent, a reduction in the price inflation assumption from 2.6 percent to 2.5 percent (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00 percent annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

June 30, 2017 and 2016– The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75 percent to 3.5 percent. Also, there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5 percent to 3.25 percent. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption. There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

OTHER REPORTS

This page intentionally left blank.

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

Honorable Mayor and City Council
Smithfield City
Smithfield, 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, and each major fund of Smithfield City (the “City”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated October 14, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Recommendations as items 2025-01 and 2025-02.

City's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the Schedule of Findings and Recommendations. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Richey, May & Co., LLP
North Logan, UT
October 14, 2025

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

To the Honorable Mayor and City Council
Smithfield City
Smithfield, Utah

Report on Compliance

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

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

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Other Related Restricted Revenue
- Fraud Risk Assessment
- Governmental Fees
- Impact Fees
- Utah Retirement Systems
- Crime Insurance for Public Treasurers

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which is described in the accompanying Schedule of Findings and Recommendations as items 2025-01 and 2025-02. Our opinion on compliance is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Recommendations. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

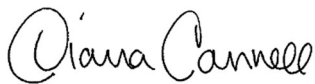
Report On Internal Control over Compliance

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

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

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

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



Richey, May & Co., LLP
North Logan, UT
October 14, 2025

This page intentionally left blank.

**SCHEDULES OF STATE COMPLIANCE
FINDINGS AND RECOMMENDATIONS**

This page intentionally left blank.

SMITHFIELD CITY

Schedule of State Compliance Findings and Recommendations – Current Year

For the Year Ended June 30, 2025

2025-01: State Compliance – Fraud Risk Assessment

Criteria: City management is responsible to determine that internal controls ensure that compliance requirements described in the *State Compliance Audit Guide* are met.

Condition: The City completed the annual Fraud Risk Assessment and submitted to the City Counsel but did not document the 40 hours of formal training related to accounting, budgeting, or other financial areas that were completed during the year by a member of the management team or verify the entity specific training that was required.

Cause: Management was not aware of the requirement to track and document the training throughout the year.

Effect: The City was not in compliance with State regulations on Fraud Risk Assessment.

Recommendation: We recommend that the City review the requirements related to Fraud Risk Assessment and to retain documentation to support its risk assessment.

Views of Responsible Officials: Moving forward the City will track formal training for accounting and budgeting by noting when the training occurred, where it occurred, how long the training took place, and the subject of the training. Training will be tracked whether free or if a fee is paid

2025-02: State Compliance – Fund Balance

Criteria: City management is responsible to determine that internal controls ensure that compliance requirements described in the *State Compliance Audit Guide* are met.

Condition: The General Fund unreserved fund balance at year-end was 36%, which exceeded the State required threshold of 35% of general fund revenue.

Cause: The General Fund revenues increased during the year and some expenses utilized previously restricted resources causing the General Fund unreserved fund balance to exceed the threshold.

Effect: The City was not in compliance with State regulations on Fund Balance.

Recommendation: We recommend that the City review the General Unreserved Fund Balance during the year and make transfers to the Capital Projects Funds as needed to keep the General Fund unreserved fund balance below 35% of general fund revenue.

Views of Responsible Officials: During the midyear budget adjustments, in December, a transfer will be made from the General Fund to the Capital Improvement Fund to get under the threshold of 35%.

SMITHFIELD CITY
Schedule of State Compliance Findings and Recommendations – Prior Year

For the Year Ended June 30, 2025

No prior year findings

ORDINANCE NO 2025-24

AN ORDINANCE AMENDING TITLE 17, ZONING OF THE SMITHFIELD MUNICIPAL CODE, BY AMENDING THE ZONING MAP OF SMITHFIELD CITY.

BE IT ORDAINED by the City Council of Smithfield City, Utah as follows:

That certain map or maps entitled "Zoning map of Smithfield City, Utah" is hereby amended and the following described properties are hereby rezoned from R-1-10 PUD (Single Family Residential 10,000 Square Feet Planned Unit Development Overlay Zone) to R-1-10 PUD (Single Family Residential 10,000 Square Feet Planned Unit Development Overlay Zone).

Approximate Property Location: 370 North 250 West

Cache County Parcel Number: 08-080-0008

LOTS 6-7-8-9-10 BLK 37 PLAT A SMITHFIELD CITY SVY SIT SEC 28 T 13N R 1E CONT 5.0 AC LESS GREGORY STABLES SUBDIVISION PHASE 1 CONT 0.84 AC NET 4.16 AC LESS GREGORY STABLES SUBDIVISION PHASE 2 CONT 2.42 AC NET 1.74 AC SUBJ TO ESMNT SEE ENTRY #1296897

APPROVED by the Smithfield City Council this 10th day of December, 2025.

SMITHFIELD CITY CORPORATION

Kristi Monson, Mayor

ATTEST:

Dana Lazcanotegui, City Recorder



Smithfield City Staff Report

Community Development Department

Administration • Engineering • Planning • Zoning

Gregory Stables 3 PUD Rezone

November 19, 2025

This staff report is an analysis of the application information base on adopted city codes, standard city development practices and other available information. This report is to be used to review and consider the merits of the application. Additional information may be provided, that supplements or amends this report.

Project Information

Parcel ID: 08-080-0008

Applicant: Scott Archibald

Action Type: Legislative

Staff Recommendation: None

Project Location

Location:
370 North 220 West
Smithfield, Utah

Lot Size:
1.74 Acres

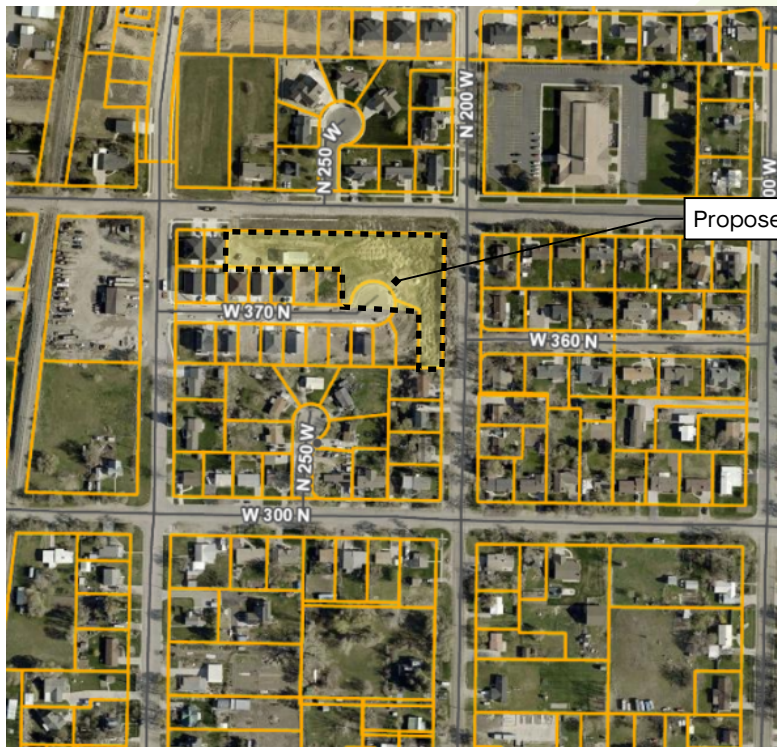
Surrounding Uses:
North - R-1-10 Residential
South - R-1-10 Residential
East - R-1-10 Residential
West - R-1-12 Residential

Current Zoning:
R-1-10 Residential (PUD)

Proposed Zoning:
R-1-10 Residential (PUD)

Project Summary

Scott Archibald is requesting a rezone from an R-1-10 PUD (Planned Unit Development) to another R-1-10 PUD (Planned Unit Development). They have resubmitted preliminary plans for the remainder of the units in Gregory Stables Subdivision.



ORDINANCE NO. 2025-23

WHEREAS, the City Council of Smithfield City, Cache County, Utah, passed and adopted the Smithfield Municipal Code on November 11, 2015; and

WHEREAS, the City Council has determined there is a need to update, repeal, amend and/or modify certain provisions contained in the referenced Municipal Code;

NOW, THEREFORE, the City Council of Smithfield City, Utah hereby adopts, passes and publishes the following:

AN ORDINANCE AMENDING THE SMITHFIELD CITY MUNICIPAL CODE TITLE 16 “SUBDIVISION REGULATIONS”, CHAPTER 16.04 “GENERAL PROVISIONS”, SECTION 16.04.060 “COMPLIANCE REQUIRED”.

BE IT ORDAINED BY THE CITY COUNCIL OF SMITHFIELD CITY, CACHE COUNTY, UTAH, AS FOLLOWS:

1. The following sections shall be amended as indicated. Those portions which are ~~struck out~~ shall be deleted and those that are highlighted in yellow shall be added.

| |
|--------------------------------------|
| 16.04.060 COMPLIANCE REQUIRED |
|--------------------------------------|

G. Multiple-family residential projects having more than **fifty (50)** ~~one hundred (100)~~ dwelling units shall be equipped throughout with two (2) ~~separate and approved~~ **and dedicated** ~~fire apparatus~~ — ~~access~~ **city** roads. Developments of one (1) or two (2) family dwellings where the number of dwelling units exceed **fifteen (15)** ~~thirty (30)~~ shall be provided with two (2) ~~separate and approved~~ **and dedicated** ~~fire apparatus access~~ **city** roads.

2. Should any section, clause, or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, in whole or in part, the same shall not affect the validity of the Ordinance as whole, or any other part thereof.
3. All ordinances, and the chapter, clauses, sections, or parts thereof in conflict with provisions of this ordinance are hereby repealed, but only insofar as is specifically provided for herein.
4. This ordinance shall become effective after the required public hearings and upon its posting as required by law.

THIS ORDINANCE shall be attached as an amendment to the Smithfield Municipal Code above referred to.

Approved and signed this 10th day of December, 2025

SMITHFIELD CITY CORPORATION

Kristi Monson, Mayor

ATTEST:

Dana Lazcanotegui, City Recorder



Smithfield City Staff Report

Community Development Department
Administration • Engineering • Planning • Zoning

Ordinance 2025-23 Subdivision Fire Access

November 17, 2025

This summary analysis of the proposed ordinance is based on previously adopted city codes and standard city development practices. This report is to be used to review and consider the proposed changes to the Smithfield Municipal Code.

Code Changes Subdivision Fire Access

The fire access requirements are found in two locations in the code, both in the subdivision section of the city code (§16.04.06) and in the Construction Design Standards (§CDS 2.1). Each of the individual codes read different requirements and need to coincide in order eliminate confusion.

- The subdivision code currently reads that a subdivision must have two (2) vehicular access points for 100 multi-family units and 30 single family units.
- The Construction Design Standards currently read that any subdivision must have two (2) vehicular access points for 10 dwelling units.

We are proposing that the code in both locations conform to one single requirement. As listed in the ordinance, a subdivision must have (2) two vehicular access points to an existing city road for fifty (50) multi-family dwelling units and fifteen (15) single family or two family units.



ORDINANCE NO. 2025-22

WHEREAS, the City Council of Smithfield City, Cache County, Utah, passed and adopted the Smithfield Municipal Code on November 11, 2015; and

WHEREAS, the City Council has determined there is a need to update, repeal, amend and/or modify certain provisions contained in the referenced Municipal Code;

NOW, THEREFORE, the City Council of Smithfield City, Utah hereby adopts, passes and publishes the following:

AN ORDINANCE AMENDING THE SMITHFIELD CITY CONSTRUCTION & DESIGN STANDARDS, PART I “DESIGN STANDARDS”, CHAPTER 2.0 “STREET DESIGN”, SECTION 2.1 “GENERAL”.

BE IT ORDAINED BY THE CITY COUNCIL OF SMITHFIELD CITY, CACHE COUNTY, UTAH, AS FOLLOWS:

1. The following sections shall be amended as indicated. Those portions which are ~~struck out~~ shall be deleted and those that are highlighted in yellow shall be added.

2.1 GENERAL

~~F. Access to developments: Subdivisions containing ten (10) lots or more shall have at least two (2) street connections with existing public streets on an approved final plat for which a financial guarantee has been filed.~~

F. Access to developments: See SMC 16.04.060 “Compliance Required”.

2. Should any section, clause, or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, in whole or in part, the same shall not affect the validity of the Ordinance as whole, or any other part thereof.
3. All ordinances, and the chapter, clauses, sections, or parts thereof in conflict with provisions of this ordinance are hereby repealed, but only insofar as is specifically provided for herein.
4. This ordinance shall become effective after the required public hearings and upon its posting as required by law.

THIS ORDINANCE shall be attached as an amendment to the Smithfield Municipal Code above referred to.

Approved and signed this 10th day of December, 2025

SMITHFIELD CITY CORPORATION

Kristi Monson, Mayor

ATTEST:

Dana Lazcanotegui, City Recorder

ORDINANCE NO. 2025-21

WHEREAS, the City Council of Smithfield City, Cache County, Utah, passed and adopted the Smithfield Municipal Code on November 11, 2015; and

WHEREAS, the City Council has determined there is a need to update, repeal, amend and/or modify certain provisions contained in the referenced Municipal Code;

NOW, THEREFORE, the City Council of Smithfield City, Utah hereby adopts, passes and publishes the following:

AN ORDINANCE AMENDING THE SMITHFIELD CITY MUNICIPAL CODE TITLE 5 “BUSINESS LICENSES AND REGULATIONS”, ADDING CHAPTER 5.34 “FIREARMS & AMMUNITION” AND SECTION 5.34.010 “BUSINESS LICENSE”, AND AMENDING TITLE 17 “ZONING REGULATIONS”, CHAPTER 17.120 “USE MATRIX TABLE”, SECTION 17.120.010 “USE ALLOWANCE MATRIX”.

BE IT ORDAINED BY THE CITY COUNCIL OF SMITHFIELD CITY, CACHE COUNTY, UTAH, AS FOLLOWS:

- 1. The following sections shall be amended as indicated. Those portions which are ~~struck out~~ shall be deleted and those that are highlighted in yellow shall be added.

5.34 FIREARMS & AMMUNITION

5.34.010 BUSINESS LICENSE

Any individual requesting a business license for the purchase, sale or manufacturing of firearms and ammunition must comply with all city, state and federal laws.

A. Any business license associated with the sales or manufacturing of firearms and ammunition must be directly bound to a specific Federal Firearms License (FFL), issued and inspected by the ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives). The FFL license will be submitted and recorded on the city business license.

1. **Commercial firearm business licenses** are not allowed in any residential zone. A commercial firearm license is only allowed with a conditional-use permit, which will be renewed every three (3) years and must be tied to one of the following federal firearm license types:

- a. Type (1) One – Sales and repair of standard firearms
- b. Type (2) Two – Firearm sales for pawnbrokers
- c. Type (6) Six – Commercial ammunition manufacturing
- d. Type (7) Seven – Manufacture of firearms and ammunition

2. **Home Occupation firearm business licenses** are allowed in residential zones.

Home Occupation Firearms Licenses are required to have a conditional-use permit, which will be renewed every three (3) years and must be tied to one of the following federal firearm license types:

- a. Type (1) One – Sales and repair of standard firearms
- b. Type (3) Three – Curio and relic firearm collector
- c. Type (7) Seven – Manufacture of firearms and ammunition
 - i: Allowed Use include:
 - 1. Light manufacturing
 - 2. CNC – Customizations of specific parts and pieces to adapt to other styles
 - 3. Laser engraving
 - 4. 3D printing of metal or plastic parts.

17.120 USE ALLOWANCE MATRIX

~~Gun Shop~~ Commercial Firearms Sales – Conditional in CB, CC, GC, Gateway & MU Zoning Districts

Home Occupation Firearm Sales – Administrative Conditional (AC) in RA, R-1, RM and MPC Zoning Districts

- 2. Should any section, clause, or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, in whole or in part, the same shall not affect the validity of the Ordinance as whole, or any other part thereof.
- 3. All ordinances, and the chapter, clauses, sections, or parts thereof in conflict with provisions of this ordinance are hereby repealed, but only insofar as is specifically provided for herein.
- 4. This ordinance shall become effective after the required public hearings and upon its posting as required by law.

THIS ORDINANCE shall be attached as an amendment to the Smithfield Municipal Code above referred to.

Approved and signed this 10th day of December, 2025

SMITHFIELD CITY CORPORATION

Kristi Monson, Mayor

ATTEST:

Dana Lazcanotegui, City Recorder



Smithfield City Staff Report

Community Development Department
Administration • Engineering • Planning • Zoning

Ordinance 2025-21 Firearm and Ammunition License

November 17, 2025

This summary analysis of the proposed ordinance is based on previously adopted city codes and standard city development practices. This report is to be used to review and consider the proposed changes to the Smithfield Municipal Code.

Firearm and Ammunition Business License Addition

There is a need to clarify both allowable and prohibited city licenses, in regard to the sale and production of firearms and ammunition. This ordinance proposes to tie a city firearm license directly to an allowed federal firearm license.

Any individual seeking to sell, manufacture or distribute firearms must apply for an FFL (Federal Firearms License). As part of the federal application process, an ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives) officer will call and confirm that the requested license is allowed in city zoning. The process of application for city licensing and federal licensing run simultaneously.

A typical federal firearm license must be renewed every three years and it is proposed that we require a conditional use permit for any city firearm license that must be renewed in the same time frame.

In addition to adding information to §17.120 Use Matrix Table, detailed information will be added to §5.34 Business Licenses for specific license requirements.



FFL Types and Fees

You need to select the FFL type that aligns with your planned business activities. The fees listed cover a three-year license period.

Type 01: Dealer in firearms (gunsmiths) The most common license for retail and home-based businesses.

An FFL Type 1 license, officially the [Type 01 FFL](#), allows individuals or businesses to act as a dealer in non-[National Firearms Act \(NFA\)](#) firearms and to perform gunsmithing (repairs and modifications) on them. This entry-level license is for selling and servicing standard firearms and comes with limitations, including prohibiting the sale or manufacturing of NFA items like [silencers](#) or [short-barreled rifles](#).

Business Activity

Selling firearms at wholesale or retail and providing gunsmithing services.

Scope

Deals with standard firearms and certain repairs but does not cover NFA firearms or their manufacture.

Cost

Typically it costs \$200 to apply, with a \$90 renewal fee every three years.

Regulations

Permits the sale and transfer of non-NFA firearms and allows for repairs, fitting of barrels, stocks, or trigger mechanisms.

Limitations

Cannot manufacture firearms (including assembling kits) or sell NFA items. To deal with NFA firearms, a separate [Special Occupational Taxpayer \(SOT\)](#) license is required.

Type 02: Pawnbroker in firearms For pawnbrokers dealing in firearms; includes Type 01 privileges.

An FFL Type 2 license is a [Federal Firearms License](#) for pawnbrokers of firearms that are not destructive devices. It allows the licensee to operate as a pawnbroker, meaning they can take firearms as security for a loan, in addition to the activities permitted for a standard Type 01 FFL.

Pawnbroker Authorization

The primary distinction of a Type 2 FFL is its authorization for pawning firearms.

Type 01 FFL Equivalency

A Type 2 FFL holder can also perform all the functions of a Type 01 FFL, such as selling, repairing, and performing other duties related to firearms.

Loan Security

Licensees can hold a pawned gun as collateral for a loan.

Business Specificity

It is designed for businesses specifically engaged in the pawnbroking of firearms.

ATF Oversight

Due to the nature of their business, Type 2 FFL holders are subject to more frequent inspections by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

Type 03: Collector of curios and relics (C&R) A non-business license for collecting qualifying firearms that are at least 50 years old or on the ATF's list.

An FFL Type 3 is a Collector of Curios and Relics license issued by the ATF. This non-commercial license allows holders to acquire, possess, and transfer qualifying firearms that are at least 50 years old or have historical significance, including the ability to purchase from out-of-state sellers without requiring a background check for the firearm transfer. It is for personal collecting and does not permit buying or selling firearms for profit or business.

What is a Curio and Relic?

A curio and relic firearm is defined by the ATF as a firearm that is at least 50 years old or listed on the ATF's official C&R list due to its historical or collectible value. This includes firearms manufactured in or before 1898 or those with unconventional firing mechanisms, such as antique black powder and percussion weapons.

Type 06: Manufacturer of ammunition Permits manufacturing ammunition only.

An FFL Type 6 license authorizes the holder to manufacture ammunition for firearms, but it specifically excludes the manufacture of ammunition for destructive devices or armor-piercing ammunition. This license is for the commercial production of ammunition and is required for businesses, not for individuals reloading ammunition for personal use.

Key aspects of an FFL Type 6

Purpose

Allows for the manufacturing of ammunition.

Restrictions

Does not cover the manufacture of ammunition designed for destructive devices or armor-piercing rounds.

Scope

It is a business license for commercial sales, not for personal reloading.

Inclusions

Allows for the production of standard commercially available ammunition, like hollow points.

Type 07: Manufacturer of firearms Allows manufacturing and selling firearms and ammunition and dealing in firearms.

An FFL Type 7 is a Federal Firearms License for businesses that manufacture firearms other than destructive devices and also allows for the manufacturing of ammunition. This license, issued by the [Bureau of Alcohol, Tobacco, Firearms and Explosives \(ATF\)](#), permits the licensee to build or assemble firearms from component parts and sell them, along with the ability to manufacture ammunition.

Firearm Manufacturing

The primary purpose is to manufacture firearms, including assembling them from parts.

Ammunition Manufacturing

It also allows the holder to manufacture ammunition.

Business Operations

The license enables the holder to engage in the business of buying and selling firearms.

A Type 7 FFL Does Not Permit

The manufacturing of destructive devices. For those, a [Type 10 FFL](#) is required. To manufacture National Firearms Act (NFA) items like silencers or machine guns, the Type 7 holder must also register as a Special Occupational Taxpayer (SOT).

Type 08: Importer of firearms/ammunition For importing firearms and ammunition (excluding destructive devices) for sale.

An FFL Type 8 is a Federal Firearms License that allows a business to import firearms and ammunition that are not classified as [destructive devices](#) or [armor-piercing ammunition](#). This license enables businesses to import standard firearms, such as pistols, rifles, and revolvers, and their related ammunition from overseas into the United States.

Activity Allowed

Importing standard firearms and ammunition and acting as a dealer for these imported items.

Restrictions

It does not permit the import of destructive devices (e.g., bombs, grenades) or armor-piercing ammunition.

Purpose

It's ideal for businesses with overseas connections that want to import firearms and ammunition into the U.S. for sale.

Duration and Cost

The license is typically valid for three years and requires a \$150 application fee.

Type 09: Dealer of destructive devices Allows dealing in items like bombs and grenades.

An FFL Type 9, officially a Type 09 license, is a Federal Firearms License from the [Bureau of Alcohol, Tobacco, Firearms and Explosives \(ATF\)](#) that permits a business to deal in destructive devices at wholesale or retail. This includes items such as grenades, bombs, certain large-bore firearms, and other explosives or similar devices. The Type 09 license allows the purchase, sale, and occasional import of these devices but does not grant permission for manufacturing them.

What it covers

Allows dealing in destructive devices, such as grenades, explosives, rockets, and non-sporting firearms with a bore over half an inch in diameter.

What it doesn't cover

Does not permit the manufacturing of destructive devices, which requires a Type 10 FFL.

Customer base

Includes military contractors, government agencies, law enforcement, and collectors of unique and rare weapons.

Cost

This license has a high application and renewal fee, currently set at \$3,000 for both, with renewals every three years.

Additional Requirements

Engaging in the business of destructive devices may also require a Special Occupational Taxpayer (SOT) status and potentially a Federal Explosives License.

Market

Fills a niche market with unique and high-value items, but it's a less saturated and highly specialized area compared to other FFLs.

Type 10: Manufacturer of destructive devices Covers manufacturing destructive devices and ammunition.

An FFL Type 10 is a [Federal Firearms License](#) for the [Manufacturer of Destructive Devices, Ammunition for Destructive Devices](#), or [Armor Piercing Ammunition](#). It is a specialized manufacturer's license that allows the licensee to produce these specific types of regulated items, distinguishing it from other manufacturer licenses like the [Type 07 FFL](#).

Manufacturing Destructive Devices

This category includes non-sporting firearms with a bore over a half-inch, grenades, rockets, missiles, mines, and similar devices, as well as certain combination parts designed to convert other devices into destructive devices.

Manufacturing Ammunition for Destructive Devices

You can produce ammunition that is specifically designed to be used with or is for a destructive device.

Manufacturing Armor Piercing Ammunition

This license allows for the production of ammunition with a projectile or bullet core made from materials that can penetrate body armor.

Requirements

To obtain this license, you must meet federal requirements, such as being at least 21 years old, and have a clear intent to operate a business that involves the activities covered by the Type 10 FFL.

Business Focus

This license is for manufacturers who intend to produce destructive devices and armor-piercing ammunition, often for military contractors, government agencies, or collectors of unusual weapons.

Type 11: Importer of destructive devices Permits importing destructive devices and ammunition.

An FFL Type 11 is a [Federal Firearms License](#) (FFL) that authorizes the licensee to import destructive devices, ammunition for destructive devices, or armor-piercing ammunition. This license is one of nine FFL types issued by the [Bureau of Alcohol, Tobacco, Firearms and Explosives](#) (ATF) and is similar to a Type 10 FFL, which allows for the manufacture of these same items.

Purpose

To import and deal with specific types of firearms and ammunition, including items like grenades or rocket launchers.

Related Licenses

Holders of a Type 11 FFL often need to become a Class 1 Special Occupational Taxpayer (SOT) to handle [National Firearms Act](#) (NFA) items, as well as obtain a [Federal Explosives License](#) (FEL).

Application Process

To obtain this license, you must apply through the federal process, meet state and local requirements, be at least 21 years old, and be legally permitted to own firearms.

WATER USE & PRESERVATION



Utah is among the fastest growing and driest states in the nation. According to the Kem C. Gardner Policy Institute at the University of Utah, the statewide population is expected to double by 1965, increasing demand for and stretching finite water resources even further. Utah is the second driest state in the nation and has seen historic drought levels in recent years. Water conservation is an issue that touches everyone. Ensuring we continue to have enough water for the future is a major concern of state and local leaders, water providers, and the public. The use and preservation of water resources has emerged as a major concern on the state level, as indicated by S.B. 110: Water as Part of the General Plan, a law that was adopted in 2022 which requires municipalities and counties to amend their general plan to consider how land use planning impacts water use.

As a community with moderate room to grow over the next 25 years, water use challenges in Smithfield are a function of continued population growth while satisfying the anticipated demands, maintaining and improving the current distribution system, and achieving the city's water conservation goals. This section describes the water system and provides a snapshot of current and future water use in Smithfield. It also outlines existing and proposed water planning goals and strategies and recommends additional goals and policies that will reduce water demands as part of current and future developments.

In 1998, the Utah Legislature passed the Water Conservation Act, amended in 2022, requiring water agencies with more than 500 drinking water connections to submit water conservation plans to the Utah Division of Water Resources and update the plans every five

years. The purpose of a water conservation plan is to provide information regarding existing and proposed water conservation measures that will help conserve water in the state so that adequate supplies of water are available for future needs. Water conservation plans include water use reduction goals as well as implementation strategies. The current Smithfield City Water Conservation Plan was updated and adopted in 2023 and outlines the goals below:

- Reduce residential water use in gallons per capita daily (GPCD)
- Increase repair and maintenance to improve system operation
- Increase education and use of water efficient landscaping

Smithfield City Water Profile

Smithfield City acquires its water from a combination of sources. It's oldest and historically largest source has been from a collection of springs up Smithfield Canyon originally developed in the 1920s. These springs have collectively provided over 3,000-acre feet of water to the community. This amount can fluctuate according to regional drought and climate cycles. Smithfield has also developed three wells to accommodate population and industrial growth. The most recent well in Central Park has the potential to secure the community's water supply for the foreseeable future.

In 2020, Smithfield averaged approximately 200 Gallons Per Capita Daily (GPCD), compared to 293 GPCD statewide, and 184 GPCD nationally. This figure includes all metered residential, business, and industrial connections. It does include some residential landscape irrigation since approximately 43% of homes in Smithfield do not have secondary irrigation connection. While the city encourages new development to connect to the secondary irrigation system, there is currently no storage capacity on the east side of the community. Providing secondary water service to that area will require pumping to provide pressure and may not be cost-effective.

Population growth through 2050 will come with an increased demand for water. The average Utah household uses approximately 0.45-acre feet of water



per year. An acre foot of water is approximately 325,852 gallons, or the amount of water needed to cover one acre of ground in one foot of water.

According to the Smithfield Water Conservation Plan, future demand including residential and industrial use could be as high as 5,274-acre feet by 2050 – an increase of up to 70% over current use.

The city provided 3,082-acre feet in 2022, a year of considerable drought. The city Water Conservation Plan from 2023 estimates that approximately 4,800-acre feet of water will be reliably available. The development of the new Central Park Well and additional water rights acquired through annexation and development of agricultural land will increase that amount. However, new major water source acquisition is unlikely in the future. The best alternative to meeting future demand will be through conservation of existing resources.

The Smithfield Water Conservation Plan outlines several Best Management Practices to educate residents and municipal water consumers and encourage the reduction of per capita water consumption. These practices include:

- Use of water wise landscaping and efficient home appliances, etc.
- Provide educational materials from USU Extension
- Develop a community demonstration garden on public property that showcases low-water landscaping plants and materials (Heritage Trail and in city ROW)
- Progressively scale rate pricing based on quantity used; regularly update this scale
- Manage water shortages, such as during emergency events
- Disallow lawn on parking strips or areas less than eight feet in width in new development
- Implement landscaping standards – no more than 50% of front and side yard landscaped area in new residential development is lawn
 - » Unless small residential lots with less than 250 sq ft of landscaped area
- Implement landscaping standards – New commercial, industrial, institutional, and multi-family development common area landscapes shall not have more than 20% lawn, outside of active recreation areas
- Seek out and address leaks, theft, or inaccurate meters
- Coordinate with secondary water providers to accurately measure use and bill appropriately for irrigation, especially landscaping

- » Encourage limited outdoor watering during periods of drought

To reduce per capita water use in future development, Smithfield recommends the following policies:

- Progressively scale rate pricing based on quantity used; regularly update this scale
- Expedite plan reviews for projects that use water conservation measures and require buildings to improve water efficiency as a condition of renovation/additions
- Where allowed by Utah Code, promote use of captured rainwater, graywater, or recycled water as preferred source of non-potable water needs
- Encourage smaller lot sizes which use less water for landscape irrigation; multi-family housing uses even less water per capita
- Require water wise landscaping design in new developments
- Transfer water rights – new residential and commercial development must offset anticipated water to be used through conservation, or transfer enough water rights to serve the entire development at build-out

Smithfield also recognizes the role that the municipality plays in ensuring that public uses of water are efficient and is always considering new practices to reduce and eliminate inefficient water use:

- Include water-wise building retrofit ideas for public facilities in the General Plan
- Develop water-wise landscaping guide for public facilities
- Meter and bill for authorized contractor use

Regional Collaboration

Local water suppliers have the best information regarding their own systems, challenges, and opportunities. Since water exists and flows freely across political boundaries, coordinated planning efforts between local, regional, and state entities is also important. Smithfield City can work with other suppliers and other entities to establish policies and partnerships that allow for a comprehensive regional approach to water-supply management that will promote water-use efficiency programs, ensure that plans provide for adequate water supplies and maximize water conservation and reuse, and communicate with the public the importance of water conservation as it relates to quality of life.

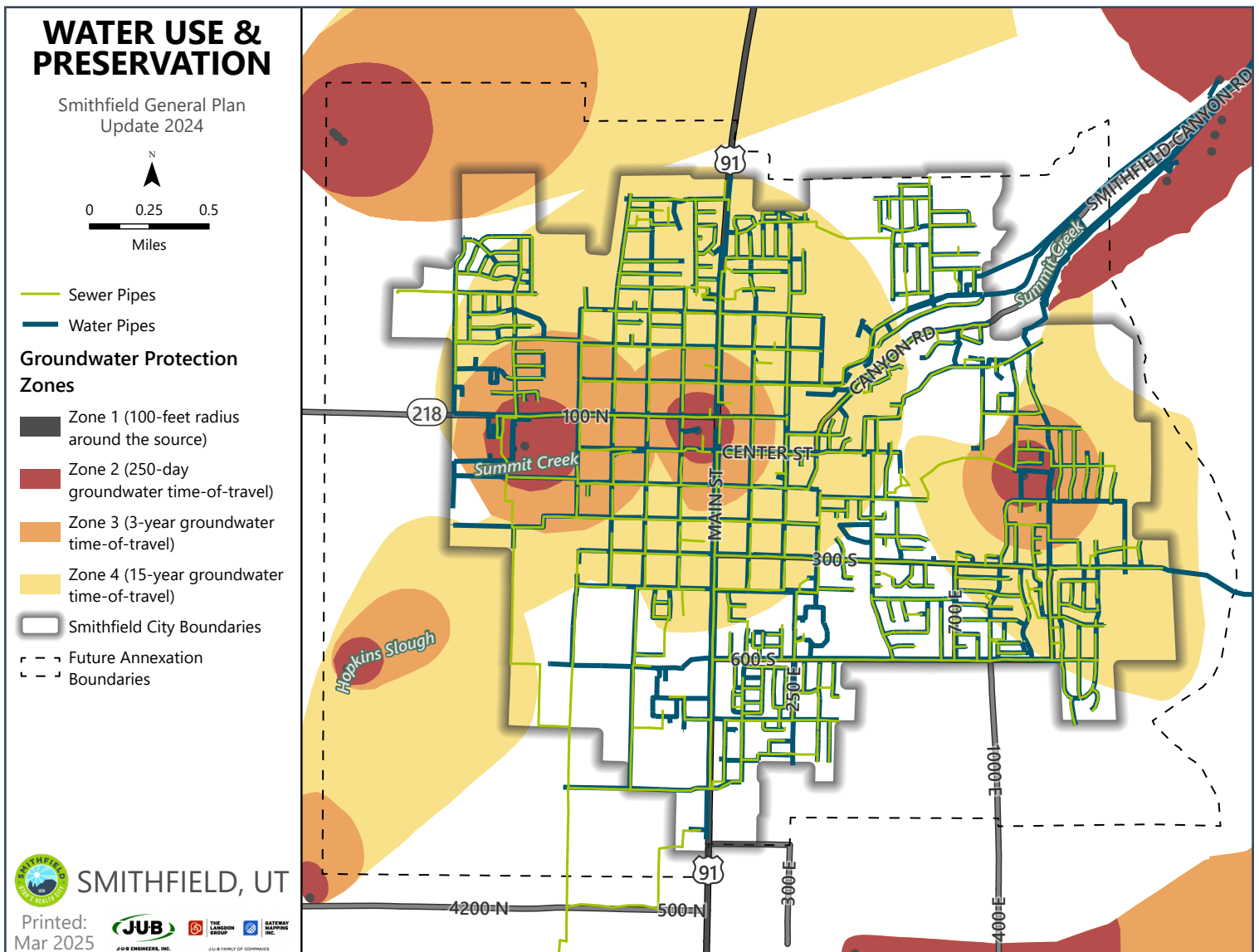


The **Utah Regional Municipal and Industrial (M&I) Water Conservation Goals Report** by the Utah State Department of Natural Resources, Division of Water Resources, presents a suite of regional goals and practices for residential, commercial, institutional, and industrial water use. The purpose of the report is not to provide a detailed water conservation plan for all regions in the state, but to guide the state’s water industry in planning future infrastructure, policies, and programs consistent with Utah’s semiarid climate and growing demand for water. As cited in the Smithfield Water Conservation Plan, the Regional Conservation Goals

propose that the Bear River Region, of which Smithfield is a part, consider a goal of decreasing outdoor water use by 20% and indoor use by 5% by 2030. Local water suppliers, residents of Smithfield, and businesses are encouraged to adopt this target as they implement water conservation efforts and pursue regional water goals.

An illustration of existing groundwater protection zones and water and wastewater infrastructure can be found in Figure 6, Water Use & Preservation Map. **(See also Appendix 9)**

FIGURE 6: WATER USE & PRESERVATION MAP





Goals, Objectives, and Actions

WATER USE & PRESERVATIONS GOAL 1

Maintain a clean, safe, drinking water supply and keep Smithfield a water-wise community for generations to come by reducing water demand per capita consumption for future and existing development.

OBJECTIVE

- Provide outreach and education to residents about water conservation, such as encouraging the installation of water efficient fixtures and appliances.
- Continue to implement and annually update a tiered fee structure for metered water to incentivize efficient use and conservation of culinary water.
- Coordinate with irrigation water providers to incentivize efficiency improvements and application schedules for non-metered water use.
- Continue to enforce fines for non-metered water users.
- Develop water distribution system leak repair plan.

ACTION

TIMING

RESPONSIBILITY

Action A: In coordination with the State Department of Environmental Quality, maintain groundwater recharge zones and well and spring source protection zones to restrict development that might encroach on community water sources and negatively impact water quality.

0-3 years

Public Works Staff/State

Action B: Connect residents with USU Extension information on landscaping and infrastructure efficiency.

Every 5 years

Staff/Planning/ City Council

Action C: Develop an annual community water usage report to educate residents on community water needs and availability.

Annually

Staff/Planning/ City Council

Action D: Encourage the installation of water efficient fixtures and appliances.

0-3 years

Staff/Planning/ City Council

Action E: Evaluate municipal facilities and operations to identify wasteful water practices that may be reduced or eliminated.

Annually

Public Works Staff

Action F: Develop and adopt landscaping requirements for public streets that do not require the use of lawn or turf in park strips/ street medians.

1 year

Planning

Action G: Regularly consult with the Utah Division of Water Resources for information and technical resources regarding regional water conservation goals, including how the implementation of the city's land use element and the water use and preservation element may affect the Great Salt Lake and overall Bear River Watershed health.

Annually

Public Works Staff/State

ORDINANCE NO. 2025-30

WHEREAS, the “Municipal Land Use Development and Management Act,” Utah Code Ann. §10-9a-101 et seq., as amended (the “Act”), provides that each municipality may enact a land use Ordinance establishing regulations for land use and development; and

WHEREAS, pursuant to Utah House Bill 48, which takes effect on January 1, 2026 and requires municipalities to adopt the Wildland Urban Interface Building Code; and

WHEREAS, the International Codes are designed and promulgated to be adopted by reference by Ordinance; and

WHEREAS, municipalities use the International Wildland-Urban Interface Code (WUIC) as a basis for establishing the minimum standards, the Smithfield City Council incorporates by reference the 2006 International Code Council Wildland-Urban Interface Code as the minimum standard for wildland fire ordinance in conjunction with Utah requirements;

NOW, THEREFORE, the City Council of the City of Smithfield, Utah hereby adopts, passes and publishes the following:

AN ORDINANCE AMENDING THE SMITHFIELD CITY MUNICIPAL CODE TITLE 8 “HEALTH AND SAFETY”, CHAPTER 8.08 “FIRE CODE”, ADDING IN ITS ENTIRETY SECTION 8.08.070 “INTERNATIONAL WILDLAND-URBAN INTERFACE CODE (WUIC).

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SMITHFIELD, CACHE COUNTY, UTAH AS FOLLOWS:

1. The following sections shall be amended as indicated. Those portions which are ~~struck out~~ shall be deleted and those that are highlighted in **yellow** shall be added.

8.08.070 INTERNATIONAL WILDLAND-URBAN INTERFACE CODE (WUIC)

An Ordinance of Smithfield City adopts the 2006 edition of the International Wildland-Urban Interface Code (WUIC) as shown in Exhibit “2006 Utah Wildland-Urban Interface Code”, found at the following link, (https://ffsl.utah.gov/wp-content/uploads/06_Utah_Wildland_5thdnd.pdf) and currently amended by the division of Forestry, Fire and State Lands, regulating and governing the mitigation of hazard to life and property from the intrusion of fire from wildland exposures, fire from adjacent structures and prevention of structure fires from spreading to wildland fuels in Smithfield City; providing for the issuance of permits and collection of fees therefore; repealing all other ordinances and parts of ordinances in conflict therewith.

The City Council of Smithfield City does ordain as follows: The WUIC document as published by the International Code Council, be and is hereby adopted as the WUIC for Smithfield City for regulating and governing the mitigation of hazard to life and property from the intrusion of fire from wildland exposures, fire from adjacent structures and prevention of structure fires from

spreading to wildland fuels as herein provided; providing for the issuance of permits and collection of fees therefor; and each and all of the regulations, provisions, penalties, conditions and terms of said WUIC on file in the office of Smithfield City are hereby referred to, adopted, and made a part hereof, as if fully set out in this ordinance, with the additions, insertions, deletions and changes, if any.

Boundaries: Specific boundaries of natural or man-made features of wildland-urban interface areas shall be as shown on the wildland area interface map shown in Exhibit "A" and be amended from time to time as required by the Fire Chief of Smithfield City.

-
2. Should any section, clause, or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, in whole or in part, the same shall not affect the validity of the Ordinance as whole, or any other part thereof.
 3. All ordinances, and the chapter, clauses, sections, or parts thereof in conflict with provisions of this ordinance are hereby repealed, but only insofar as is specifically provided for herein.
 4. This ordinance shall become effective after the required public hearings and upon its posting as required by law.

THIS ORDINANCE shall be attached as an amendment to the Smithfield Municipal Code above referred to.

Approved and signed this 10th day of December, 2025

SMITHFIELD CITY CORPORATION

Kristi Monson, Mayor

ATTEST:

Dana Lazcanotegui, City Recorder

ORDINANCE NO 2025-29

AN ORDINANCE AMENDING CHAPTER 3.20, MUNICIPAL IMPACT FEES BY MODIFYING THE WASTEWATER (SEWER) COLLECTION SYSTEM IMPACT FEE.

WHEREAS, the City Council has determined that the City's physical growth and urban development has and will continue to increase the demand on the city's wastewater (sewer) system; and

WHEREAS, the City has caused a written analysis to be prepared by Zions Public Finance, Inc., for the Wastewater (Sewer) Collection Impact Fee which identified and analyzed the proportionate share of the costs of the impacts on public facilities which are reasonably related to and necessary to service anticipated future growth; and

WHEREAS, the written analysis prepared by Zions Public Finance, Inc. considered all revenue sources for financing the existing and future facility improvements necessary to accommodate future growth and established that impact fees are necessary in order to achieve an equitable allocation of the costs of providing existing and future adequate public facilities and system improvements which are reasonably related to and necessary to service anticipated future growth; and identifies a methodology establishing how the proposed impact fee for such public facilities was calculated; and

WHEREAS, the City has identified and analyzed through the impact fee analysis the statutory criteria as to whether a proportionate share of the cost of such existing and new facilities are reasonably related to new development activity as set forth in the Utah Impact Fee Act; and

WHEREAS, the City has complied with all applicable notice and public hearing requirements as established under the Utah Impact Fees Act and related statutes; and

WHEREAS, the impact fees established by this ordinance are reasonably related to the cost of providing such public facilities necessitated by anticipated future growth within the City or are reasonably related to public facility costs previously incurred by the City to the extent that new growth and development will be served by the previously constructed improvements and said fees do not exceed the highest fee justified by the written analysis; and

WHEREAS, after a consideration of all the relevant factors, the Smithfield City Council finds and determines that it is in the best interests of its current and future residents to adopt this Ordinance in order to provide for adequate public facilities to service anticipated future growth and development, the need for which is reasonably related to and created by the anticipated future growth;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF SMITHFIELD, UTAH, as follows:

1. Section 3.20.020 Service Areas, shall be amended such that the highlighted areas designated below shall be added and the ~~strikeout~~ areas shall be deleted.

3.20.020 SERVICE AREAS

A. The entire area of the city and any areas outside the city serviced by such systems or facilities are designated and established as one service area with respect to parks and trails, storm water system, **culinary water** and the wastewater (sewer) system.

~~B. The two (2) culinary water pressure zones as identified as "Northeast Area" and "All Other Areas".~~

The Northeast Area is to include the area located inside the area described below:

- ~~Starting at the intersection of 800 North 600 East (Crow Mountain Road) going south to 600 East Upper Canyon Road.~~
- ~~From 600 East Upper Canyon Road extending west to 400 North 200 East.~~
- ~~From 400 North 200 East extending north to 680 North 200 East.~~
- ~~From 680 North 200 East extending west to 680 North 100 East. (Where 100 East would be located if existed).~~
- ~~From 680 North 100 East going north to the city limit which is currently 800 North.~~

~~***Note: Property located north of 800 North from Main Street to 600 East is currently located in the unincorporated area of Cache County. If any portion of this area is annexed into the city it will be included in the Northeast Area for impact fee purposes.***~~

~~"All Other Areas" is to be considered any area specifically not listed in the description of the Northeast Area".~~

~~C. The three (3) Wastewater/Sewer Collection areas are identified as:~~

~~NORTHWEST SERVICE AREA~~

~~Beginning on intersection of the centerline of the Union Pacific railway tracks and the north most boundary of Smithfield City (approximately 475 North 300 West) then westward to a location that would be 460 West and 475 North, then south to 300 North, then west along the 300 North delineation to 700 West then from the point where 300 North and 700 West would located, then south along a 700 West map designation to where this 700 West line would intersect with Summit Creek (the waterway). The area to the west of this delineation line to be in the Northwest Service Area and the area to the east of the described line being in the North Service Area.~~

~~NORTH SERVICE AREA~~

~~All homes along Lower Canyon Road and all homes that would gravity flow into Canyon Road, or all homes south or east or the brow of the hill from Summit Creek Drive. Then continuing south and including all homes on the west side of 470 East, to the point where it intersects with Center Street. Then continuing west with the connections on the north of Center Street being in the North Service Area and connections to the south being in the Greater Smithfield Service Area. This boundary will continue along Center Street until 300 West. At 300 West the boundary line will follow Summit Creek (the waterway) to the location that would be 700 West. Then the boundary line will continue north along where 700 West would be to the point where the 300 North 700 West point where would intersect if there were streets there. Then east along 300 North to 460 West and then north along a line that would be 460 West where the east side of 475 North division line will be in the North Service Area and the Northwest Service Area. Then at 475 North it would turn east and continue to the Union Pacific railway and continue towards the northeast along the center of the railway tracks, with the east side in the North Service Area and the west side of the tracks in the Northwest Service Area to the city limit line.~~

~~GREATER SMITHFIELD SERVICE AREA~~

~~All areas not included in the North Service Area or the Northwest Service Area.~~

- ~~2. Impact Fees listed in the Prevailing Fee Schedule shall be as follows, effective April 1, 2026~~

unless otherwise stated:

See included chart on Pages 4 & 5 of this Ordinance titled “Wastewater/Sewer Collection Impact Fees”.

2. Should any section, clause, or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, in whole or in part, the same shall not affect the validity of the Ordinance as a whole, or any other part thereof.
3. All ordinances, and the chapter, clauses, sections, or parts thereof in conflict with provisions of this ordinance are hereby repealed, but only insofar as is specifically provided for herein.
4. This ordinance shall become effective upon adoption by the city council.

Approved and signed this 10th day of December, 2025.

SMITHFIELD CITY CORPORATION

Kristi Monson, Mayor

ATTEST:

Dana Lazcanotegui, City Recorder

| |
|--|
| WASTEWATER/SEWER COLLECTION IMPACT FEES |
|--|

Standard Single-Family Household

| | |
|-----------------------------------|---------|
| April 1, 2026 – December 31, 2026 | \$4,791 |
| Calendar Year 2027 | \$4,835 |
| Calendar Year 2028 | \$4,879 |
| Calendar Year 2029 | \$4,923 |
| Calendar Year 2030 | \$4,967 |

April 1, 2026 - December 31, 2026

Meter Size

| | |
|--------|---------------|
| 5/8" | \$ 4,791.00 |
| 3/4" | \$ 7,186.00 |
| 1" | \$ 11,978.00 |
| 1 1/2" | \$ 23,956.00 |
| 2" | \$ 38,330.00 |
| 3" | \$ 76,660.00 |
| 4" | \$ 179,671.00 |
| 6" | \$ 383,300.00 |
| 8" | \$ 670,774.00 |

Calendar Year 2027

Meter Size

| | |
|--------|---------------|
| 5/8" | \$ 4,835.00 |
| 3/4" | \$ 7,253.00 |
| 1" | \$ 12,088.00 |
| 1 1/2" | \$ 24,177.00 |
| 2" | \$ 38,684.00 |
| 3" | \$ 77,369.00 |
| 4" | \$ 181,334.00 |
| 6" | \$ 386,847.00 |
| 8" | \$ 676,982.00 |

Calendar Year 2028

Meter Size

| | |
|--------|---------------|
| 5/8" | \$ 4,879.00 |
| 3/4" | \$ 7,319.00 |
| 1" | \$ 12,199.00 |
| 1 1/2" | \$ 24,398.00 |
| 2" | \$ 39,038.00 |
| 3" | \$ 78,076.00 |
| 4" | \$ 182,990.00 |
| 6" | \$ 390,380.00 |
| 8" | \$ 683,165.00 |

Calendar Year 2029

Meter Size

| | |
|--------|---------------|
| 5/8" | \$ 4,923.00 |
| 3/4" | \$ 7,385.00 |
| 1" | \$ 12,309.00 |
| 1 1/2" | \$ 24,618.00 |
| 2" | \$ 39,390.00 |
| 3" | \$ 78,780.00 |
| 4" | \$ 184,642.00 |
| 6" | \$ 393,903.00 |
| 8" | \$ 689,330.00 |

Calendar Year 2030

Meter Size

| | |
|--------|---------------|
| 5/8" | \$ 4,967.00 |
| 3/4" | \$ 7,451.00 |
| 1" | \$ 12,419.00 |
| 1 1/2" | \$ 24,838.00 |
| 2" | \$ 39,742.00 |
| 3" | \$ 79,484.00 |
| 4" | \$ 186,290.00 |
| 6" | \$ 397,420.00 |
| 8" | \$ 695,485.00 |



Smithfield City

Sewer Impact Fee Analysis November 2025



Contents

| | |
|--|----------|
| Contents | 1 |
| Executive Summary | 2 |
| Sewer System Overview | 2 |
| Level of Service – Equivalent Residential Connection | 2 |
| Growth in Demand | 2 |
| Sewer Service Area..... | 2 |
| Existing Excess Capacity..... | 2 |
| New Construction Costs | 3 |
| Sewer Impact Fee Calculation..... | 3 |
| Non-Standard Demand Adjustments..... | 4 |
| Chapter 1: Overview of the Sanitary Sewer Impact Fees | 5 |
| Summary..... | 5 |
| Costs to be Included in the Impact Fee | 5 |
| Utah Code Legal Requirements | 5 |
| Notice of Intent to Prepare Impact Fee Analysis..... | 5 |
| Preparation of Impact Fee Analysis..... | 6 |
| Certification of Impact Fee Analysis | 7 |
| Chapter 2: Impact From Growth Upon the City’s Facilities and Level of Service..... | 8 |
| Service Area..... | 8 |
| Sewer Demands | 8 |
| Existing and Proposed LOS Analysis..... | 8 |
| Chapter 3: Impact on Capacity from Development Activity | 9 |
| Excess Capacity | 9 |
| Chapter 4: System Improvements Required from Development Activity..... | 9 |
| Future 10-Year Wastewater Capital Projects | 9 |
| Chapter 5: Proportionate Share Analysis..... | 10 |
| Maximum Legal Wastewater Impact Fee per ERU | 10 |
| New Construction Costs..... | 10 |
| Consultant Fees..... | 10 |
| Summary of Impact Fee | 10 |
| Non-Standard Demand Adjustments..... | 12 |
| Certification | 12 |

EXECUTIVE SUMMARY

This sewer impact fee analysis (IFA) for Smithfield City (City) is performed in accordance with Utah State Code §11-36a. An impact fee is a payment of money imposed upon new development activity to mitigate the impact of new development on public infrastructure. The City currently does not collect a sewer impact fee from new development. In conjunction with this project, Sunrise Engineering prepared the *Smithfield City Wastewater Master Plan Update* dated May 2025.

The recommended impact fee structure presented in this IFA represents the maximum impact fees that the City may assess. The City will be required to use revenue sources other than impact fees to fund any projects identified in the IFFP that constitute repair and replacement, cure any existing deficiencies, or increase the level of service for existing users.

Sewer System Overview

Level of Service – Equivalent Residential Connection

Level of service (LOS) defines the sewer demands that a typical residential user, expressed as an Equivalent Residential Unit (ERU), will require and should pay for through impact fees. Impact fee law prohibits the use of impact fees to increase the LOS above the current service levels. At times, a sewer system may need to increase the LOS to cure an existing deficiency, but projects that fix deficiencies must be paid for through non-impact fee revenues and a credit must be provided to the impact fee payer so that only the fair share is charged.

The existing level of service is shown in Exhibit 1 of the 2025 Wastewater Master Plan Update. All wastewater pipes from the current 2025 wastewater model show a depth over diameter ratio of 0.7 or less allowing for proper flow in the existing pipes. Exhibits 2 and 3 from the 2025 Wastewater Master Plan Update show the pipes recommended for replacement in the capital improvement list as having a depth over diameter ratio of greater than 0.7 for the modeled flows for 2035 and 2045 respectively. This means that these pipes have the potential for reaching full capacity and backing up. The proposed level of service is to replace these pipes to have a depth over diameter ratio of less than 0.7 to match the existing level of service. These pipes are sized for the projected 50-year flows as required by the Utah wastewater rules.

Growth in Demand

In 2025 the City served 5,317 sewer ERUs and is anticipated to grow to approximately 6,956 ERUs by 2035, for an increase of 1,639 ERUs over the 10-year period.¹ A residential unit is equated to one ERU and non-residential properties are converted to the appropriate number of ERUs based on water meter sizes as shown later in this IFA.

Sewer Service Area

The service area covers the entire City for the purpose of calculating impact fees although additional areas, including Hyde Park, are served by Smithfield's sewer collection system.

Existing Excess Capacity

The IFFP does not identify any existing excess capacity in the City's sewer collection system.

¹ IFFP, p. 3

New Construction Costs

The IFFP states that nine projects are needed to serve the needs of new development at a total cost of \$47,450,000,² with \$21,548,000 considered impact-fee eligible over the next 20 years.³ Only four of the projects will be constructed in the next 10 years and are therefore the only projects included in the calculation of impact fees. The total cost of the four new projects is \$27,650,000, with \$9,730,000 considered impact-fee eligible.

Sewer Impact Fee Calculation

The impact fee calculation is shown in the table below and results in a gross fee of \$5,712.79 per ERU, or single-family household.

TABLE 1: PROPORTIONATE SHARE ANALYSIS – GROSS COST BEFORE CREDITS

| Summary of Gross Fee | |
|---------------------------------|-------------------|
| New Construction | \$5,696.01 |
| Consultant Cost | \$16.78 |
| Fund Balance | \$0.00 |
| Gross Fee Before Credits | \$5,712.79 |

Credits must be made for future projects that will benefit existing development so that new development does not pay twice. There is a total of \$9,877,000 of new projects that will benefit existing development.⁴ These costs have been credited over 20 years. There are no sewer bonds outstanding and therefore no bond credits need to be made.

TABLE 2: PROPORTIONATE SHARE ANALYSIS – MAXIMUM FEES PER ERU

| | Payment | ERUs | Cost per ERU | NPV* | Max Fee per ERU |
|------|-----------|-------|--------------|----------|-----------------|
| 2026 | \$493,850 | 5,462 | \$90.42 | \$921.54 | \$4,791.25 |
| 2027 | \$493,850 | 5,611 | \$88.02 | \$877.20 | \$4,835.59 |
| 2028 | \$493,850 | 5,763 | \$85.69 | \$833.03 | \$4,879.75 |
| 2029 | \$493,850 | 5,920 | \$83.42 | \$789.00 | \$4,923.79 |
| 2030 | \$493,850 | 6,082 | \$81.20 | \$745.03 | \$4,967.76 |
| 2031 | \$493,850 | 6,247 | \$79.05 | \$701.08 | \$5,011.71 |
| 2032 | \$493,850 | 6,417 | \$76.96 | \$657.08 | \$5,055.71 |
| 2033 | \$493,850 | 6,592 | \$74.92 | \$612.98 | \$5,099.81 |
| 2034 | \$493,850 | 6,772 | \$72.93 | \$568.71 | \$5,144.08 |
| 2035 | \$493,850 | 6,956 | \$71.00 | \$524.21 | \$5,188.57 |

*NPV = net present value discounted at 5 percent

Single-family and multi-family residential fees will be charged on a per door basis. Nonresidential development will be charged on meter size as follows and fees are calculated by multiplying the meter ratio

² Hyde Park is responsible for \$8,043,000 of this amount.

³ IFFP, p. 7

⁴⁴ Calculated by subtracting the total impact-fee eligible costs of \$9,730,000 from Smithfield's cost allocation of \$19,607,000.

(as determined by the meter size) by the maximum fee per ERU as shown in Table 2 for the given year. These calculations represent the maximum impact fee that may be charged.

TABLE 3: MAXIMUM FEES BY METER SIZE, 2026-2029

| Meter Size | Maximum Flow Rate (gpm) | Meter Ratio | 2026 | 2027 | 2028 | 2029 |
|------------|-------------------------|-------------|--------------|--------------|--------------|--------------|
| 5/8" | 20 | 1 | \$4,791.25 | \$4,835.59 | \$4,879.75 | \$4,923.79 |
| 3/4" | 30 | 1.5 | \$7,186.87 | \$7,253.39 | \$7,319.63 | \$7,385.69 |
| 1" | 50 | 2.5 | \$11,978.12 | \$12,088.98 | \$12,199.38 | \$12,309.48 |
| 1 ½" | 100 | 5 | \$23,956.25 | \$24,177.96 | \$24,398.77 | \$24,618.95 |
| 2" | 160 | 8 | \$38,330.00 | \$38,684.74 | \$39,038.03 | \$39,390.32 |
| 3" | 320 | 16 | \$76,660.00 | \$77,369.47 | \$78,076.06 | \$78,780.65 |
| 4" | 750 | 37.5 | \$179,671.87 | \$181,334.70 | \$182,990.77 | \$184,642.14 |
| 6" | 1600 | 80 | \$383,300.00 | \$386,847.36 | \$390,380.31 | \$393,903.23 |
| 8" | 2800 | 140 | \$670,774.99 | \$676,982.88 | \$683,165.55 | \$689,330.65 |

TABLE 4: MAXIMUM FEES BY METER SIZE, 2030-2035

| Meter Size | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 5/8" | \$4,967.76 | \$5,011.71 | \$5,055.71 | \$5,099.81 | \$5,144.08 | \$5,188.57 |
| 3/4" | \$7,451.64 | \$7,517.57 | \$7,583.56 | \$7,649.72 | \$7,716.12 | \$7,782.86 |
| 1" | \$12,419.39 | \$12,529.28 | \$12,639.27 | \$12,749.53 | \$12,860.19 | \$12,971.43 |
| 1 ½" | \$24,838.78 | \$25,058.55 | \$25,278.54 | \$25,499.05 | \$25,720.39 | \$25,942.86 |
| 2" | \$39,742.06 | \$40,093.68 | \$40,445.67 | \$40,798.48 | \$41,152.62 | \$41,508.58 |
| 3" | \$79,484.11 | \$80,187.36 | \$80,891.33 | \$81,596.97 | \$82,305.24 | \$83,017.15 |
| 4" | \$186,290.88 | \$187,939.13 | \$189,589.06 | \$191,242.90 | \$192,902.91 | \$194,571.45 |
| 6" | \$397,420.55 | \$400,936.82 | \$404,456.67 | \$407,984.85 | \$411,526.22 | \$415,085.76 |
| 8" | \$695,485.97 | \$701,639.44 | \$707,799.17 | \$713,973.48 | \$720,170.88 | \$726,400.08 |

Non-Standard Demand Adjustments

The City reserves the right under the Impact Fees Act (Utah Code Ann. § 11-36a-402(1)(c, d)) to assess an adjusted fee to respond to unusual circumstances and to ensure that the impact fees are assessed fairly. The impact fee ordinance should include a provision that permits adjustment of the fee for a development based upon studies and data submitted by the developer that indicate a more realistic and accurate impact on the City's infrastructure. The formula for 2026 would be:

$$(Maximum\ Flow\ Rate \div 20) \times \$4,791.25$$

Each year thereafter the maximum flow rate divided by 20 should be multiplied by the cost for a 5/8" meter as shown in Tables 3 and 4 for that year.

CHAPTER 1: OVERVIEW OF THE SANITARY SEWER IMPACT FEES

Summary

An impact fee is intended to recover the City's costs of building excess wastewater capacity from new residential or non-residential development rather than passing these growth-related costs on to existing users through rates.

The Utah Impact Fees Act allows only certain costs to be included in an impact fee so that only the fair cost of expansionary projects or existing unused capacity paid by the City is assessed through an impact fee. Eligible costs include future projects, historic costs of existing assets that still have capacity available to serve growth, future or outstanding debt related to these eligible projects, and certain professional expenses related to planning for growth. Project improvements that only serve a specific development or subdivision cannot be included. System improvements that cure a deficiency or enhance the Level of Service (LOS) cannot be included without an appropriate credit.

The impact fee analysis provides documentation of a fair comparison, or rational nexus, between the impact fee charged to new development and the demands that new growth will have on the system.

Costs to be Included in the Impact Fee

The impact fees proposed in this analysis are calculated based upon:

- New construction projects; and
- Professional and planning expenses related to the construction of system improvements that will serve new development.

The costs that cannot be included in the impact fee are as follows:

- Projects that cure system deficiencies for existing users;
- Projects that increase the level of service above that which is currently provided;
- Operations and maintenance costs;
- Costs of facilities funded by grants or other funds that the City does not have to repay;
- Interest costs related to outstanding or future bonds that have been issued to fund non-impact fee eligible projects such as repair and replacement and curing deficiency; and
- Costs of reconstruction of facilities that do not have capacity to serve new growth.

Utah Code Legal Requirements

Utah law requires that entities prepare an Impact Fee Analysis (IFA) before enacting an impact fee. Utah law also requires that entities give notice of their intent to prepare and adopt an IFA. This IFA follows all legal requirements as outlined below. Zions Public Finance, Inc. (ZPFI) has been retained to prepare this IFA in accordance with legal requirements.

Notice of Intent to Prepare Impact Fee Analysis

A local political subdivision must provide written notice of its intent to prepare an IFA before preparing the Plan (Utah Code §11-36a-503). This notice must be posted on the Utah Public Notice website.

Preparation of Impact Fee Analysis

Utah Code requires that each local political subdivision, before imposing an impact fee, prepare an impact fee analysis. (Utah Code 11-36a-304).

Section 11-36a-304 of the Utah Code outlines the requirements of an impact fee analysis:

- (1) An impact fee analysis shall:
 - (a) identify the anticipated impact on or consumption of any existing capacity of a public facility by the anticipated development activity;
 - (b) identify the anticipated impact on system improvements required by the anticipated development activity to maintain the established level of service for each public facility;
 - (c) demonstrate how the anticipated impacts described in subsections (1)(a) and (b) are reasonably related to the anticipated development activity;
 - (d) estimate the proportionate share of:
 - (i) the costs for existing capacity that will be recouped; and
 - (ii) the costs of impacts on system improvements that are reasonably related to the new development activity; and
 - (e) identify how the impact fee was calculated.
- (2) In analyzing whether or not the proportionate share of the costs of public facilities are reasonably related to the new development activity, the local political subdivision or private entity, as the case may be, shall identify, if applicable:
 - (a) the cost of each existing public facility that has excess capacity to serve the anticipated development resulting from the new development activity;
 - (b) the cost of system improvements for each public facility;
 - (c) other than impact fees, the manner of financing for each public facility, such as user charges, special assessments, bonded indebtedness, general taxes, or federal grants;
 - (d) the relative extent to which development activity will contribute to financing the excess capacity of and system improvements for each existing public facility, by such means as user charges, special assessments, or payment from the proceeds of general taxes;
 - (e) the relative extent to which development activity will contribute to the cost of existing public facilities and system improvements in the future;
 - (f) the extent to which the development activity is entitled to a credit against impact fees because the development activity will dedicate system improvements or public facilities that will offset the demand for system improvements, inside or outside the proposed development;

- (g) extraordinary costs, if any, in servicing the newly-developed properties; and
- (h) the time-price differential inherent in fair comparisons of amounts paid at different times.

Certification of Impact Fee Analysis

Utah Code states that an Impact Fee Analysis shall include a written certification from the person or entity that prepares the Impact Fee Analysis. This certification is included at the conclusion of this analysis.

CHAPTER 2: IMPACT FROM GROWTH UPON THE CITY'S FACILITIES AND LEVEL OF SERVICE

Utah Code 11-36a-304(1)(a)

Service Area

The service area includes all areas within the boundaries of the City for the purpose of calculating impact fees. The City also services Hyde Park which has not been included in this analysis.

Sewer Demands

The table below shows Equivalent Residential Unit (ERU) growth projections as contained in the Smithfield City Wastewater Master Plan dated May 2025.

TABLE 5: GROWTH IN DEMAND

| Year | ERUs |
|----------------------------------|--------------|
| 2025 | 5,317 |
| 2026 | 5,462 |
| 2027 | 5,611 |
| 2028 | 5,763 |
| 2029 | 5,920 |
| 2030 | 6,082 |
| 2031 | 6,247 |
| 2032 | 6,417 |
| 2033 | 6,592 |
| 2034 | 6,772 |
| 2035 | 6,956 |
| Growth in ERUs, 2025-2035 | 1,639 |

Source: IFFP, p. 3; ZPFI

Existing and Proposed LOS Analysis

The existing level of service is shown in Exhibit 1 of the 2025 Wastewater Master Plan Update. All wastewater pipes from the current 2025 wastewater model show a depth over diameter ratio of 0.7 or less allowing for proper flow in the existing pipes. Exhibits 2 and 3 from the 2025 Wastewater Master Plan Update show the pipes recommended for replacement in the capital improvement list as having a depth over diameter ratio of greater than 0.7 for the modeled flows for 2035 and 2045 respectively. This means that these pipes have the potential for reaching full capacity and backing up. The proposed level of service is to replace these pipes to have a depth over diameter ratio of less than 0.7 to match the existing level of service. These pipes are sized for the projected 50-year flows as required by the Utah wastewater rules.

CHAPTER 3: IMPACT ON CAPACITY FROM DEVELOPMENT ACTIVITY

Utah Code 11-36a-304(1)(b)(c)

Excess Capacity

The IFFP does not identify any existing excess capacity in its wastewater system. New projects are planned to meet the needs of new development.

CHAPTER 4: SYSTEM IMPROVEMENTS REQUIRED FROM DEVELOPMENT ACTIVITY

Utah Code 11-36a-304(1)(b)(c)

Future 10-Year Wastewater Capital Projects

The IFFP states that four new capital improvement projects are needed within the next 10 years. The total cost of these projects is \$27,650,000. Hyde Park is responsible for \$8,043,000 of these costs with the remaining \$19,607,000 allocated to Smithfield. Of Smithfield's portion, \$9,730,000 is impact-fee eligible, with the remaining \$9,877,000 attributable to existing development.

TABLE 6: CAPITAL IMPROVEMENT PROJECTS

| Project # | Total Project Cost | Impact Fee Eligible Portion | Hyde Park Portion | Smithfield Portion | Existing Development |
|--------------|---------------------|-----------------------------|--------------------|---------------------|----------------------|
| 1 | \$2,628,000 | \$1,171,000 | | \$2,628,000 | \$1,457,000 |
| 2 | \$19,526,000 | \$4,107,000 | \$8,043,000 | \$11,483,000 | \$7,376,000 |
| 7-NW LS | \$5,416,000 | \$4,452,000 | | \$5,416,000 | \$964,000 |
| WWMP | \$80,000 | | | \$80,000 | \$80,000 |
| TOTAL | \$27,650,000 | \$9,730,000 | \$8,043,000 | \$19,607,000 | \$9,877,000 |

CHAPTER 5: PROPORTIONATE SHARE ANALYSIS

The Impact Fees Act requires the Impact Fee Analysis to estimate the proportionate share of the capital costs attributable to new development over the next 10 years. No costs for existing, excess capacity have been included in this analysis; therefore, the majority of the impact fee is based on the cost of construction of new projects.

Maximum Legal Wastewater Impact Fee per ERU

New Construction Costs

The IFFP shows total new construction costs of \$9,730,000 with a total capacity of 1,708 ERUs.⁵ New growth over the next 10 years represents 96 percent of this capacity (1,639 ERUs ÷ 1,708 ERUs) or \$9,335,758 of the total cost. This equates to a cost of \$5,696.01 per ERU.

TABLE 7: PROPORTIONATE SHARE ANALYSIS-NEW CONSTRUCTION COST

| New Improvements | Amount |
|-----------------------------------|-------------------|
| Impact Fee Eligible Cost | \$9,730,000 |
| Capacity Served - ERUs | 1,708 |
| Growth in ERUs 2025-2035 | 1,639 |
| % of Capacity Consumed, 2025-2035 | 96% |
| Cost Allocation, 2025-2035 | \$9,335,758 |
| Cost per ERU | \$5,696.01 |

Consultant Fees

The Impact Fees Act allows for fees charged to include the reimbursement of engineering and consultant costs incurred in the preparation of the IFFP and IFA.

TABLE 8: PROPORTIONATE SHARE ANALYSIS – CONSULTANT FEES

| Consultant Cost | Amount |
|--------------------------|----------------|
| Sunrise | \$24,500 |
| ZPFI | \$3,000 |
| Total Consultant Cost | \$27,500 |
| Growth in ERUs 2025-2035 | 1,639 |
| Cost per ERU | \$16.78 |

Summary of Impact Fee

The impact fee calculation is shown in the table below and results in a gross cost per ERU, or single-family detached unit.

⁵ Sunrise Engineering calculated the 10-year capacity by taking the \$9,730,000 of new development costs over the next 10 years and dividing by the total impact-fee eligible costs of \$21,548,000 over the next 20 years. This ratio (45 percent) is then applied to the total capacity of 3,783 ERUs, resulting in capacity of 1,708 for the new improvements over the 10-year period.

TABLE 9: PROPORTIONATE SHARE ANALYSIS – GROSS FEE CALCULATION

| Summary of Gross Fee | Amount |
|---------------------------------|-------------------|
| New Construction | \$5,696.01 |
| Consultant Cost | \$16.78 |
| Fund Balance | \$0.00 |
| Gross Fee Before Credits | \$5,712.79 |

Credits must be made for future projects that will benefit existing development so that new development does not pay twice. There is a total of \$9,877,000 of new projects that will benefit existing development.⁶⁶ These costs have been credited over 20 years in 20 equal payments of \$493,850. There are no sewer bonds outstanding and therefore no bond credits need to be made.

TABLE 10: PROPORTIONATE SHARE ANALYSIS – MAXIMUM FEES PER ERU

| | Payment | ERUs | Cost per ERU | NPV* | Max Fee per ERU |
|------|-----------|-------|--------------|----------|-----------------|
| 2026 | \$493,850 | 5,462 | \$90.42 | \$921.54 | \$4,791.25 |
| 2027 | \$493,850 | 5,611 | \$88.02 | \$877.20 | \$4,835.59 |
| 2028 | \$493,850 | 5,763 | \$85.69 | \$833.03 | \$4,879.75 |
| 2029 | \$493,850 | 5,920 | \$83.42 | \$789.00 | \$4,923.79 |
| 2030 | \$493,850 | 6,082 | \$81.20 | \$745.03 | \$4,967.76 |
| 2031 | \$493,850 | 6,247 | \$79.05 | \$701.08 | \$5,011.71 |
| 2032 | \$493,850 | 6,417 | \$76.96 | \$657.08 | \$5,055.71 |
| 2033 | \$493,850 | 6,592 | \$74.92 | \$612.98 | \$5,099.81 |
| 2034 | \$493,850 | 6,772 | \$72.93 | \$568.71 | \$5,144.08 |
| 2035 | \$493,850 | 6,956 | \$71.00 | \$524.21 | \$5,188.57 |

*NPV = net present value discounted at 5 percent

Single-family and multi-family residential fees will be charged on a per door basis. Nonresidential development will be charged on meter size as follows and fees are calculated by multiplying the meter ratio (as determined by the meter size) by the maximum fee per ERU as shown in Table 10. These calculations represent the maximum impact fee that may be charged.

TABLE 11: MAXIMUM FEES BY METER SIZE, 2026-2029

| Meter Size | Maximum Flow Rate (gpm) | Meter Ratio | 2026 | 2027 | 2028 | 2029 |
|------------|-------------------------|-------------|-------------|-------------|-------------|-------------|
| 5/8" | 20 | 1 | \$4,791.25 | \$4,835.59 | \$4,879.75 | \$4,923.79 |
| 3/4" | 30 | 1.5 | \$7,186.87 | \$7,253.39 | \$7,319.63 | \$7,385.69 |
| 1" | 50 | 2.5 | \$11,978.12 | \$12,088.98 | \$12,199.38 | \$12,309.48 |
| 1 1/2" | 100 | 5 | \$23,956.25 | \$24,177.96 | \$24,398.77 | \$24,618.95 |
| 2" | 160 | 8 | \$38,330.00 | \$38,684.74 | \$39,038.03 | \$39,390.32 |
| 3" | 320 | 16 | \$76,660.00 | \$77,369.47 | \$78,076.06 | \$78,780.65 |

⁶⁶ Calculated by subtracting the total impact-fee eligible costs of \$9,730,000 from Smithfield's cost allocation of \$19,607,000.

| Meter Size | Maximum Flow Rate (gpm) | Meter Ratio | 2026 | 2027 | 2028 | 2029 |
|------------|-------------------------|-------------|--------------|--------------|--------------|--------------|
| 4" | 750 | 37.5 | \$179,671.87 | \$181,334.70 | \$182,990.77 | \$184,642.14 |
| 6" | 1600 | 80 | \$383,300.00 | \$386,847.36 | \$390,380.31 | \$393,903.23 |
| 8" | 2800 | 140 | \$670,774.99 | \$676,982.88 | \$683,165.55 | \$689,330.65 |

TABLE 12: MAXIMUM FEES BY METER SIZE, 2030-2035

| Meter Size | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 5/8" | \$4,967.76 | \$5,011.71 | \$5,055.71 | \$5,099.81 | \$5,144.08 | \$5,188.57 |
| 3/4" | \$7,451.64 | \$7,517.57 | \$7,583.56 | \$7,649.72 | \$7,716.12 | \$7,782.86 |
| 1" | \$12,419.39 | \$12,529.28 | \$12,639.27 | \$12,749.53 | \$12,860.19 | \$12,971.43 |
| 1 1/2" | \$24,838.78 | \$25,058.55 | \$25,278.54 | \$25,499.05 | \$25,720.39 | \$25,942.86 |
| 2" | \$39,742.06 | \$40,093.68 | \$40,445.67 | \$40,798.48 | \$41,152.62 | \$41,508.58 |
| 3" | \$79,484.11 | \$80,187.36 | \$80,891.33 | \$81,596.97 | \$82,305.24 | \$83,017.15 |
| 4" | \$186,290.88 | \$187,939.13 | \$189,589.06 | \$191,242.90 | \$192,902.91 | \$194,571.45 |
| 6" | \$397,420.55 | \$400,936.82 | \$404,456.67 | \$407,984.85 | \$411,526.22 | \$415,085.76 |
| 8" | \$695,485.97 | \$701,639.44 | \$707,799.17 | \$713,973.48 | \$720,170.88 | \$726,400.08 |

Non-Standard Demand Adjustments

The City reserves the right under the Impact Fees Act (Utah Code Ann. § 11-36a-402(1)(c, d)) to assess an adjusted fee to respond to unusual circumstances and to ensure that the impact fees are assessed fairly. The impact fee ordinance should include a provision that permits adjustment of the fee for a development based upon studies and data submitted by the developer that indicate a more realistic and accurate impact on the City's infrastructure. The formula for 2026 would be:

$$\text{Maximum Flow Rate} \div 20 \times \$4,791.25$$

Each year thereafter the maximum flow rate $\div 20$ should be multiplied by the cost for a 5/8" meter as shown in Tables 11 and 12 for that year.

CERTIFICATION

Zions Public Finance, Inc. certifies that the attached impact fee analysis:

1. includes only the cost of public facilities that are:
 - a. allowed under the Impact Fees Act; and
 - b. actually incurred; or
 - c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:

- a. costs of operation and maintenance of public facilities; or
 - b. cost for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
3. offset costs with grants or other alternate sources of payment; and
 4. complies in each and every relevant respect with the Impact Fees Act.

ORDINANCE 2025-28

AN ORDINANCE OF THE CITY COUNCIL OF SMITHFIELD CITY, UTAH ENACTING COMPENSATION INCREASES FOR SPECIFIC CITY OFFICERS.

WHEREAS, the Utah State Legislature during the 2024 General Session passed S.B. 91; and

WHEREAS, S.B. 91 amended Utah Code Section 10-3-818 regarding City employee salaries; and

WHEREAS, Smithfield City must now publish notice and hold a separate public hearing on proposed compensation increases for executive municipal officers before adopting those increases, and

WHEREAS, the Smithfield City Council finds that enacting the proposed compensation increases as set forth in this Ordinance will comply with Utah Code requirements.

NOW; THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF SMITHFIELD CITY, UTAH, THAT:

Compensation increases for executive municipal officers, city council members and the mayor proposed for inclusion in the City’s Fiscal Year 2026 Budget, effective December 27, 2025, be as follows:

| | Yearly Salary |
|-----------------------------------|---------------|
| Mayor | - |
| City Council | - |
| City Manager | - |
| City Engineer Clay Bodily | \$118,000 |
| Police Chief Travis Allen | 129,000 |
| Fire Chief Jeremy Hunt | 124,000 |
| Public Works Director Josh Wright | 118,000 |
| Golf Professional Eric Kleven | 129,000 |
| Rec Center Director Brett Daniels | 129,000 |

Adopted and passed by the City Council of Smithfield City, Utah and signed this 10th day of December, 2025.

SMITHFIELD CITY CORPORATION

Kristi Monson, Mayor

ATTEST:

Dana Lazcanotegui, City Recorder

RESOLUTION 2025-12

A RESOLUTION AMENDING THE FISCAL YEAR 2026 BUDGET FOR THE CITY OF SMITHFIELD, UTAH.

BE IT ORDAINED by the City Council Members of the City of Smithfield, Utah, that the Fiscal Year 2026 budget be amended to include increases/(decreases) within the General Fund and Enterprise Funds.

GENERAL FUND

| | |
|---------------------|-------------|
| Revenue | \$4,154,100 |
| <u>Expenses</u> | |
| Youth Council | \$150 |
| Court | 20,000 |
| Administrative | 22,295 |
| Election | (224) |
| Planning | 1,000 |
| Police | 93,451 |
| Streets | 123,534 |
| Public Works | 1,386 |
| Class "C" Roads | 0 |
| Central Dispatch | 5,000 |
| Parks | 156,092 |
| Civic Center | 0 |
| Celebrations | 219 |
| Senior Center | 15,025 |
| Youth Center | 0 |
| Historical Society | 0 |
| Library | 13,846 |
| Cemetery | 1,056 |
| Park Impact | 189,016 |
| Fire Dept | 357,711 |
| Recreation | 29,495 |
| Golf | 125,048 |
| Capital Improvement | 3,000,000 |
| Total | \$4,154,100 |

GENERAL CAPITAL IMPROVEMENT FUND

| | |
|---------|-------------|
| Revenue | \$3,000,000 |
| Expense | \$149,228 |

WATER ENTERPRISE FUND

| | |
|----------------------|-------------|
| Revenue | \$326,927 |
| Revenue - Impact Fee | \$218,979 |
| Expense | \$4,843,582 |
| Expense - Impact Fee | \$218,979 |

SEWER ENTERPRISE FUND

| | |
|----------------------|-----------|
| Revenue | \$340,387 |
| Revenue - Impact Fee | \$203,135 |
| Expense | \$15,860 |
| Expense - Impact Fee | \$203,135 |

STORM WATER ENTERPRISE FUND

| | |
|-----------------------|-----------|
| Revenue | \$0 |
| Revenue – Impact Fees | \$172,888 |
| Expense | \$16,048 |
| Expense – Impact Fees | \$172,888 |

SOLID WASTE ENTERPRISE FUND

| | |
|---------|-----------|
| Revenue | \$40,105 |
| Expense | \$113,677 |

PASSED AND APPROVED this 10th day of December, 2025.

SMITHFIELD CITY CORPORATION

Kristi Monson, Mayor

ATTEST:

Dana Lazcanotegui, City Recorder