



# Kaysville City

**KAYSVILLE CITY  
STATE OF UTAH**

Settled in 1850

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED  
JUNE 30, 2011**

KAYSVILLE CITY, UTAH  
23 East Center Street  
Kaysville, Utah 84037

Comprehensive  
Annual Financial Report

Year Ended June 30, 2011

Mayor: Steve A. Hiatt

Council Members: Gil A. Miller  
Mark D. Johnson  
Ronald L. Stephens  
Jared R. Taylor  
Brett Garlick

City Manager: John W. Thacker

Prepared by:  
Kaysville City Administration Department  
Dean G. Storey, Finance Director  
Cami L. Moss, Accountant

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**KAYSVILLE CITY CORPORATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2011**

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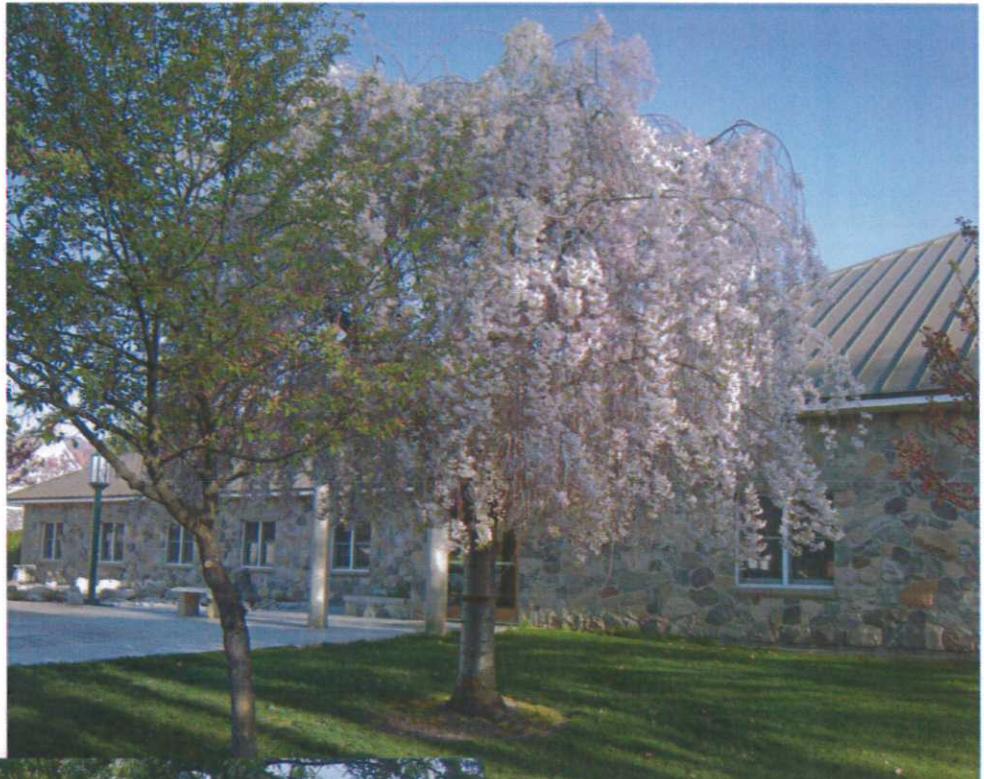
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## INTRODUCTION SECTION

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### Utah's Home Town





SETTLED IN 1850

August 18, 2011

Mayor Steve A Hiatt  
Members of the City Council  
and Citizens of Kaysville City:

The Comprehensive Annual Financial Report (CAFR) of Kaysville City for the Fiscal Year 2011 is hereby submitted.

This report consists of management's representations concerning the finances of Kaysville City. Publication of this report provides important financial information. The management of Kaysville City assumes responsibility for the accuracy, completeness and fairness of the presentation.

We believe the information in this CAFR is accurate in all material respects and presents fairly the financial position and the results of the operations of the City in accordance with generally accepted accounting principles (GAAP). We believe that the disclosures necessary have been made to enable the reader to gain a proper understanding of the financial affairs of the City.

This Comprehensive Annual Financial Report is organized into four main sections:

1. The **Introductory Section** contains general information regarding the organization of the City and overall financial profile of the City including the Management Discussion & Analysis (MD&A). The MD&A is a summary of the changes in the City's financial position throughout the year.
2. The **Financial Section** includes the independent auditor's report, management's discussion and analysis, basic financial statements and required supplemental information. Also included are individual fund statements.
3. The **Statistical Section** presents several tables depicting the financial history of the City and demographic and other useful information. This information is presented to assist in obtaining an understanding of the City.
4. The **Compliance Section** includes the additional financial statements, supplemental schedules, independent auditor's report, and supplemental reports as required by the Single Audit Act of 1984 and by the U.S. Office of Management and Budget Circular A-133.

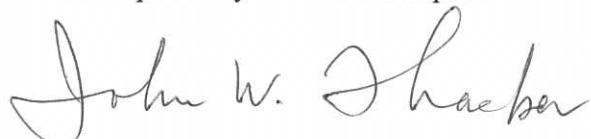
August 18, 2011

In accordance with State law, the financial statements included herein have been audited by an independent auditor. A firm of certified public accountants, Wood Richards and Associates has completed this year's independent audit. Wood Richards has also provided technical assistance in the preparation of this report. We appreciate the assistance they have provided. The aim of the audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the 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 Kaysville City's financial statements for the fiscal year ended June 30, 2011, 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 Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Kaysville City for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This is the seventeen consecutive year that Kaysville City has received this award. In order to receive a certificate of achievement, the government must publish an easily readable efficiently organized CAFR. Qualifying reports must satisfy both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the requirements. We are submitting this report to GFOA to determine its eligibility for another certificate.

We respectfully submit this report.



John W. Thacker  
City Manager



Dean G. Storey  
Finance Director



Cami L. Moss  
Accountant

## **KAYSVILLE CITY FINANCIAL PROFILE**

### **General Information**

Kaysville City was settled in 1850 and on March 15, 1868 it was incorporated, becoming the first city to be incorporated in Davis County.

Kaysville is located along the Wasatch Front directly between Ogden City to the north and Salt Lake City to the south. Kaysville is considered primarily a bedroom community with current population estimated at approximately 27,300 residents. Kaysville experiences an average growth rate of 2.5% - 3%, primarily residential, due to the proximity of larger economic centers and the desire of the citizens for the City to remain a rural residential community. The build-out population is estimated at approximately forty-two thousand within the next twenty to twenty five years.

The City covers an area of approximately eleven square miles, bordered by the Wasatch Mountains on the east and the Great Salt Lake on the west.

### **Organization and Services**

Kaysville City operates under a council-manager form of government. The Mayor and five City Council members are elected at large with staggered terms. The City provides a full range of municipal services including, general administration, public safety, public works and utilities, parks and recreation, and community development. An organization chart is found at the end of this section.

### **Economic Factors**

The local economy is stable. The majority of the workforce commutes to larger economic centers. The unemployment rate are below the national unemployment rate and below the State unemployment rate of 7.4%. Income levels are above the State average. The area continues to have a good labor and business climate whereas the workforce is young and well educated. The economy of Kaysville is primarily based on service industries to accommodate the residential population including grocery stores, small retail shops, gas stations, etc.

### **Transportation and Accessibility**

Major interstates and highways provide easy access to Kaysville City. Interstate I-15 runs north and south through the City and there is easy access to Interstate 80 and Interstate 84 and many other major roads and highways. Many major western cities are only a day away by commercial carrier. The Salt Lake International Airport is readily accessible within twenty five minutes. The airport is anchored by Delta Airlines and Southwest Airlines, with several air and cargo express carriers.

## **Major Initiatives**

City leaders continue to strive to provide city services in an efficient and effective manner. The on-going plan includes improving facilities and improving the economic base while controlling growth and containing future costs to the City. The demands of keeping up with the residential growth is the primary challenge for City leaders. This includes providing adequate infrastructure to support the growth. Over the past several years, the City has focused on building and maintaining the infrastructure. City resources have been spent on street improvements, utility extensions, electrical substations and park development. Additional resources will be spent in these areas in future years

## **Financial Reporting and Accounting Standards**

Kaysville City conforms to generally accepted accounting principles established by the Government Accounting Standards Board. The accounts of the City are organized based on fund, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of its assets, liabilities, fund equity and revenues and expenses. Resources are allocated to and accounted for based on the purpose of each fund. Further discussion of accounting and budgeting matters may be found in the Financial Section of this report in "Notes to Basic Financial Statements". The following fund types are included in this report.

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. It also includes the financial activities related to Class "C" funds which funds are restricted as to use.

Capital Projects Fund - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by a proprietary fund, special assessment fund or trust fund.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources to be used for principal and interest payments of long term debts.

Enterprise Funds - The enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The intent is to provide services on a continuing basis to be recovered primarily through user charges.

Permanent Funds - Permanent funds are used to account for and report resources that are legally restricted to the extent that only the earnings and not the principal may be used.

A description of each fund and fund type included in this report are as follows:

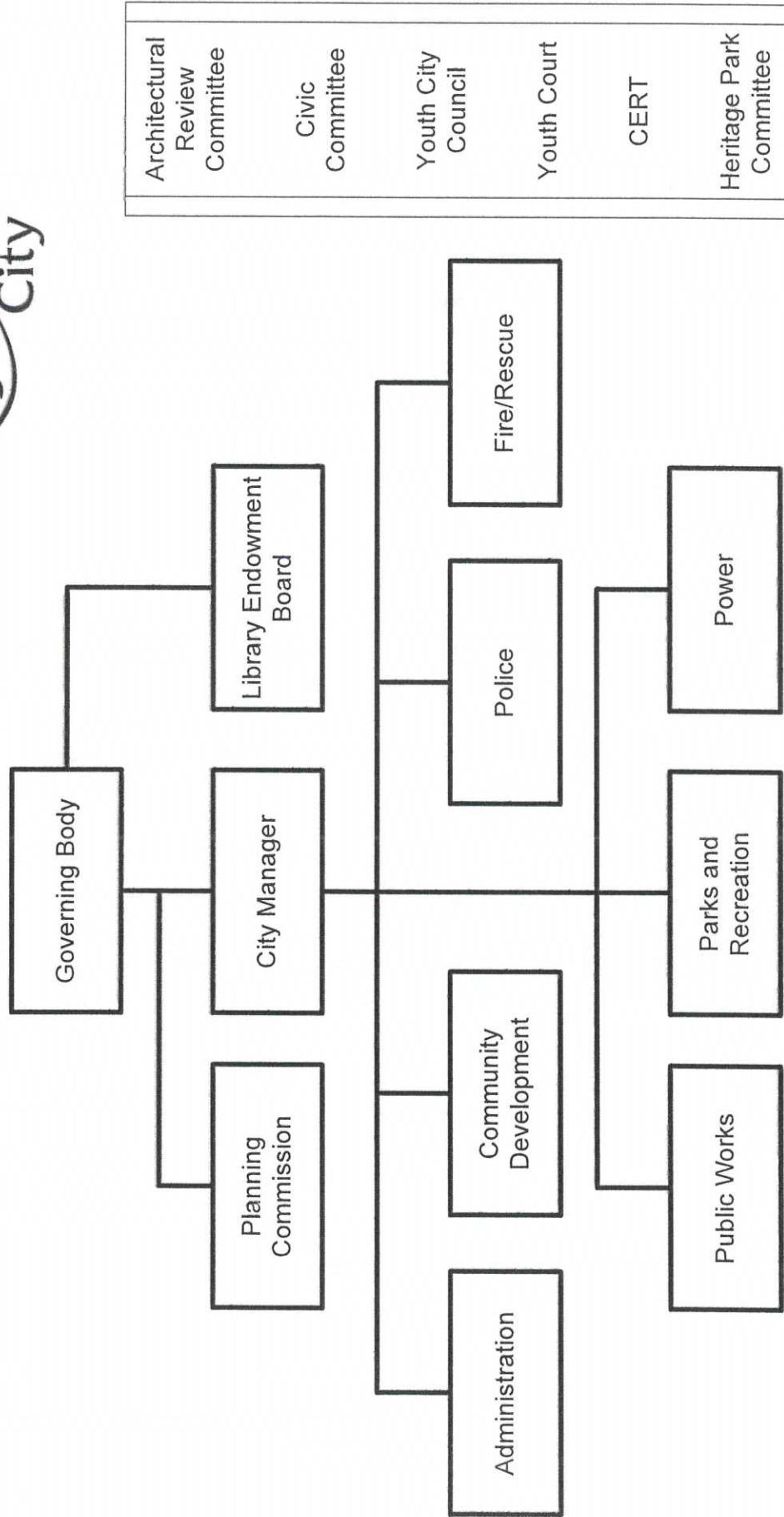
<u>Description</u>	<u>Fund Type</u>
General Fund	General Fund
Capital Projects Fund	Capital Projects Fund
Debt Service Fund	Debt Service Fund
Water Fund	Enterprise Fund
Sewer Fund	Enterprise Fund
Storm Water Fund	Enterprise Fund
Pressure Irrigation Fund	Enterprise Fund
Power Fund	Enterprise Fund
Sanitation Fund	Enterprise Fund
Ambulance Fund	Enterprise Fund
Cemetery Perpetual Care Fund	Permanent Fund
Library Endowment Fund	Permanent Fund

The City operates an integrated budgetary and accounting system which incorporates the adoption of a formal budget for each department. The budget is adopted in June of each year for the ensuing year beginning July 1. State statutes define the legal level of budgetary control at the department level. Monthly financial statements are distributed to each department with the charge that obligations are closely monitored. The budget is reopened as required (usually not more than once annually) to consider necessary adjustments.

Safeguarding assets and providing reasonable assurance that financial transactions are properly recorded requires implementation of internal controls. The City's internal controls are presently accomplishing the objective in all material respects. Further discussion of accounting matters may be found in the "Notes to Basic Financial Statements".

### **Requests for Information**

This comprehensive annual financial report is designed to provide a general overview of the financial affairs and condition of Kaysville City. Additional information or questions concerning any information provided in this report may be addressed to: Kaysville City Finance, Kaysville City Corporation, 23 East Center Street, Kaysville, Utah 84037 or by electronic mail, [dstorey@kaysvillecity.com](mailto:dstorey@kaysvillecity.com) or [cmoss@kaysvillecity.com](mailto:cmoss@kaysvillecity.com), or by phone (801) 546-1235.



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

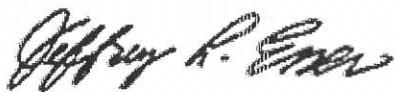
Kaysville City Corporation  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director

1 inch = 3,000 feet

Legend

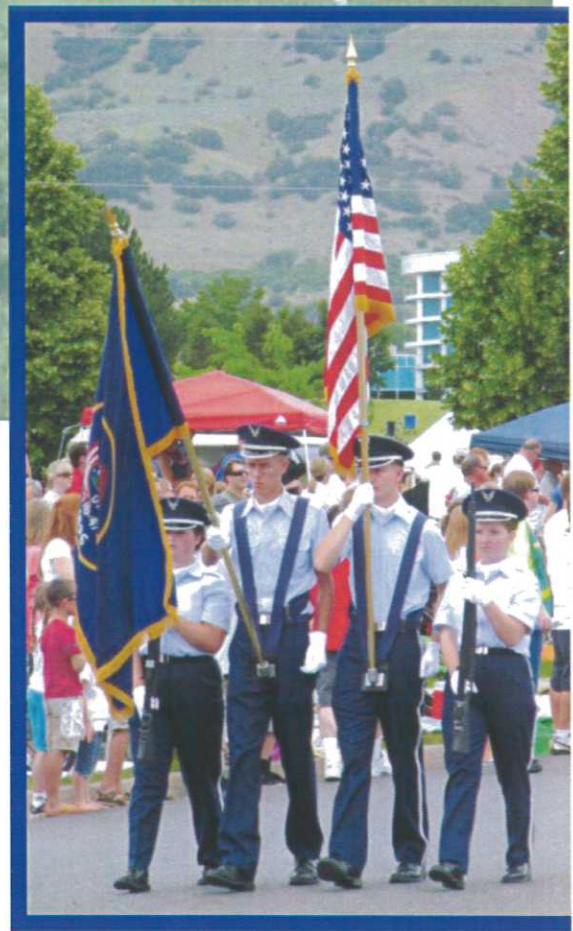
- Parks
- Streams
- Ponds
- City Boundary
- Great Salt Lake



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## FINANCIAL SECTION

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## **INDEPENDENT AUDITOR'S REPORT**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
Kaysville City

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Kaysville City, Utah, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kaysville City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Kaysville City, as of June 30, 2011, and the respective changes in financial position, and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2011, on our consideration of Kaysville City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 20 and pages 59 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic, or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kaysville City's financial statements as a whole. The introductory section, schedules of revenues, expenditures, and changes in fund balances budget and actual – major funds – debt service and capital projects funds, and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory section, schedules of revenues, expenditures, and changes in fund balances budget and actual – major funds – debt service and capital projects funds, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Wood Richards & Associates*

Ogden, UT

August 18, 2011

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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The following is a discussion and analysis of Kaysville City's finances for the fiscal year ended June 30, 2011. We believe that this narrative when read in conjunction with the letter of transmittal, financial profile, the financial statements and particularly the notes to the financial statements should assist the reader in understanding the finances of Kaysville City.

### **Financial Highlights**

#### Government Wide

- The City's total net assets increased by \$6,213,724 or 5.98% over the prior year. Net assets of governmental activities increased by \$3,253,020 or 5.94%. Net assets of business-type activities increased by \$2,960,704 or 6.03%.
- The City's total net assets are made up of primarily capital assets. Generally capital assets are made up of infrastructure and are not available to meet on-going obligations. Of the total net assets of \$110,099,159, \$97,079,679 (88.17%) includes investments in capital assets; \$4,831,434 (4.39%) in restricted uses and \$8,188,046 (7.44%) in unrestricted uses and available to meet City obligations.
- The City's restricted assets of \$4,831,434 increased by 10.66% from last year. This is due to an increase in the restricted assets used for park development and transportation impact fees. These assets are restricted primarily for capital expenditures from collected development impact fees.
- The City's unrestricted assets of \$8,188,046 include \$2,419,566 available for governmental activities and \$5,768,480 available for business-type activities. Overall this is an increase of 19.37% from the prior year.

#### Fund Level

- The fund balances in governmental funds had an increase of \$333,024 from \$7,399,457 to \$7,732,481.
- The proprietary funds had an overall net loss before transfers and contributions of (\$386,932), mainly due to the electric fund.

#### Long Term Debt

- Overall the City's long term liabilities decreased in the amount of \$1,077,644 over the prior year. As of June 30, 2011, the liabilities balance for governmental activities is \$2,834,874 and \$2,560,132 for business-type activities. The City did not enter into any additional long term debt during the year.

### **Overview of the Financial Statements**

This report includes the City's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains the required supplementary information, and fund data including combining statements for non-major funds and a statistical section.

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities comprise the government-wide financial statements. These statements provide a broad overview with a long term focus of the City's finances as a whole and are prepared using the *full-accrual* basis of accounting similar to private sector companies.

The statement of net assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the City's financial condition is getting better or worse.

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving the rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Fund Financial Statements

The fund financial statements provide detailed information about individual funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise of its assets, liabilities, fund equity and revenues and expenses. In this report all of the funds can be divided into two classes: governmental funds and proprietary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources. The city maintains a general fund, a special revenue fund, a capital projects fund and a debt service fund as governmental funds. In addition the City also maintains two permanent funds for cemetery perpetual care and a library endowment. These two funds restrict the use of the principal and allow the interest earnings to be spent subject to certain restrictions.

Proprietary Funds are used to account for similar functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utility operations and for ambulance service. These activities are similar to that of a private business enterprise.

Notes to Financial Statements

The notes provide additional schedules, detail and information essential for a complete understanding of the financial information provided in the government-wide statements and the fund financial statements. The notes apply to both statement types.

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Financial Analysis of Government-wide Statements**

**Net Assets**

Kaysville City's Net Assets are as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>
<b>Assets</b>						
Current and Other Assets	\$11,549,802	\$11,841,212	\$8,046,331	\$8,109,162	\$19,596,133	\$19,950,374
Capital Assets	\$51,216,784	\$53,151,914	\$46,148,825	\$48,607,869	\$97,365,609	\$101,759,783
<b>Total Assets</b>	<b>\$62,766,586</b>	<b>\$64,993,126</b>	<b>\$54,195,156</b>	<b>\$56,717,031</b>	<b>\$116,961,742</b>	<b>\$121,710,157</b>
<b>Liabilities</b>						
Current Liabilities	\$5,353,729	\$5,907,389	\$2,818,955	\$2,552,560	\$8,172,684	\$8,459,949
Non-Current Liabilities	\$2,662,394	\$1,082,254	\$2,241,229	\$2,068,795	\$4,903,623	\$3,151,049
<b>Total Liabilities</b>	<b>\$8,016,123</b>	<b>\$6,989,643</b>	<b>\$5,060,184</b>	<b>\$4,621,355</b>	<b>\$13,076,307</b>	<b>\$11,610,998</b>
<b>Net Assets</b>						
Investments in Capital (net)	\$49,104,550	\$50,933,344	\$43,555,686	\$46,146,335	\$92,660,236	\$97,079,679
Restricted	\$4,234,362	\$4,650,573	\$131,574	\$180,861	\$4,365,936	\$4,831,434
Unrestricted	\$1,411,551	\$2,419,566	\$5,447,712	\$5,768,480	\$6,859,263	\$8,188,046
<b>Total Net Assets</b>	<b>\$54,750,463</b>	<b>\$58,003,483</b>	<b>\$49,134,972</b>	<b>\$52,095,676</b>	<b>\$103,885,435</b>	<b>\$110,099,159</b>

Changes in Net Assets:

The City's combined net assets increased over the prior year by \$6,213,724 (5.98%). Generally an increase or decrease in net assets offers a measuring tool of the overall financial condition. This indicates that the City's overall financial condition has slightly improved over the prior year. The net assets unrestricted and available for ongoing obligations increased by \$1,328,783. Overall liabilities decreased by \$1,465,309.

**Governmental and Business-Type Activities**

The tables below illustrate the sources of revenues and the expenses for governmental activities and business-type activities compared to the prior year. It shows to what extent the City's governmental activities relied on taxes and other general revenues to cover all their costs and to what extent the service charges of the business-type funds adequately cover their costs. Obviously, the business of government is primarily funded by taxes and other general revenues.

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
<b>Revenues</b>						
General Revenues						
Property Tax	\$1,400,530	\$1,429,796	\$0	\$0	\$1,400,530	\$1,429,796
Sales Tax	\$2,744,689	\$2,865,286	\$0	\$0	\$2,744,689	\$2,865,286
Other Taxes	\$1,572,185	\$1,589,836	\$0	\$0	\$1,572,185	\$1,589,836
Interest and Investment	\$82,802	\$86,925	\$23,658	\$21,413	\$106,460	\$108,338
Grants and Contributions	\$1,875,921	\$3,786,212	\$2,463,765	\$3,172,636	\$4,339,686	\$6,958,848
Charges for Services	\$3,616,243	\$3,794,854	\$19,660,995	\$20,112,964	\$23,277,238	\$23,907,818
Sale of Asset	\$0	\$0	\$0	\$70,380	\$0	\$70,380
Miscellaneous	\$106,096	\$95,833	\$0	\$0	\$106,096	\$95,833
<b>Total Revenues</b>	<b>\$11,398,466</b>	<b>\$13,648,742</b>	<b>\$22,148,418</b>	<b>\$23,377,393</b>	<b>\$33,546,884</b>	<b>\$37,026,135</b>
<b>Expenses</b>						
Governmental:						
General Government	\$1,535,455	\$1,545,761	\$0	\$0	\$1,535,455	\$1,545,761
Police	\$2,235,372	\$2,213,269	\$0	\$0	\$2,235,372	\$2,213,269
Fire	\$446,057	\$483,156	\$0	\$0	\$446,057	\$483,156
Community Development	\$856,615	\$760,562	\$0	\$0	\$856,615	\$760,562
Public Works	\$3,234,262	\$2,964,516	\$0	\$0	\$3,234,262	\$2,964,516
Parks, Recreation & Public Properties	\$1,947,498	\$1,910,131	\$0	\$0	\$1,947,498	\$1,910,131
Library Endowment	\$0	\$0	\$0	\$0	\$0	\$0
Perpetual Cemetery	\$63,770	\$0	\$0	\$0	\$63,770	\$0
Interest on Long Term Debt	\$78,069	\$343,327	\$0	\$0	\$78,069	\$343,327
Business-Type:						
Water	\$0	\$0	\$2,001,788	\$2,035,790	\$2,001,788	\$2,035,790
Sewer	\$0	\$0	\$1,771,084	\$1,736,004	\$1,771,084	\$1,736,004
Electric	\$0	\$0	\$12,357,551	\$12,665,025	\$12,357,551	\$12,665,025
Pressure Irrigation	\$0	\$0	\$1,060,124	\$1,072,481	\$1,060,124	\$1,072,481
Sanitation	\$0	\$0	\$1,203,823	\$1,376,902	\$1,203,823	\$1,376,902
Storm Water	\$0	\$0	\$1,080,850	\$1,140,057	\$1,080,850	\$1,140,057
Ambulance	\$0	\$0	\$517,513	\$565,430	\$517,513	\$565,430
<b>Total Expenses</b>	<b>\$10,397,098</b>	<b>\$10,220,722</b>	<b>\$19,992,733</b>	<b>\$20,591,689</b>	<b>\$30,389,831</b>	<b>\$30,812,411</b>
Increase in net assets before transfers	\$1,001,368	\$3,428,020	\$2,155,685	\$2,785,704	\$3,157,053	\$6,213,724
Transfers and special items	(\$150,000)	(\$175,000)	\$150,000	\$175,000	\$0	\$0
Increase (decrease) in net assets	\$851,368	\$3,253,020	\$2,305,685	\$2,960,704	\$3,157,053	\$6,213,724
Net Assets- Beginning of Fiscal Year	\$53,899,095	\$54,750,463	\$46,829,287	\$49,134,972	\$100,728,382	\$103,885,435
Net Assets - Ending of Fiscal Year	<b>\$54,750,463</b>	<b>\$58,003,483</b>	<b>\$49,134,972</b>	<b>\$52,095,676</b>	<b>\$103,885,435</b>	<b>\$110,099,159</b>

Some of the reasons for the changes in net assets are: Sales tax revenues decreased by approximately seven percent due to the slow the economy. Interest rates stabilized throughout the year causing interest income to increase slightly. Grants and Contributions increased due to several subdivisions being completed as the economy for building starts a small rebound. Throughout the year all department within the general fund were asked to try to decrease spending. The Electric fund expenses increased due to an increase in the cost to purchase power.

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Capital Assets**

The City's investment in capital assets for its governmental activities and business-type activities at June 30, 2011 is \$101,759,783 (net of accumulated depreciation). This is a net increase of \$4,394,174. Most of the increase in assets is derived from additions to infrastructure and improvements. Infrastructure improvements are generally contributions from developers for new subdivisions and/or extension fees paid to the City for electrical system improvements. Water stock contributed by development is also included as a capital asset. During the year the City sold some property in the business park development that is owned by the power fund. There was a gain of \$70,380 on the sale of this property. The vehicles and equipment decreased as the items continued to depreciate and more items reach the end of their depreciable life. Vehicles and equipment are aging and fewer are being replaced due to the City's revenues decreasing from prior years.

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$5,099,907	\$5,099,907	\$5,955,839	\$5,787,774	\$11,055,746	\$10,887,681
Stock (Water)	\$0	\$0	\$3,305,990	\$3,329,990	\$3,305,990	\$3,329,990
Infrastructure	\$37,871,184	\$39,914,819	\$35,387,674	\$37,887,224	\$73,258,858	\$77,802,043
Building	\$3,339,833	\$3,412,687	\$495,475	\$481,709	\$3,835,308	\$3,894,396
Improvements	\$3,645,367	\$3,575,466	\$37,189	\$35,812	\$3,682,556	\$3,611,278
Vehicles	\$771,269	\$697,041	\$609,791	\$460,324	\$1,381,060	\$1,157,365
Equipment	\$489,224	\$451,994	\$356,867	\$625,036	\$846,091	\$1,077,030
Net of Accum Depreciation	\$51,216,784	\$53,151,914	\$46,148,825	\$48,607,869	\$97,365,609	\$101,759,783

Additional information on the City's capital assets can be found in note 4 on pages 49-51 of this report.

**Long Term Debt / Liabilities**

Overall the City had a net decrease in long term liabilities in the amount of \$1,052,300. Kaysville City has no general obligation debt. During the year the City did not enter into any additional debt. The table below shows the overall debt position of the City for governmental activities and business-type activities compared to the prior fiscal year. Additional detailed information regarding long term debt may be found in the Notes to the Financial Statements.

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Note Payable (Kaysville Business Park West)	\$0	\$0	\$2,221,110	\$1,903,809	\$2,221,110	\$1,903,809
Note Payable (Pioneer Park Land)	\$300,000	\$200,000	\$0	\$0	\$300,000	\$200,000
Note Payable (200 N Overpass- UDOT)	\$1,486,955	\$1,226,739	\$0	\$0	\$1,486,955	\$1,226,739
Capital Lease (Fire Truck)	\$90,479	\$0	\$0	\$0	\$90,479	\$0
Series 2002 Revenue Bonds	\$203,000	\$0	\$0	\$0	\$203,000	\$0
Series 2010 Revenue Bonds	\$1,432,000	\$1,165,000	\$0	\$0	\$1,432,000	\$1,165,000
Equipment Lease (Recycle Cans)	\$0	\$0	\$0	\$293,088	\$0	\$293,088
Equipment Lease (Vactor Truck)	\$0	\$0	\$144,431	\$98,639	\$144,431	\$98,639
Equipment Lease (Ambulance)	\$0	\$0	\$109,987	\$80,197	\$109,987	\$80,197
Equipment Lease (Sweeper)	\$0	\$0	\$117,610	\$85,800	\$117,610	\$85,800
	\$3,512,434	\$2,591,739	\$2,593,138	\$2,461,533	\$6,105,572	\$5,053,272

Additional information on the city's long-term debt can be found in notes 7 & 8 on pages 53-55 of this report.

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Analysis of Financial Funds**

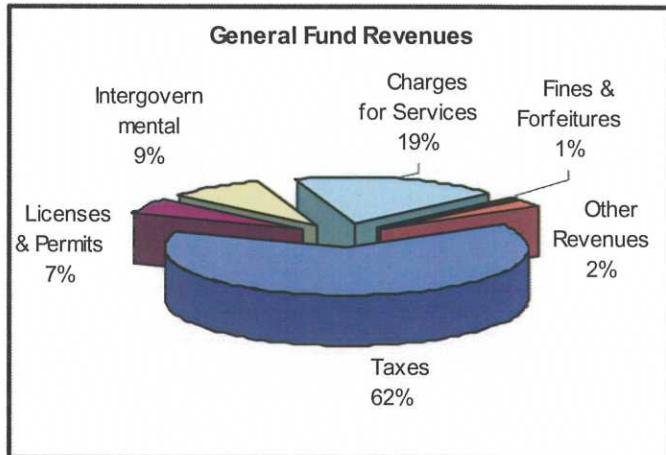
**Governmental Funds**

The focus of the City's governmental funds is to account for and provide information on near-term inflows, outflows and spendable resources. The primary governmental fund is the general fund. The City also maintains a capital projects fund, a debt service fund and permanent funds for cemetery perpetual care and library endowment. The table below and accompanying graphs depict the revenues and expenditures during the fiscal year 2011 and a comparison to fiscal year 2010.

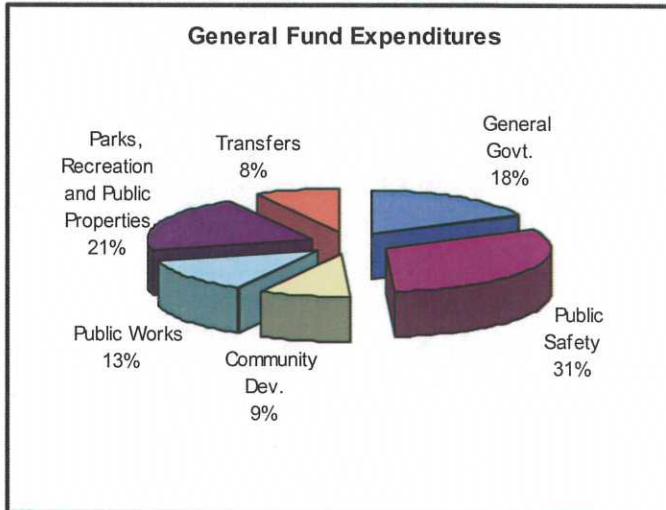
**Governmental Funds**

**General Fund**

Revenues:	
Taxes	\$5,884,918
Licenses and Permits	\$518,582
Intergovernmental	\$874,537
Charges for Services	\$1,708,522
Fines and Forfeitures	\$99,690
Other Revenues	\$92,704
	<hr/>
	<b>\$9,227,616</b>



Expenditures:	
General Govt.	\$1,494,849
Public Safety	\$2,668,934
Community Dev.	\$748,334
Pubic Works	\$1,072,039
Parks, Recreation, & Public Properties	\$1,771,586
Transfers	\$705,000
	<hr/>
	<b>\$8,460,742</b>



**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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<b>General Fund Revenues</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>
Taxes	\$5,717,404	\$5,884,918	\$167,514	2.93%
Licenses and Permits	\$318,626	\$518,582	\$199,956	62.76%
Intergovernmental	\$952,849	\$874,537	(\$78,312)	(8.20%)
Service Charges	\$1,654,509	\$1,708,522	\$54,013	3.26%
Fines and Forfeitures	\$105,932	\$99,690	(\$6,242)	(5.89%)
Other Revenues	\$114,813	\$92,704	\$105,486	(19.26%)
	<b>\$8,864,133</b>	<b>\$9,227,616</b>	<b>\$363,483</b>	<b>4.10%</b>
<b>General Fund Expenditures</b>				
General Government	\$1,474,457	\$1,494,849	\$20,392	1.38%
Public Safety	\$2,623,649	\$2,668,934	\$45,285	1.73%
Community Development	\$837,550	\$748,334	(\$89,216)	(10.65%)
Public Works	\$1,094,628	\$1,072,039	(\$22,589)	(2.06%)
Parks, Recreation & Public Properties	\$1,780,753	\$1,771,586	(\$9,167)	(0.51%)
Property	\$195,922	\$0	(\$195,922)	100.00%
Transfers	\$1,015,000	\$705,000	(\$310,000)	(30.54%)
	<b>\$9,021,959</b>	<b>\$8,460,742</b>	<b>(\$561,217)</b>	<b>(6.22%)</b>

General fund revenues for fiscal year 2011 totaled \$9,227,616. This represents an increase of approximately 4.10% from fiscal year 2010. Property tax and sales tax revenue increased slightly. Building permit fees and associated revenue increased due to the rebound of the building industry and the forfeitures of building permit bonds. When a builder is issued a permit they are required to pay a small bond to the City. If the building is completed and final inspection passes within one year, the bond is refunded. If this is not completed within the year, the bond becomes revenue to the City. Fees for services, fines and forfeitures, and grants remained fairly stable.

The 2011 property tax rates indicate Kaysville City is the 2<sup>nd</sup> lowest property tax rate in Davis County.

General fund expenditures for fiscal year 2011 total \$8,460,742. This is a decrease of 6.22% over fiscal year 2010 of \$9,021,959. During the fiscal year, because of the slowing economy, departments were directed to limit expenditures under budget amounts for the 3<sup>rd</sup> year in a row.

Based on a recent study, the Utah Taxpayers Association along with the Center for Public Lands and Rural Economics at Utah State University found that Kaysville City is the second lowest cost of government among 30 Utah cities with a population more than 20,000 residents at \$378.76 per resident.

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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Capital Projects Fund

The capital projects fund was used to account for major capital projects during the fiscal year 2011. The revenues and expenditures compared to the previous year are illustrated as follows:

<b>Capital Projects Fund</b>	<b>FY 2010</b>	<b>FY 2011</b>
Revenue:		
Impact Fees	\$ 762,813	\$ 627,522
Interest	10,121	13,391
Property Sales	-	-
Other Sources- Reimbursements	75,000	67,175
Bond/Loan Proceeds	1,432,000	39,784
Federal Grants	147,000	-
Transfers from Other Funds	350,000	-
	<hr/>	<hr/>
	\$ 2,776,934	\$747,872
Expenditures:		
200 North Overpass Project	\$ 10,113	\$ 39,784
Bond Issuance Expense	31,800	-
Rail Trail	117,054	1,030
Police Station	31,989	143,954
Public Works Road Projects	500,944	650,500
Pioneer Park	6,987	-
Heritage Park	127,321	8,963
Transfers	128,000	421,000
	<hr/>	<hr/>
	\$ 954,208	\$1,265,231

Debt Service Fund

During the fiscal year 2011, the debt service fund was used to account for the payment of property and revenue bond lease payments related to the City's fire station and property payments; Pioneer Park Property; the UDOT Payment related to the construction of the 200 N Overpass and 2010 Road Revenue bonds.

<b>Debt Service Fund</b>	<b>FY 2010</b>	<b>FY 2011</b>
Revenue:		
Transfers	\$ 643,000	\$951,000
Interest	2,717	559
	<hr/>	<hr/>
	\$ 645,717	\$951,559
Expenditures:		
Angel Street Park Property	\$ 684,867	\$ -
Pioneer Park Property	128,000	121,000
UDOT Payment	300,000	300,000
2010 Road Revenue Bond	-	311,412
2002 Revenue Bonds	212,454	213,915
	<hr/>	<hr/>
	\$ 1,325,321	\$946,327

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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Permanent Funds

The City maintains two permanent funds. These funds have restrictions on the principal balance and only investment earnings may be spent. The cemetery perpetual care fund is used to account for monies deposited with the City for the perpetual maintenance of the cemetery. A perpetual care fee is charged with the sale of each burial lot. As of June 30, 2011, the principal balance is \$1,496,718. The library endowment fund is used to account for monies provided by a private donor. Alan and Kay Blood, long time residents of Kaysville City donated property to be sold with the proceeds of the sale to be used to supplement library expenditures. Each year 10% of the interest earned is added to the corpus of this fund. The corpus of this fund is \$682,359 with the total fund balance of \$922,989. This fund will continue to be used to augment the collection held at the Kaysville Library, now that it is part of the Davis County Library system.

Proprietary Funds

The City maintains several enterprise funds to account for operations that are operated in a manner similar to a private business. Fees and user charges are collected to operate the enterprise. Most of these funds are public utilities. The City also operates an ambulance service. Since fees are charged for this service, ambulance operations are accounted for in an enterprise fund.

Operating revenues for all proprietary funds totaled \$19,738,356. This is an increase of about 2.59% over the prior year of \$19,238,747. Most of this increase is attributable to the population growth of the city. Operating expenses totaled \$20,415,380. This is an increase of approximately 3.13%. As the City continues to grow, more and more electrical resources are needed. Continued monitoring of each utility will be necessary to ensure operating revenues cover operating expenses as the costs to provide these services continue to increase.

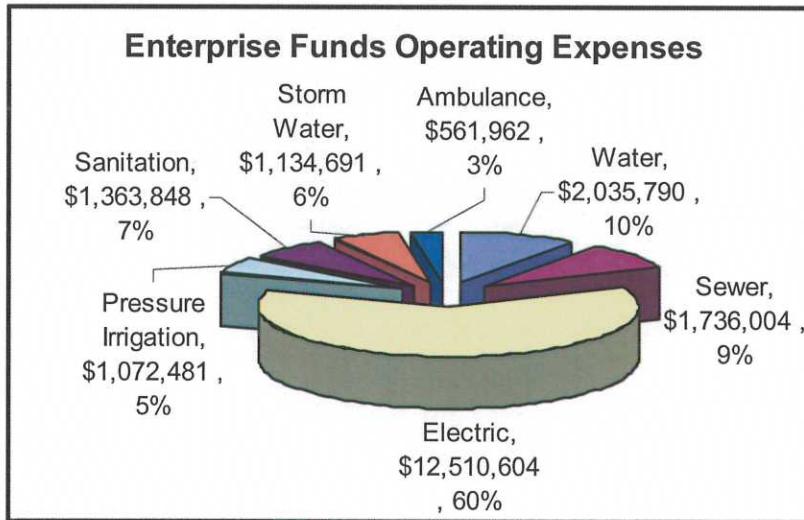
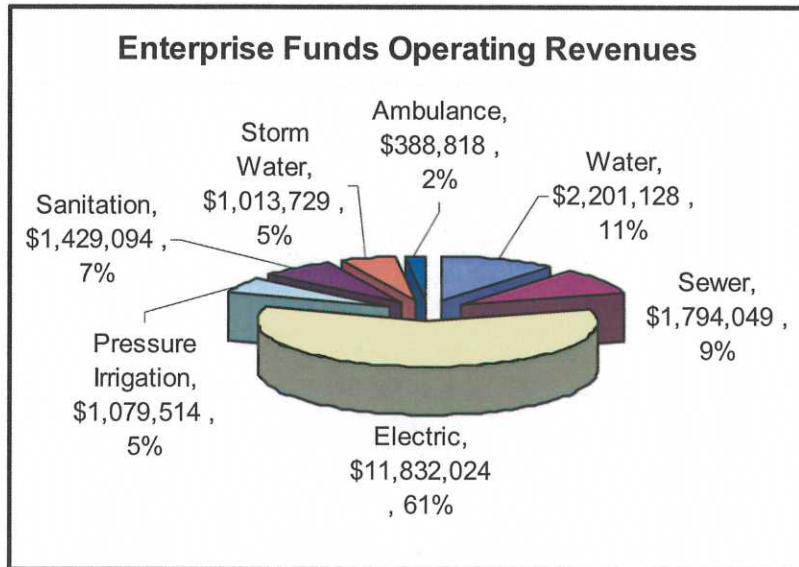
The table below and accompanying charts show the operations for fiscal year 2011.

Proprietary Funds	Water	Sewer	Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
Operating Revenues	\$2,201,128	\$1,794,049	\$11,832,024	\$1,079,514	\$1,429,094	\$1,013,729	\$388,818	\$19,738,356
Operating Expenses	\$2,035,790	\$1,736,004	\$12,510,604	\$1,072,481	\$1,364,848	\$1,134,691	\$561,962	\$20,416,380
Operating Income	\$165,338	\$58,045	(\$678,580)	\$7,033	\$64,246	(\$120,962)	(\$173,144)	(\$678,024)
Non Operating Revenues/(Expenses)	\$90,458	\$0	\$219,322	\$0	(\$12,054)	(\$3,166)	(\$3,468)	\$291,092
Net Income before Transfers	\$255,796	\$58,045	(\$459,258)	\$7,033	\$52,192	(\$124,128)	(\$176,612)	(\$386,932)
Operating Transfer In/(Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$175,000	\$175,000
Net Income / (loss)	\$255,796	\$58,045	(\$459,258)	\$7,033	\$52,192	(\$124,128)	(\$1,612)	(\$211,932)

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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The Proprietary Funds are segmented and illustrated below:



Conclusion

The outlook for Kaysville City remains positive. The challenge, of course, will be to continue to provide the critical services to a growing, primarily residential population.

This financial report is designed to provide a general overview of Kaysville City's finances. We believe this narrative read in conjunction with the other financial information included herein provides a clear understanding of the finances of Kaysville City.

Additional information may be obtained by contacting Kaysville City Finance at 23 East Center, Kaysville, Utah 84037, or by telephone (801)546-1235.

## **BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

**Fund Financial Statements**

**KAYSVILLE CITY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 8,997,614	\$ 5,914,190	\$ 14,911,804
Investments	885,585	-	885,585
Accounts Receivable (Net)	1,945,533	1,724,972	3,670,505
Prepays	12,480	-	12,480
Inventory	-	470,000	470,000
<b>Total Current Assets</b>	<b>11,841,212</b>	<b>8,109,162</b>	<b>19,950,374</b>
<b>Noncurrent Assets:</b>			
<b>Capital Assets:</b>			
Land	5,099,907	5,787,774	10,887,681
Net Depreciable Capital Assets	48,052,007	39,490,105	87,542,112
Water Stock	-	3,329,990	3,329,990
<b>Total Noncurrent Assets</b>	<b>53,151,914</b>	<b>48,607,869</b>	<b>101,759,783</b>
<b>Total Assets</b>	<b>\$ 64,993,126</b>	<b>\$ 56,717,031</b>	<b>\$ 121,710,157</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 567,429	\$ 1,811,781	\$ 2,379,210
Accrued Expenses	207,835	-	207,835
Deposits	2,130,840	94,453	2,225,293
Deferred Revenue	1,202,627	-	1,202,627
Accrued Interest	46,038	154,989	201,027
<b>Noncurrent Liabilities Due Within One Year</b>	<b>1,752,620</b>	<b>491,337</b>	<b>2,243,957</b>
<b>Total Current Liabilities</b>	<b>5,907,389</b>	<b>2,552,560</b>	<b>8,459,949</b>
<b>Noncurrent Liabilities</b>			
Due In More Than One Year	1,082,254	2,068,795	3,151,049
<b>Total Noncurrent Liabilities</b>	<b>1,082,254</b>	<b>2,068,795</b>	<b>3,151,049</b>
<b>Total Liabilities</b>	<b>6,989,643</b>	<b>4,621,355</b>	<b>11,610,998</b>
<b>NET ASSETS</b>			
Investments in Capital Assets, Net of Related Debt	50,933,344	46,146,335	97,079,679
<b>Restricted for:</b>			
Park Development Impact Fees	213,968	-	213,968
Transportation Impact Fees	1,512,108	-	1,512,108
Public Safety Impact Fees	53,956	-	53,956
Class C Roads	254,530	-	254,530
Perpetual Cemetery	1,496,718	-	1,496,718
<b>Library Endowment:</b>			
Expendable	240,630	-	240,630
Nonexpendable	682,359	-	682,359
Debt Service	196,304	-	196,304
Water Impact Fees	-	180,861	180,861
<b>Unrestricted</b>	<b>2,419,566</b>	<b>5,768,480</b>	<b>8,188,046</b>
<b>Total Net Assets</b>	<b>58,003,483</b>	<b>52,095,676</b>	<b>110,099,159</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 64,993,126</b>	<b>\$ 56,717,031</b>	<b>\$ 121,710,157</b>

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

**KAYSVILLE CITY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

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Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 1,545,761	\$ 647,686	\$ 15,903	\$ -
<b>Public Safety:</b>				
Police	2,213,269	233,637	-	-
Fire	483,156	139,507	-	-
Community Development	760,562	602,391	78,932	-
Public Works	2,964,516	1,187,282	-	3,691,377
Parks, Recreation and Public Properties	1,910,131	930,176	-	-
Perpetual Cemetery	-	54,175	-	-
Interest on Long-term Debt	343,327	-	-	-
<b>Total Governmental Activities</b>	<b>10,220,722</b>	<b>3,794,854</b>	<b>94,835</b>	<b>3,691,377</b>
<b>Business-Type Activities:</b>				
Water	2,035,790	2,289,022	-	818,937
Sewer	1,736,004	1,794,049	-	-
Electric	12,665,025	12,189,118	-	-
Pressure Irrigation	1,072,481	1,079,514	-	24,000
Sanitation	1,376,902	1,429,094	-	-
Storm Water	1,140,057	1,013,729	-	2,329,699
Ambulance	565,430	388,818	-	-
<b>Total Business-Type Activities</b>	<b>20,591,689</b>	<b>20,183,344</b>	<b>-</b>	<b>3,172,636</b>
<b>Total</b>	<b>\$ 30,812,411</b>	<b>\$ 23,978,198</b>	<b>\$ 94,835</b>	<b>\$ 6,864,013</b>

**General Revenues:**

Property Taxes  
Sales Tax  
Franchise Tax  
Energy Sales and Use Charge  
Interest and Investment Earnings  
Miscellaneous

Transfers

**Total General Revenues and Transfers**

**Change in Net Assets**

Net Assets - Beginning

Net Assets - Ending

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

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (882,172)	\$ -	\$ (882,172)
(1,979,632)	-	(1,979,632)
(343,649)	-	(343,649)
(79,239)	-	(79,239)
1,914,143	-	1,914,143
(979,955)	-	(979,955)
54,175	-	54,175
(343,327)	-	(343,327)
<u>(2,639,656)</u>	<u>-</u>	<u>(2,639,656)</u>
 -	 1,072,169	 1,072,169
-	58,045	58,045
-	(475,907)	(475,907)
-	31,033	31,033
-	52,192	52,192
-	2,203,371	2,203,371
-	(176,612)	(176,612)
<u>-</u>	<u>2,764,291</u>	<u>2,764,291</u>
 (2,639,656)	 2,764,291	 124,635
 1,429,796	 -	 1,429,796
2,865,286	-	2,865,286
542,039	-	542,039
1,047,797	-	1,047,797
86,925	21,413	108,338
95,833	-	95,833
(175,000)	175,000	-
<u>5,892,676</u>	<u>196,413</u>	<u>6,089,089</u>
3,253,020	2,960,704	6,213,724
<u>54,750,463</u>	<u>49,134,972</u>	<u>103,885,435</u>
<u>\$ 58,003,483</u>	<u>\$ 52,095,676</u>	<u>\$ 110,099,159</u>

**KAYSVILLE CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

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	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,402,065	\$ 196,304	\$ 2,865,123
Investments	-	-	-
Accounts Receivable	1,945,533	-	-
Prepays	<u>12,480</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 6,360,078</u></b>	<b><u>\$ 196,304</u></b>	<b><u>\$ 2,865,123</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts Payable	\$ 565,841	\$ -	\$ 1,588
Accrued Expenses	207,835	-	-
Deferred Revenue- Property Tax	1,202,627	-	-
Deposits	<u>2,130,840</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>4,107,143</u></b>	<b><u>-</u></b>	<b><u>1,588</u></b>
Non-Spendable:			
Library Endowment	-	-	-
Restricted for:			
Park Development Impact Fees	-	-	213,968
Transportation Impact Fees	-	-	1,512,108
Public Safety Impact Fees	-	-	53,956
Class C Roads	<u>254,530</u>	<u>-</u>	<u>-</u>
Road Bond Reserves	-	-	373,169
Perpetual Care	-	-	-
Library Endowment	-	-	-
Assigned:			
Debt Service	-	196,304	-
Capital Projects	-	-	710,334
Unassigned	<u>1,998,405</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balances</b>	<b><u>2,252,935</u></b>	<b><u>196,304</u></b>	<b><u>2,863,535</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 6,360,078</u></b>	<b><u>\$ 196,304</u></b>	<b><u>\$ 2,865,123</u></b>

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

Permanent Funds		Total
Perpetual Cemetery	Library Endowment	Governmental Funds
\$ 1,496,718	\$ 37,404	\$ 8,997,614
-	885,585	885,585
-	-	1,945,533
-	-	12,480
<u>\$ 1,496,718</u>	<u>\$ 922,989</u>	<u>\$ 11,841,212</u>
 \$ -	 \$ -	 \$ 567,429
-	-	207,835
-	-	1,202,627
<u>-</u>	<u>-</u>	<u>2,130,840</u>
<u>-</u>	<u>-</u>	<u>4,108,731</u>
 -	 682,359	 682,359
-	-	213,968
-	-	1,512,108
-	-	53,956
-	-	254,530
-	-	373,169
1,496,718	-	1,496,718
-	240,630	240,630
 -	 -	 196,304
-	-	710,334
-	-	1,998,405
<u>1,496,718</u>	<u>922,989</u>	<u>7,732,481</u>
 <u>\$ 1,496,718</u>	 <u>\$ 922,989</u>	 <u>\$ 11,841,212</u>

**KAYSVILLE CITY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

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**Total fund balance - Governmental Funds** \$ 7,732,481

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	5,099,907
Buildings, net of 1,303,568 accumulated depreciation	3,412,688
Improvements, net of 2,244,306 accumulated depreciation	3,575,466
Infrastructure, net of 18,292,928 accumulated depreciation	39,914,819
Equipment, net of 1,192,510 accumulated depreciation	451,994
Vehicles, net of 2,709,542 accumulated depreciation	<u>697,040</u>
	53,151,914

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:

Bonds Payable	(1,165,000)
Notes Payable	(1,426,739)
Accrued Interest	(46,038)
Compensated Absences	<u>(243,135)</u>
	(2,880,912)
<b>Total Net Assets - Governmental Activities</b>	<b>\$ 58,003,483</b>

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

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**KAYSVILLE CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2011**

---

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues:</b>			
Taxes	\$ 5,884,918	\$ -	\$ -
Licenses and Permits	518,582	-	-
Impact Fees	-	-	627,522
Intergovernmental	795,605	-	67,175
Charges for Services	1,708,522	-	-
Fines and Forfeitures	99,690	-	-
Interest Income	38,873	559	13,391
Community Development Block Grant	78,932	-	-
Miscellaneous	<u>102,494</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<b>9,227,616</b>	<b>559</b>	<b>708,088</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	1,494,849	-	-
Public Safety	2,668,934	-	-
Community Development	748,334	-	-
Public Works	1,072,039	-	-
Parks, Recreation and Public Properties	1,771,586	-	-
<b>Debt Service:</b>			
Principal	-	870,000	-
Interest and Fiscal Charges	-	76,327	-
<b>Capital Outlay</b>	<u>-</u>	<u>-</u>	<b>844,231</b>
<b>Total Expenditures</b>	<b>7,755,742</b>	<b>946,327</b>	<b>844,231</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,471,874</b>	<b>(945,768)</b>	<b>(136,143)</b>
<b>Other Financing Sources (Uses):</b>			
Loan Proceeds	-	-	39,784
Transfers In			
General Fund	-	530,000	-
Capital Projects Fund	-	421,000	-
Transfers Out			
Debt Service Fund	(530,000)	-	(421,000)
Ambulance Fund	<u>(175,000)</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<b>(705,000)</b>	<b>951,000</b>	<b>(381,216)</b>
<b>Net Change in Fund Balances</b>	<b>766,874</b>	<b>5,232</b>	<b>(517,359)</b>
<b>Fund balance - July 1</b>	<b>1,486,061</b>	<b>191,072</b>	<b>3,380,894</b>
<b>Fund Balance - June 30</b>	<b>\$ 2,252,935</b>	<b>\$ 196,304</b>	<b>\$ 2,863,535</b>

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

Permanent Funds		Total Governmental Funds
Perpetual Cemetery	Library Endowment	
\$ -	\$ -	\$ 5,884,918
-	-	518,582
-	-	627,522
-	-	862,780
54,175	-	1,762,697
-	-	99,690
7,760	26,342	86,925
-	-	78,932
-	-	<u>102,494</u>
<u>61,935</u>	<u>26,342</u>	<u>10,024,540</u>
 -	 10,000	 1,504,849
-	-	2,668,934
-	-	748,334
-	-	1,072,039
-	-	1,771,586
 -	 -	 870,000
-	-	76,327
-	-	<u>844,231</u>
 -	 10,000	 9,556,300
<u>61,935</u>	<u>16,342</u>	<u>468,240</u>
 -	 -	 39,784
-	-	530,000
-	-	421,000
-	-	(951,000)
-	-	(175,000)
 -	 -	 (135,216)
 61,935	 16,342	 333,024
 <u>1,434,783</u>	 <u>906,647</u>	 <u>7,399,457</u>
 <u>\$ 1,496,718</u>	 <u>\$ 922,989</u>	 <u>\$ 7,732,481</u>

**KAYSVILLE CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

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Net change in fund balances-total governmental funds \$ 333,024

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$4,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlays	548,092	
Depreciation expense	<u>(2,237,164)</u>	(1,689,072)

The effect of contributed capital assets from developers is not recorded in the fund financial statements, but is reported as revenues and capital assets in the government-wide financial statements.	3,624,202
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Debt proceeds are reported as other financing sources in the fund statements, but are reported as long-term liabilities in the government-wide statements.

Repayment of note payable	400,000	
Repayment of capital lease	90,479	
Repayment of bond principal	470,000	
Loan proceeds	(39,784)	
Compensated absences	<u>165,659</u>	1,086,354

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses include changes to:

Accrued compensated absences	(132,696)	
Accrued interest	<u>31,208</u>	<u>(101,488)</u>
Change in net assets of governmental activities	<u>\$ 3,253,020</u>	

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

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**KAYSVILLE CITY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES**  
**JUNE 30, 2011**

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	<u>Water</u>	<u>Sewer</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 537,738	\$ 654,318
Accounts Receivable (Net of Allowance for Uncollectibles)	192,808	160,507
Interfund Receivable	-	-
Inventory	55,000	-
Total Current Assets	<u>785,546</u>	<u>814,825</u>
<b>Noncurrent Assets</b>		
<b>Capital Assets:</b>		
Land	120,094	-
Net Depreciable Capital Assets	14,104,010	24,086
Water Stock	76,140	-
Total Noncurrent Assets	<u>14,300,244</u>	<u>24,086</u>
<b>Total Assets</b>	<u><u>\$ 15,085,790</u></u>	<u><u>\$ 838,911</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 77,470	\$ 146,435
Interfund Payable	175,000	-
Deposits	3,523	-
Accured Interest	-	-
Noncurrent Liabilities Due Within One Year	6,699	-
Total Current Liabilities	<u>262,692</u>	<u>146,435</u>
<b>Noncurrent Liabilities</b>		
Due In More Than One Year	26,798	-
Total Noncurrent Liabilities	<u>26,798</u>	<u> </u>
<b>Total Liabilities</b>	<u>289,490</u>	<u>146,435</u>
<b>NET ASSETS</b>		
Investments in Capital Assets, Net of Related Debt	14,300,244	24,086
Restricted for:		
Water Impact Fees	180,861	-
Unrestricted	315,195	668,390
Total Net Assets	<u>14,796,300</u>	<u>692,476</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 15,085,790</u></u>	<u><u>\$ 838,911</u></u>

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

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 3,151,619	\$ 78,299	\$ 968,655	\$ 505,953	\$ 17,608	\$ 5,914,190
841,605	93,055	139,804	87,597	209,596	1,724,972
175,000	-	-	-	-	175,000
415,000	-	-	-	-	470,000
<u>4,583,224</u>	<u>171,354</u>	<u>1,108,459</u>	<u>593,550</u>	<u>227,204</u>	<u>8,284,162</u>
 5,651,358	 16,322	 -	 -	 -	 5,787,774
14,200,592	-	599,581	10,455,569	106,267	39,490,105
-	3,253,850	-	-	-	3,329,990
<u>19,851,950</u>	<u>3,270,172</u>	<u>599,581</u>	<u>10,455,569</u>	<u>106,267</u>	<u>48,607,869</u>
 <u>\$ 24,435,174</u>	 <u>\$ 3,441,526</u>	 <u>\$ 1,708,040</u>	 <u>\$ 11,049,119</u>	 <u>\$ 333,471</u>	 <u>\$ 56,892,031</u>
 \$ 1,374,806	 \$ 84,351	 \$ 112,687	 \$ 6,036	 \$ 9,996	 \$ 1,811,781
-	-	-	-	-	175,000
90,930	-	-	-	-	94,453
139,613	-	8,456	4,151	2,769	154,989
325,749	-	75,076	52,677	31,136	491,337
<u>1,931,098</u>	<u>84,351</u>	<u>196,219</u>	<u>62,864</u>	<u>43,901</u>	<u>2,727,560</u>
 <u>1,620,301</u>	 <u>-</u>	 <u>303,814</u>	 <u>68,820</u>	 <u>49,062</u>	 <u>2,068,795</u>
 <u>1,620,301</u>	 <u>-</u>	 <u>303,814</u>	 <u>68,820</u>	 <u>49,062</u>	 <u>2,068,795</u>
 <u>3,551,399</u>	 <u>84,351</u>	 <u>500,033</u>	 <u>131,684</u>	 <u>92,963</u>	 <u>4,796,355</u>
 17,948,142	 3,270,172	 220,691	 10,356,931	 26,069	 46,146,335
 2,935,633	 87,003	 987,316	 560,504	 214,439	 180,861
<u>20,883,775</u>	<u>3,357,175</u>	<u>1,208,007</u>	<u>10,917,435</u>	<u>240,508</u>	<u>5,768,480</u>
 <u>\$ 24,435,174</u>	 <u>\$ 3,441,526</u>	 <u>\$ 1,708,040</u>	 <u>\$ 11,049,119</u>	 <u>\$ 333,471</u>	 <u>\$ 56,892,031</u>

**KAYSVILLE CITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

---

	<u>Water</u>	<u>Sewer</u>
<b>Operating Revenues:</b>		
Charges for Services (Net of uncollectibles)	<u>\$ 2,201,128</u>	<u>\$ 1,794,049</u>
<b>Total Operating Revenues</b>	<u>2,201,128</u>	<u>1,794,049</u>
<b>Operating Expenses:</b>		
Personnel Services	482,175	6,543
Contractual Services	38,402	-
Administrative Charges from General Fund	134,000	62,000
Interfund Services	66,500	-
Purchases Water/Treatment/Power/Refuse	387,199	1,661,938
Supplies and Miscellaneous Operating	209,218	4,835
Equipment and Maintenance	262,360	-
Energy Sales and Use Tax Charge	-	-
Depreciation	<u>455,936</u>	<u>688</u>
<b>Total Operating Expenses</b>	<u>2,035,790</u>	<u>1,736,004</u>
<b>Operating Income (Loss)</b>	<u>165,338</u>	<u>58,045</u>
<b>Non-Operating Revenues (Expenses):</b>		
Connection Fees	30,601	-
Extension Fees	-	-
Impact Fees	48,457	-
Sale of Asset	-	-
Interest Income	2,564	-
Miscellaneous	8,836	-
Interest Expense	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>90,458</u>	<u>-</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>255,796</u>	<u>58,045</u>
<b>Contributions From Developers</b>	<u>818,937</u>	<u>-</u>
<b>Transfers In (Out):</b>		
General Fund	-	-
<b>Change in Net Assets</b>	<u>1,074,733</u>	<u>58,045</u>
<b>Total Net Assets - Beginning</b>	<u>13,721,567</u>	<u>634,431</u>
<b>Total Net Assets - Ending</b>	<u>\$ 14,796,300</u>	<u>\$ 692,476</u>

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

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 11,832,024	\$ 1,079,514	\$ 1,429,094	\$ 1,013,729	\$ 388,818	\$ 19,738,356
11,832,024	1,079,514	1,429,094	1,013,729	388,818	19,738,356
870,094	6,453	44,929	292,551	384,028	2,086,773
277,736	-	2,533	80,396	104,196	503,263
134,000	41,500	41,500	41,500	-	454,500
71,500	-	3,500	46,500	5,000	193,000
9,350,342	1,021,269	1,190,120	-	-	13,610,868
180,934	-	-	234,452	905	630,344
420,952	3,259	10,409	30,826	33,692	761,498
589,544	-	-	-	-	589,544
615,502	-	71,857	408,466	34,141	1,586,590
12,510,604	1,072,481	1,364,848	1,134,691	561,962	20,416,380
(678,580)	7,033	64,246	(120,962)	(173,144)	(678,024)
12,121	-	-	-	-	42,722
142,267	-	-	-	-	142,267
132,238	-	-	-	-	180,695
70,380	-	-	-	-	70,380
16,649	-	-	2,200	-	21,413
88	-	-	-	-	8,924
(154,421)	-	(12,054)	(5,366)	(3,468)	(175,309)
219,322	-	(12,054)	(3,166)	(3,468)	291,092
(459,258)	7,033	52,192	(124,128)	(176,612)	(386,932)
-	24,000	-	2,329,699	-	3,172,636
-	-	-	-	175,000	175,000
(459,258)	31,033	52,192	2,205,571	(1,612)	2,960,704
21,343,033	3,326,142	1,155,815	8,711,864	242,120	49,134,972
\$ 20,883,775	\$ 3,357,175	\$ 1,208,007	\$ 10,917,435	\$ 240,508	\$ 52,095,676

**KAYSVILLE CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

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	<b>Water</b>	<b>Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 2,202,374	\$ 1,795,443
Cash Payments to Suppliers for Goods and Services	(906,229)	(1,677,949)
Cash Payments to Employees for Services	(480,007)	(6,543)
Cash Payments for Interfund Services	(200,500)	(62,000)
Net Cash Provided (Used) by Operating Activities	<u>615,638</u>	<u>48,951</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Change In Interfund Borrowings	(300,000)	-
Transfers In (Out)	-	-
Net Cash Used in Non-Capital Financing Activities	<u>(300,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Impact, Extension and Connection Fees	87,894	-
Acquisition of Capital Assets	(30,688)	-
Proceeds from Sale of Capital Assets	-	-
Principal Paid on Bonds and Notes	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>57,206</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Received	2,564	-
Interest Paid	-	-
Net Cash Provided (Used) from Investing Activities	<u>2,564</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>375,408</u>	<u>48,951</u>
Cash/Equivalents at Beginning of Year	<u>162,330</u>	<u>605,367</u>
Cash/Equivalents at End of Year	<u>\$ 537,738</u>	<u>\$ 654,318</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ 165,338	\$ 58,045
Reconciling Adjustments:		
Depreciation	455,936	688
Bad Debt Expense	6,756	4,835
Changes in Assets and Liabilities:		
Changes in Receivables	1,246	(3,441)
Changes in Inventory	-	-
Changes in Accounts Payable	(15,806)	(11,176)
Changes in Compensated Absences	2,168	-
Total Adjustments	<u>450,300</u>	<u>(9,094)</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ 615,638</u>	<u>\$ 48,951</u>
<b>Noncash investing and capital activities:</b>		
Contributions from Developers	818,937	-

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

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 11,846,089	\$ 1,079,254	\$ 1,406,628	\$ 1,014,885	\$ 369,840	\$ 19,714,513
(11,065,755)	(1,023,057)	(1,178,773)	(386,690)	(143,135)	(16,381,588)
(865,433)	(6,453)	(44,929)	(291,760)	(384,028)	(2,079,153)
(205,500)	(41,500)	(45,000)	(88,000)	(5,000)	(647,500)
<u>(290,599)</u>	<u>8,244</u>	<u>137,926</u>	<u>248,435</u>	<u>(162,323)</u>	<u>606,272</u>
300,000	-	-	-	-	175,000
-	-	-	-	-	175,000
<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>175,000</u>
286,714	-	-	-	-	374,608
(570,971)	-	(14,855)	(109,554)	-	(726,068)
238,450	-	-	-	-	238,450
(317,301)	-	(53,722)	(45,792)	(29,790)	(446,605)
<u>(363,108)</u>	<u>-</u>	<u>(68,577)</u>	<u>(155,346)</u>	<u>(29,790)</u>	<u>(559,615)</u>
16,649	-	-	2,200	-	21,413
(177,689)	-	(7,751)	(7,293)	(4,588)	(197,321)
(161,040)	-	(7,751)	(5,093)	(4,588)	(175,908)
<u>(514,747)</u>	<u>8,244</u>	<u>61,598</u>	<u>87,996</u>	<u>(21,701)</u>	<u>45,749</u>
<u>3,666,366</u>	<u>70,055</u>	<u>907,057</u>	<u>417,957</u>	<u>39,309</u>	<u>5,868,441</u>
<u>\$ 3,151,619</u>	<u>\$ 78,299</u>	<u>\$ 968,655</u>	<u>\$ 505,953</u>	<u>\$ 17,608</u>	<u>\$ 5,914,190</u>
\$ (678,580)	\$ 7,033	\$ 64,246	\$ (120,962)	\$ (173,144)	\$ (678,024)
615,502	-	71,857	408,466	34,141	1,586,590
46,997	3,259	4,036	1,662	34,988	102,533
(32,932)	(3,519)	(26,502)	(506)	(53,966)	(119,620)
(246,247)	1,471	24,289	(41,016)	(4,342)	(292,827)
<u>4,661</u>	<u>-</u>	<u>-</u>	<u>791</u>	<u>-</u>	<u>7,620</u>
<u>387,981</u>	<u>1,211</u>	<u>73,680</u>	<u>369,397</u>	<u>10,821</u>	<u>1,284,296</u>
<u>\$ (290,599)</u>	<u>\$ 8,244</u>	<u>\$ 137,926</u>	<u>\$ 248,435</u>	<u>\$ (162,323)</u>	<u>\$ 606,272</u>
-	24,000	-	2,329,699	-	3,172,636

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**NOTES TO  
BASIC FINANCIAL STATEMENTS**

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **General Fund**

#### **Notes to Required Supplementary Information**

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

Kaysville City was settled in 1850 and on March 15, 1968 was incorporated. Kaysville operates under a council form of government with an appointed city manager. The Mayor and the five City Council members are elected at large with staggered terms. The City provides the following services: public safety (police and fire), public utilities (water, sewer, electric, sanitation, pressure irrigation, and storm water), streets, library endowment, parks, recreation, public works, planning and zoning, code enforcement and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable that do not conflict with or contradict GASB pronouncements). Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board (GASB).

### **Blended Component Units**

The Municipal Building Authority of Kaysville City, Utah (MBA) is the only blended component unit of the City. The MBA's governing board is financially dependent upon the City government. There was no activity during the year in the MBA.

### **Basic Financial Statements - Government-Wide Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. Government activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs.

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functions and segments using a full cost allocation approach are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the government.

The City has the following fund types:

**Governmental funds** are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Property taxes, sales taxes, franchise taxes, licenses, and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Debt Service Fund account for resources accumulated and payments made for principal and interest in general obligations for the City.

Perpetual Cemetery Fund is used to account for perpetual care fees and the improvement and maintenance of the cemetery.

Library Endowment Fund is used to account for a permanent endowment donated solely for the use of the library. Ten percent of the interest earnings from this principal are restricted and added to the permanent endowment. The remaining interest earnings are expendable for the library.

**Proprietary funds** are accounted for on the flow of economic resources and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Each proprietary fund in the City is used for its respective utility or function as indicated by the title of the fund.

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City has a total of twelve funds, including five governmental funds and seven proprietary funds.

**Measurement Focus and Basis of Accounting**

The accounts of Kaysville City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

**Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual:**

The governmental fund financial statements are presented on the modified accrual basis. Under the modified accrual 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. The government considers all revenues available if they are collected within 60 days after year end.

Property and sales taxes, Class C Road distributions, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the City.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term liabilities which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with expendable and available financial resources.

**Assets, Liabilities and Equity**

**Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements and the State Treasurers' Investment Pool.

Investments are stated at cost which approximates fair value.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Property taxes are recognized when they are measurable and available. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due on November 30. City property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of the Governmental Accounting Standards Board Codification, Section P70.

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets**

Capital assets used in governmental fund types of the City are reported in the applicable governmental or proprietary fund columns in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$4,000 (amount not rounded) and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair market value at the date of donation.

Property, plant and equipment in the proprietary funds of the City are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add materially to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets (Continued)**

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Other Infrastructure	40
Water System	35
Electrical System	35
Improvements	30
Equipment	7
Vehicles	5

**Compensated Absences**

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. Typically the general fund liquidates approximately 60% of the liability for compensated absences while the water fund, storm water fund, and the electric fund each liquidate approximately 20% of the liability.

For reporting purposes, the City's proprietary funds report the amounts accrued for all employees as a liability, while the governmental fund financial statements only report a liability for matured compensated absences for terminated employees. The governmental funds liability balance for all employees is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**Long-term Liabilities**

The City reports long-term liabilities of governmental funds at face value in the applicable governmental fund, enterprise fund or proprietary fund type balance sheet. Certain other governmental fund liabilities not expected to be financed with current available financial resources are also reported in the applicable fund type. Long-term liabilities and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financial source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Equity**

*Fund financial statements*

In February 2009, GASB issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The fund balances may be classified as follows:

- a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors. .
- c. Committed fund balance – Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council likewise formally changes the use.
- d. Assigned fund balance – Fund balances are reported as assigned when the City Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

*Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Equity (Continued)**

c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the City’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used, are reported as transfers. All other interfund transfers are reported as non-operating transfers.

**Operating Revenues and Expenses**

Operating revenues and expenses in the proprietary funds consist of those revenues that result from the ongoing principal operations of the City. Operating revenues consist of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

**Restricted Net Assets**

All of the City’s reserve fund balances are also considered restricted net assets.

Class C Roads - all unexpended Class “C” Road payments at the end of the fiscal year are restricted by state law to be appropriated in the following budget year.

Park Development Impact Fees – a park development impact fee is charged on all new construction permits. The use of these fees is limited by state law. The unexpended balance is to be used for new parks to be developed throughout the City. Accordingly, net assets have been restricted.

Transportation Impact Fees – a transportation impact fee is charged on all new construction permits. The use of these fees is limited by state law. The unexpended balance is to be used for roadway facilities. Accordingly, net assets have been restricted.

Public Safety Impact Fees – a public safety impact fee is charged on all new construction permits. The use of these fees is limited by state law. The unexpended balance is to be used for public safety. Accordingly, net assets have been restricted.

Water Impact Fees - a water impact fee is charged on all new construction permits. The use of these fees is limited by state law to be used for capital outlay in the water fund. Accordingly, net assets have been restricted.

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Restricted Net Assets (Continued)**

Electric Impact Fees - a capacity impact fee is charged on all new construction permits. The use of these fees is limited by state law to be used for capital outlay in the electric fund. Accordingly, net assets have been restricted.

Perpetual Cemetery – the perpetual cemetery fund is part of the fees collected at the time the cemetery lot is sold. The cemetery fund has a restriction of part of lot sales which is used for perpetual care. The restriction is set by city ordinance.

Library Endowment - the library endowment restriction is imposed by a contributor. The principal portion of the contribution is fully restricted, thus only the interest earned on the principal may be used and is restricted for library expenditures.

## **2. DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (*Utah Code, Section 51, Chapter 7*) in handling its depository and investment transactions. This 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.

### **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. As of June 30, 2011, \$1,254,260 of the City's bank balances of \$1,558,943 was uninsured and uncollateralized.

### **Investments**

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

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

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

As of June 30, 2011, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)				Quality Ratings
		Less than 1	1-5	6-10	More than 10	
PTIF Investments	\$ 13,566,640	\$13,566,640	\$ -	\$ -	\$ -	not rated
Money Market	373,169	373,169	-	-	-	not rated
Certificate of Deposit	885,585	240,969	644,616	-	-	not rated
	<u>\$14,825,394</u>	<u>\$14,180,778</u>	<u>\$ 644,616</u>	<u>\$ -</u>	<u>\$ -</u>	

*Interest rate risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the Utah Public Treasurers' Investment Fund and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the previous table.

*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.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**2. DEPOSITS AND INVESTMENTS (Continued)**

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

*Custodial credit risk (investments)* – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment in the Utah Public Treasurers' Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2011, are as follows:

Cash on hand and on deposit:

Cash on hand	\$ 250
Cash on deposit	971,745
PTIF investment	13,566,640
Money market	373,169
Certificate of deposits	<u>885,585</u>
 Total cash and investments	 <u>\$15,797,389</u>

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

Cash and cash equivalents	\$14,911,804
Investments	<u>885,585</u>
 Total cash and investments	 <u>\$15,797,389</u>

**3. ACCOUNTS RECEIVABLE**

Receivables as of the fiscal year end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water	Sewer	Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
Receivables:									
Intergovernmental	\$1,945,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,945,533
Utility charges	-	201,799	168,009	891,928	97,490	145,530	91,825	294,871	1,891,452
Other receivables	-	240	-	-	-	-	-	-	240
Gross receivables	1,945,533	202,039	168,009	891,928	97,490	145,530	91,825	294,871	3,837,225
Allowance	-	(9,231)	(7,502)	(50,323)	(4,435)	(5,726)	(4,228)	(85,275)	(166,720)
Net receivables	<u>\$1,945,533</u>	<u>\$192,808</u>	<u>\$160,507</u>	<u>\$841,605</u>	<u>\$ 93,055</u>	<u>\$ 139,804</u>	<u>\$ 87,597</u>	<u>\$ 209,596</u>	<u>\$3,670,505</u>

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**4. CAPITAL ASSETS**

Capital asset activity in the governmental activities for the year ended June 30, 2011, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,099,907	\$ -	\$ -	\$ 5,099,907
Total capital assets, not being depreciated	<u>5,099,907</u>	<u>-</u>	<u>-</u>	<u>5,099,907</u>
Capital assets, being depreciated				
Infrastructure	54,543,761	3,663,986	-	58,207,747
Buildings	4,572,302	143,954	-	4,716,256
Improvements	5,698,293	121,479	-	5,819,772
Vehicles	3,286,165	151,697	(31,280)	3,406,582
Equipment	1,564,326	91,178	(11,000)	1,644,504
Total capital assets, being depreciated	<u>69,664,847</u>	<u>4,172,294</u>	<u>(42,280)</u>	<u>73,794,861</u>
Accumulated Depreciation for:				
Infrastructure	(16,672,577)	(1,620,351)	-	(18,292,928)
Buildings	(1,232,469)	(71,099)	-	(1,303,568)
Improvements	(2,052,926)	(191,380)	-	(2,244,306)
Vehicles	(2,514,896)	(225,926)	31,280	(2,709,542)
Equipment	(1,075,102)	(128,408)	11,000	(1,192,510)
Total accumulated depreciation	<u>(23,547,970)</u>	<u>(2,237,164)</u>	<u>42,280</u>	<u>(25,742,854)</u>
Total capital assets being depreciated, net	<u>46,116,877</u>	<u>1,935,130</u>	<u>-</u>	<u>48,052,007</u>
Governmental activities capital assets, net	<u><u>\$51,216,784</u></u>	<u><u>\$1,935,130</u></u>	<u><u>\$ -</u></u>	<u><u>\$53,151,914</u></u>

Depreciation expense was charged to functions as follows:

**Governmental Activities:**

General Government	\$ 58,318
Public Safety	
Police	79,168
Fire	144,601
Community Development	16,452
Public Works	1,657,334
Parks and Recreation	<u>281,291</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 2,237,164</u></u>

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**4. CAPITAL ASSETS (Continued)**

Capital asset activity in the business-type activities for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,955,839	\$ -	\$ (168,065)	\$ 5,787,774
Water Stock	3,305,990	24,000	-	3,329,990
Total capital assets, not being depreciated	<u>9,261,829</u>	<u>24,000</u>	<u>(168,065)</u>	<u>9,117,764</u>
Capital assets, being depreciated				
Buildings	825,794	-	-	825,794
Improvements	41,320	-	-	41,320
Infrastructure	52,672,752	3,846,893	-	56,519,645
Vehicles	1,880,738	-	-	1,880,738
Machinery and Equipment	1,232,421	342,809	-	1,575,230
Total capital assets, being depreciated	<u>56,653,025</u>	<u>4,189,702</u>	<u>-</u>	<u>60,842,727</u>
Accumulated Depreciation for:				
Buildings	(330,319)	(13,766)	-	(344,085)
Improvements	(4,131)	(1,377)	-	(5,508)
Infrastructure	(17,285,078)	(1,347,343)	-	(18,632,421)
Vehicles	(1,270,947)	(149,467)	-	(1,420,414)
Machinery and Equipment	(875,557)	(74,637)	-	(950,194)
Total accumulated depreciation	<u>(19,766,032)</u>	<u>(1,586,590)</u>	<u>-</u>	<u>(21,352,622)</u>
Total capital assets, being depreciated, net	<u>36,886,993</u>	<u>2,603,112</u>	<u>-</u>	<u>39,490,105</u>
Business-type activities capital assets, net	<u><u>\$46,148,822</u></u>	<u><u>\$2,627,112</u></u>	<u><u>\$ (168,065)</u></u>	<u><u>\$48,607,869</u></u>

Depreciation expense was charged to functions as follows:

**Business-type Activities:**

Water	\$ 455,936
Sewer	688
Electric	615,502
Sanitation	71,857
Storm Water	408,466
Ambulance	<u>34,141</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 1,586,590</u>

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**4. CAPITAL ASSETS (Continued)**

Capital assets by proprietary fund are as follows:

	Water Utility	Sewer Utility	Electric Utility	Pressure Irrigation	Sanitation Utility	Storm Water	Ambulance	Total
Land	\$ 120,094	\$ -	\$ 5,651,358	\$ 16,322	\$ -	\$ -	\$ -	\$ 5,787,774
Water Stock	76,140	-	-	3,253,850	-	-	-	3,329,990
Buildings	123,869	41,289	660,636	-	-	-	-	825,794
Improvements	41,320	-	-	-	-	-	-	41,320
Infrastructure	19,052,666	-	21,067,398	-	-	16,399,582	-	56,519,646
Vehicles	374,647	-	618,809	-	207,383	312,129	367,770	1,880,738
Equipment	235,348	-	252,340	-	1,054,203	2,655	30,648	1,575,194
<b>Total</b>	<b>20,024,084</b>	<b>41,289</b>	<b>28,250,541</b>	<b>3,270,172</b>	<b>1,261,586</b>	<b>16,714,366</b>	<b>398,418</b>	<b>69,960,456</b>
Accum Depr	(5,723,840)	(17,203)	(8,398,591)	-	(662,005)	(6,258,797)	(292,151)	(21,352,587)
<b>Net</b>	<b>\$14,300,244</b>	<b>\$ 24,086</b>	<b>\$19,851,950</b>	<b>\$3,270,172</b>	<b>\$ 599,581</b>	<b>\$10,455,569</b>	<b>\$ 106,267</b>	<b>\$48,607,869</b>

**5. DEPOSITS**

Governmental Fund - Deposits in the governmental fund as of June 30, 2011 are as follows:

Business license bonds refundable	\$ 2,100
Builders' deposits	255,250
Excavation deposits	115,600
Escrow deposits	1,757,890
<b>Total</b>	<b>\$ 2,130,840</b>

Enterprise Funds - All utility and developer's deposits are recorded in the electric utility fund. The water meter deposits are recorded in the water utility fund. As of June 30, 2011 deposits are as follows:

Utility deposits	\$ 90,930
Water meter deposits	3,523
<b>Total deposits</b>	<b>\$ 94,453</b>

**6. LEASES**

The City has five outstanding lease purchase agreements. These lease agreements qualify for capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. All amortization expense for the capital leases has been included in depreciation expense.

The assets acquired through outstanding capital leases are as follows:

	<b>Business-type Activities</b>			
	<b>Governmental Activities</b>	<b>Sanitation Fund</b>	<b>Storm Water Fund</b>	<b>Ambulance Fund</b>
Vehicles	\$ 439,551	\$ 207,383	\$ 282,602	\$ 153,000
Equipment	-	313,696	-	-
Less: Accumulated Amortization	(251,172)	(108,932)	(121,115)	(61,200)
<b>Total</b>	<b>\$ 188,379</b>	<b>\$ 412,147</b>	<b>\$ 161,487</b>	<b>\$ 91,800</b>

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**6. LEASES (Continued)**

**Governmental Activities:**

**Fire Truck:**

The City entered into a lease agreement as lessee for financing the acquisition for a fire truck. The lease was issued in November 2006 for the amount of \$340,000. Annual payments were made on November 1 of each year. The lease had an interest rate of 4.33%. The final payment was made on November 1, 2010. The Debt Service Fund was used to liquidate this lease.

**Business-type activities:**

The City has four lease agreements as lessee for the acquisition of a street sweeper, recycling cans, a vactor truck, and an ambulance.

The street sweeper lease purchase agreement bears an interest rate of 4.47%. Annual payments are made with final payment being made in 2014. Payments are made from the Sanitation fund.

<b>Year Ended June 30,</b>	<b>Capital Lease (Street Sweeper)</b>		
	<b>4.47%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 33,248	\$ 3,475	\$ 36,723
2013	34,751	1,972	36,723
2014	17,801	401	18,202
<b>Totals</b>	<b>\$ 85,800</b>	<b>\$ 5,848</b>	<b>\$ 91,648</b>

The recycling cans lease purchase agreement bears an interest rate of 2.58%. Semi-annual payments are made with final payment being made in 2017. Payments are made from the Sanitation fund.

<b>Year Ended June 30,</b>	<b>Capital Lease (Recycling Cans)</b>		
	<b>2.58%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 41,827	\$ 7,648	\$ 49,475
2013	42,966	6,509	49,475
2014	44,136	5,339	49,475
2015	45,338	4,137	49,475
2016	46,573	2,902	49,475
2017	47,841	1,634	49,475
2018	24,407	330	24,737
<b>Totals</b>	<b>\$ 293,088</b>	<b>\$ 28,499</b>	<b>\$ 321,587</b>

The vactor truck lease purchase agreement bears an interest rate of 5.05%. Annual payments are made with final payment being made in 2013. Payments are made from the Storm Water fund.

<b>Year Ended June 30,</b>	<b>Capital Lease (Vactor Truck)</b>		
	<b>5.05%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 48,105	4,981	53,086
2013	50,534	2,552	53,086
<b>Totals</b>	<b>\$ 98,639</b>	<b>\$ 7,533</b>	<b>\$ 106,172</b>

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**6. LEASES (Continued)**

**Business-type activities:**

The ambulance lease purchase agreement bears an interest rate of 4.47%. Annual payments are made with final payment being made in 2014. Payments are made from the Ambulance fund.

Year Ended June 30,	Capital Lease (Ambulance)		
	4.47%		
	Principal	Interest	Total
2012	\$ 31,136	3,254	\$ 34,390
2013	32,544	1,846	34,390
2014	16,517	376	16,893
<b>Totals</b>	<b>\$ 80,197</b>	<b>\$ 5,476</b>	<b>\$ 85,673</b>

**7. LONG-TERM LIABILITIES**

**Governmental activities:**

Pioneer Park- Land

The City is liable for a note payable issued in September of 2007 for \$500,000 to finance the purchase of land for the future construction of Pioneer Park. Principal and interest are both paid on September 30 of each year with the final payment being made on September 30, 2012. The note payable bears an interest rate of 7%. The amortization of the note is as follows:

Year Ended June 30,	Note Payable (Pioneer Park Land)		
	7.00%		
	Principal	Interest	Total
2012	\$ 100,000	\$ 14,000	\$ 114,000
2013	100,000	7,000	107,000
<b>Totals</b>	<b>\$ 200,000</b>	<b>\$ 21,000</b>	<b>\$ 221,000</b>

Series 2002 Bonds

The City was liable for the repayment of bonds issued in 2002 in the amount of \$1,582,000 to finance the construction of the City's fire station. Principal and interest were both paid on September 15 of each year and an additional interest payment was made on March 16 of each year. The final bond payments were made on March 16, 2011.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**7. LONG-TERM LIABILITIES (Continued)**

Series 2010 Bonds

The City is liable for the repayment of bonds issued in 2010 in the amount of \$1,432,000 to finance major repairs and maintenance to various roads throughout the City. The revenue from excise road tax has been appropriated for the repayment of the bond. Principal and interest are both paid on June 15 of each year and an additional interest payment is made on December 15 of each year. Interest rate is fixed at 2.75% yearly. The bonds will mature on June 15, 2015. The amortization of the note is as follows:

<b>Year Ended June 30,</b>	<b>Series 2010 Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 280,000	32,038	312,038
2013	287,000	24,338	311,338
2014	295,000	16,445	311,445
2015	303,000	8,332	311,332
<b>Totals</b>	<b>\$ 1,165,000</b>	<b>\$ 81,153</b>	<b>\$ 1,246,153</b>

200 N Overpass- UDOT

The City is liable for the repayment of a note payable issued in 2009 in the amount of \$1,786,955 to finance the construction of the 200 N Overpass. Payments are paid on October 15 and April 15 of each year. The note bears no interest. The amortization of the note is as follows:

<b>Year Ended June 30,</b>	<b>Note Payable (200 N Overpass- UDOT)</b>	
	<b>Principal</b>	<b>Total</b>
2012	\$ 1,226,739	\$ 1,226,739
<b>Totals</b>	<b>\$ 1,226,739</b>	<b>\$ 1,226,739</b>

Business-type activities:

Note Payable – Land

The City is liable for a note payable issued in July 2006 in the amount of \$3,923,013 for the purchase of property. Payments are made annually on July 31 with the final payment being made on July 31, 2016. The note payable bears an interest rate of 8.00%. The amortization of the note is as follows:

<b>Year Ended June 30,</b>	<b>Note Payable – Land</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 317,301	\$ 152,305	\$ 469,606
2013	317,301	126,921	444,222
2014	317,301	101,536	418,837
2015	317,302	76,153	393,455
2016	317,302	50,768	368,070
2017	317,302	25,385	342,687
<b>Totals</b>	<b>\$ 1,903,809</b>	<b>\$ 533,068</b>	<b>\$ 2,436,877</b>

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**8. CHANGES IN CAPITAL LEASES, LONG TERM LIABILITIES, AND COMPENSATED ABSENCES**

Activity with long-term liabilities including capital leases and compensated absences for the year ended June 30, 2011 is as follows:

	<b>Balance July 1, 2010</b>			<b>Balance June 30, 2011</b>	<b>Amounts Due Within One Year</b>
	<b>Additions</b>	<b>Reductions</b>			
<b>Governmental Activities:</b>					
Note Payable - Pioneer Park Land	\$ 300,000	\$ -	\$ (100,000)	\$ 200,000	\$ 100,000
Series 2002 Bonds	203,000	-	(203,000)	-	-
Series 2010 Bonds	1,432,000	-	(267,000)	1,165,000	280,000
Note Payable- 200 N Overpass UDOT	1,486,955	39,784	(300,000)	1,226,739	1,226,739
Fire Truck Lease	90,479	-	(90,479)	-	-
<b>Total Debt</b>	<b>3,512,434</b>	<b>39,784</b>	<b>(960,479)</b>	<b>2,591,739</b>	<b>1,606,739</b>
Compensated Absences	276,098	132,696	(165,659)	243,135	145,881
<b>Total Governmental Activities</b>	<b>\$3,788,532</b>	<b>\$ 172,480</b>	<b>\$(1,126,138)</b>	<b>\$2,834,874</b>	<b>\$1,752,620</b>
<b>Business-type Activities:</b>					
Capital Lease (Sweeper)	\$ 117,610	\$ -	\$ (31,810)	\$ 85,800	\$ 33,248
Capital Lease (Recycling Cans)	-	315,000	(21,912)	293,088	41,827
Capital Lease (Vactor Truck)	144,431	-	(45,792)	98,639	48,105
Capital Lease (Ambulances)	109,987	-	(29,790)	80,197	31,136
Note Payable - Land	2,221,110	-	(317,301)	1,903,809	317,301
<b>Total Debt</b>	<b>2,593,138</b>	<b>315,000</b>	<b>(446,605)</b>	<b>2,461,533</b>	<b>471,617</b>
Compensated Absences	90,980	25,815	(18,196)	98,599	19,720
<b>Total Business-type Activities</b>	<b>\$2,684,118</b>	<b>\$ 340,815</b>	<b>\$(464,801)</b>	<b>\$2,560,132</b>	<b>\$491,337</b>

For the year ended June 30, 2011, \$76,327 in interest was charged to expense in the Governmental Activities and \$175,309 was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2011, in Governmental or Business-type Activities.

Typically the general fund liquidates approximately 60% of the liability for compensated absences while the water fund, storm water fund, and the electric fund each liquidate approximately 20% of the liability.

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

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## **9. RETIREMENT SYSTEMS**

Plan Description - Kaysville City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Retirement System for employers with Social Security coverage, which is a cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also established the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy – Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Kaysville City is required to contribute 9.36% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Kaysville City is required to contribute 13.37% of their annual covered salary. In the Public Safety Retirement System, the City is required to contribute 28.82% of covered salary to the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Defined Benefit Plan – The Kaysville City Contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2011, 2010 and 2009 were \$6,853, \$5,601, and \$5,572 respectively and for the Noncontributory Retirement System the contributions for June 30, 2011, 2010 and 2009 were \$389,580, \$344,343, and \$345,668 respectively. For the Public Safety Noncontributory Retirement System contributions for June 30, 2011, 2010 and 2009 were \$263,908, \$247,282, and \$220,911 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plan – The City also provides a 401-k plan for employees. The plan is adopted and amended by the City Council, administered by the trustees with money management and contract administration provided by The Principal Financial Group. The plan is funded by the City based on employee classification. The Plan covers all City employees and participants who are fully vested. The employer's share of contributions for the year ended June 30, 2011 totaled \$157,628. The 401(k) plan has an elective deferral option. Employee contributions for the year ended June 30, 2011 totaled approximately \$135,395.

## **10. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The City maintains commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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## **11. INTERFUND TRANSACTIONS**

### Transfers In/Out

Transfers for the year ended June 30, 2011 were as follows:

<b>Transfers Out</b>	<b>Transfers In</b>		
	<b>Debt Service Fund</b>	<b>Ambulance Fund</b>	<b>Total</b>
<b>General Fund</b>	\$ 530,000	\$ 175,000	\$ 705,000
<b>Capital Projects Fund</b>	421,000	-	421,000
<b>Totals</b>	<b>\$ 951,000</b>	<b>\$ 175,000</b>	<b>\$ 1,126,000</b>

The above transfers resulted from the normal course of the City's operation. Often, funds are received in a given fund, but those funds are used for a purpose in which the expenditures are made in another fund. The transfer to the Ambulance Fund was to cover operating expenses the Ambulance Fund was unable to cover from its own revenues.

### Interfund Receivables/Payables

Interfund receivables and payables as of June 30, 2011 were as follows:

<b>Due to Other Funds</b>	<b>Due from Other Funds</b>	
	<b>Water</b>	<b>Total</b>
<b>Electric Fund</b>	\$ 175,000	\$ 175,000
<b>Total</b>	<b>\$ 175,000</b>	<b>\$ 175,000</b>

The above receivable and payable have resulted from the normal course of the City's operations. The Water Fund has borrowed money from Electric Fund anticipating the collection of additional revenues due to a rate increase. All interfund borrowings are expected to be paid within a year.

## **12. PROPERTY TAX**

Property taxes are recognized when they are measurable and available. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are due on November 30. City property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of the Governmental Accounting Standards Board Codification, Section P70.

No revenue is recognized for delinquent taxes as corresponding entries are made to taxes receivable and deferred revenue. Due to the collection process, which is a County function, delinquent property taxes are reported as revenue when received. The County handles the accounting for property tax collections and the collection of delinquencies can take up to five years, at which time property is sold at tax auctions to collect on property tax liens.

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**13. SUBSEQUENT EVENTS**

The City purchased a piece of land from the Kaysville Irrigation Company for \$150,000 right after the end of the fiscal year. The City will use the land for a detention basin.

**14. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The Utah State Law identifies the maximum fund balance that Cities may have in their general fund to be 18% of the following year's total budgeted revenues for the general fund. Kaysville City's general fund balance exceeded this 18% limitation.

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>		
	<b>Original</b>	<b>Final</b>				
<b>Revenues:</b>						
<b>Taxes:</b>						
Property Taxes - Current	\$ 1,197,205	\$ 1,197,205	\$ 1,249,965	\$ 52,760		
Property Taxes - Redemptions	30,000	30,000	24,291	(5,709)		
Property Taxes - Payments in Lieu	15,000	15,000	19,716	4,716		
Motor Vehicle Fee in Lieu	155,000	155,000	135,824	(19,176)		
Sales Tax	3,000,000	3,000,000	2,865,286	(134,714)		
Utility License Tax	595,000	595,000	542,039	(52,961)		
Energy Sales and Use Charge	1,175,000	1,175,000	1,047,797	(127,203)		
	<u>6,167,205</u>	<u>6,167,205</u>	<u>5,884,918</u>	<u>(282,287)</u>		
<b>Licenses and Permits:</b>						
Business Licenses	55,000	55,000	52,610	(2,390)		
Building Permits	175,000	175,000	327,472	152,472		
Building Permit Bonds Forfeitures	-	-	138,500	138,500		
	<u>230,000</u>	<u>230,000</u>	<u>518,582</u>	<u>288,582</u>		
<b>Intergovernmental:</b>						
Class "C" Road	785,000	785,000	779,702	(5,298)		
State Liquor Allotment	18,000	18,000	15,663	(2,337)		
State Grants	5,000	5,000	240	(4,760)		
Community Development Block Grant	90,000	90,000	78,932	(11,068)		
	<u>898,000</u>	<u>898,000</u>	<u>874,537</u>	<u>(23,463)</u>		
<b>Charges for Services:</b>						
Administrative Charges	454,500	454,500	454,500	-		
Zoning/ Plan Check	70,000	70,000	83,809	13,809		
Maps and Publications	500	500	186	(314)		
Fire Protection	145,000	145,000	139,507	(5,493)		
Law Enforcement	110,000	110,000	112,856	2,856		
Streets	3,000	3,000	13,369	10,369		
Parks and Recreation	469,300	469,300	544,325	75,025		
Facilities Maintenance	6,000	6,000	6,828	828		
Cemetery Lots	60,000	60,000	57,150	(2,850)		
Burial Fees	80,000	80,000	94,254	14,254		
GIS Services	124,500	124,500	124,500	-		
Fleet Mgmt Services	68,500	68,500	68,500	-		
Miscellaneous Charges	12,500	12,500	8,738	(3,762)		
	<u>1,603,800</u>	<u>1,603,800</u>	<u>1,708,522</u>	<u>104,722</u>		
<b>Fines and Forfeitures</b>	<b>101,000</b>	<b>101,000</b>	<b>99,690</b>	<b>(1,310)</b>		

Basis of budgeting is the same as GAAP

(continued)

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2011**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Other Revenues:</b>				
Interest and Dividend Earnings	40,000	40,000	38,873	(1,127)
Rents	16,000	16,000	15,399	(601)
Sale of Materials	-	-	2,951	2,951
Community Theatre	6,000	6,000	20,677	14,677
Civic Committee	8,700	8,700	48,476	39,776
Cert Fees	2,500	2,500	-	(2,500)
Sundry	19,504	19,504	14,991	(4,513)
	92,704	92,704	141,367	48,663
<b>Total Revenues</b>	<b>9,092,709</b>	<b>9,092,709</b>	<b>9,227,616</b>	<b>134,907</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
City Council	77,800	77,800	70,017	7,783
City Manager	154,000	154,000	148,408	5,592
Administrative Services	690,100	690,100	653,023	37,077
Geographic Information Systems	163,900	168,900	168,664	236
Legal Services	145,000	165,000	163,689	1,311
Elections	-	-	-	-
Animal Control	55,000	55,000	45,689	9,311
Fleet Maintenance	245,400	245,400	245,359	41
Community Development Block Grant	90,000	90,000	78,857	11,143
	1,621,200	1,646,200	1,573,706	72,494
<b>Public Safety:</b>				
Police Department	2,413,749	2,413,749	2,229,540	184,209
Fire Department	482,030	482,030	439,394	42,636
	2,895,779	2,895,779	2,668,934	226,845
<b>Community Development:</b>				
Planning and Zoning	348,085	348,085	326,277	21,808
Code Enforcement	370,227	370,227	343,200	27,027
	718,312	718,312	669,477	48,835
<b>Public Works:</b>				
Public Works	984,863	984,863	831,601	153,262
Class "C" Roads	320,000	320,000	240,438	79,562
	1,304,863	1,304,863	1,072,039	232,824

(continued)

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Parks, Recreation and Public Properties:</b>				
Buildings	126,800	126,800	103,526	23,274
Parks	831,800	831,800	746,819	84,981
Recreation	686,400	686,400	683,839	2,561
Community Events	69,150	130,000	121,510	8,490
Cemetery	116,200	116,200	115,892	308
	<u>1,830,350</u>	<u>1,891,200</u>	<u>1,771,586</u>	<u>119,614</u>
<b>Total Expenditures</b>	<b><u>8,370,504</u></b>	<b><u>8,456,354</u></b>	<b><u>7,755,742</u></b>	<b><u>700,612</u></b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>				
	<u>722,205</u>	<u>636,355</u>	<u>1,471,874</u>	<u>835,519</u>
<b>Other Financing Sources (Uses):</b>				
Appropriation from Fund Balance	(17,205)	68,645	-	(68,645)
<b>Transfers (Out):</b>				
Debt Service Fund	(530,000)	(530,000)	(530,000)	-
Ambulance Fund	(175,000)	(175,000)	(175,000)	-
	<u>(722,205)</u>	<u>(636,355)</u>	<u>(705,000)</u>	<u>(68,645)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Use</b>				
	<u>-</u>	<u>-</u>	<u>766,874</u>	<u>766,874</u>
<b>Fund Balance - July 1</b>	<b>1,486,061</b>	<b>1,486,061</b>	<b>1,486,061</b>	<b>-</b>
<b>Fund Balance - June 30</b>	<b>\$ 1,486,061</b>	<b>\$ 1,486,061</b>	<b>\$ 2,252,935</b>	<b>\$ 766,874</b>

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**KAYSVILLE CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2011**

**Budget Information**

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act for Utah Cities" by the Kaysville City Council on or before June 22nd for the following fiscal year which begins on July 1 for all the funds. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are adopted at sub-department levels; however, budget amendments by resolution are generally required only if the department desires to exceed its total budget appropriation.

Budgets for all funds are legally adopted annually on a basis consistent with generally accepted accounting principles.

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

1. On or before the first regular scheduled meeting in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means to finance those expenditures.
2. Prior to the formal adoption of the budget, the City Council will hold budget workshop meetings which are open to the public.
3. Prior to budget adoption the City Council sets a date for a public budget hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection 10 days prior to the budget hearing. At the conclusion of the budget hearing, the budget, as amended, is legally enacted through passage of a resolution or ordinance.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. Budgets for the General Fund, Debt Service Fund, and the Capital Projects Fund are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgets for the proprietary fund types are prepared using the accrual basis of accounting except that depreciation for all proprietary fund types is not budgeted. Budgeted amounts are as originally adopted, or as amended by the City Council during the 2010/2011 fiscal year.
6. Unencumbered budget appropriations lapse at the end of the fiscal year.
7. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the General Fund. For budgetary purposes appropriations lapse at fiscal year end and except for that portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**KAYSVILLE CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)**  
**June 30, 2011**

**Summary of Action Required for Budget Changes**

1. Transfers of unexpended appropriations from one division to another and from one expenditure account to another in the same division can be made with the consent of the Budget Officer.
2. The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.
3. Fund budgets may be increased by resolution after a public hearing. Final amendments to budgets in the current year shall be adopted by the Council by the last day of the fiscal year. Budgets of Enterprise Funds may be increased by resolution of the governing body (public hearing not required).

## **OTHER SUPPLEMENTARY INFORMATION**

**Debt Service Fund**

**Capital Projects Fund**

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**- BUDGET AND ACTUAL**  
**MAJOR DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest Income	\$ -	\$ -	\$ 559	\$ 559
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>559</b>	<b>559</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Road Revenue Bond Payment	315,000	315,000	311,412	3,588
Fire Station Bond Payment	215,000	215,000	213,915	1,085
Public Works UDOT Payment	300,000	300,000	300,000	-
Pioneer Park Payment	121,000	121,000	121,000	-
<b>Total Expenditures</b>	<b>951,000</b>	<b>951,000</b>	<b>946,327</b>	<b>4,673</b>
Excess (Deficiency) of Revenues over Expenditures	(951,000)	(951,000)	(945,768)	(4,114)
<b>Other Financing Sources (Uses):</b>				
Debt Proceeds	150,000	150,000	-	(150,000)
Transfers In (Out):				
General Fund	530,000	530,000	530,000	-
Capital Projects Fund	271,000	271,000	421,000	150,000
	<b>951,000</b>	<b>951,000</b>	<b>951,000</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	5,232	(4,114)
<b>Fund Balance at Beginning of Year</b>	<b>191,072</b>	<b>191,072</b>	<b>191,072</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 191,072</b>	<b>\$ 191,072</b>	<b>\$ 196,304</b>	<b>\$ (4,114)</b>

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**- BUDGET AND ACTUAL**  
**MAJOR CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2011**

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	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES:</b>				
Park Development Impact Fees	\$ -	\$ -	\$ 212,220	\$ 212,220
Transportation Impact Fees	-	-	394,211	394,211
Public Safety Impact Fees	200,000	200,000	21,091	(178,909)
Intergovernmental	-	-	67,175	67,175
Interest Income	-	-	13,391	13,391
<b>Total Revenues</b>	<b>200,000</b>	<b>200,000</b>	<b>708,088</b>	<b>508,088</b>
<b>EXPENDITURES:</b>				
Capital Outlay:				
Heritage Park Improvements	-	-	8,963	(8,963)
Police Station	200,000	200,000	143,954	56,046
Public Works Projects	1,100,000	1,100,000	650,500	449,500
200 N Overpass	-	-	39,784	(39,784)
Rail Trail	-	-	1,030	(1,030)
<b>Total Expenditures</b>	<b>1,300,000</b>	<b>1,300,000</b>	<b>844,231</b>	<b>455,769</b>
Excess (Deficiency) of Revenues over Expenditures	(1,100,000)	(1,100,000)	(136,143)	963,857
<b>Other Financing Sources (Uses):</b>				
Bond Proceeds	1,100,000	1,100,000	-	(1,100,000)
Loan Proceeds	-	-	39,784	39,784
Transfers In (Out):				
Debt Service	-	-	(421,000)	(421,000)
	1,100,000	1,100,000	(381,216)	(1,481,216)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	(517,359)	(517,359)
Fund Balance at Beginning of Year	3,380,894	3,380,894	3,380,894	-
Fund Balance at End of Year	\$ 3,380,894	\$ 3,380,894	\$ 2,863,535	\$ (517,359)

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## STATISTICAL SECTION

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### ART IN THE PARK

#### At Heritage Park



Kurt  
Bestor



# KAYSVILLE CITY CORPORATION

## Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

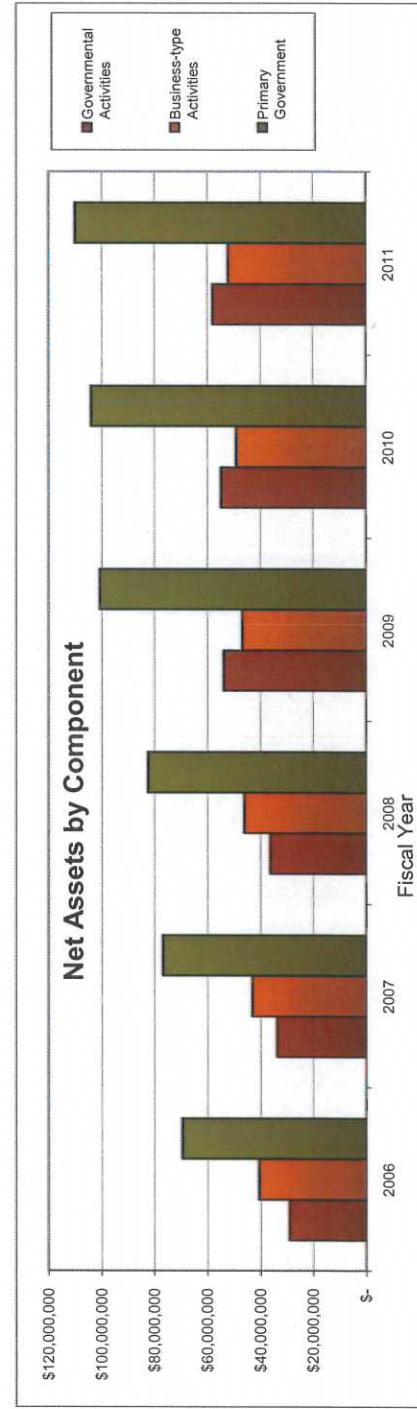
Contents	<u>Page</u>
Financial Trends	69-74
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	75-82
<i>These schedules contain information to help the reader assess the government's local revenue source, property tax.</i>	
Debt Capacity	82-85
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	86-88
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	89
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the actives it performs.</i>	

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**KAYSVILLE CITY CORPORATION**  
**Table 1 - Net Assets by Component**  
June 30, 2011

	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>						
Investment in Capital Assets, Net of Related Debt	\$ 21,086,118	\$ 28,864,094	\$ 31,559,900	\$ 47,859,814	\$ 49,104,550	\$ 50,933,344
Restricted	4,093,648	3,996,861	3,408,975	4,119,488	4,234,362	4,650,573
Unrestricted	3,865,714	936,041	1,408,627	1,919,793	1,411,551	2,419,566
<b>Total Governmental Activities Net Assets</b>	<b>\$ 29,045,480</b>	<b>\$ 33,796,996</b>	<b>\$ 36,377,502</b>	<b>\$ 53,899,095</b>	<b>\$ 54,750,463</b>	<b>\$ 58,003,483</b>
<b>Business-type Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$ 32,883,333	\$ 39,784,790	\$ 40,751,249	\$ 44,257,004	\$ 43,555,686	\$ 46,146,335
Restricted	706,473	640,345	55,149	96,379	131,574	180,861
Unrestricted	6,928,976	2,657,464	5,299,689	2,415,904	5,447,712	5,768,480
<b>Total Business-type Activities Net Assets</b>	<b>\$ 40,518,752</b>	<b>\$ 43,082,599</b>	<b>\$ 46,106,087</b>	<b>\$ 46,829,287</b>	<b>\$ 49,134,972</b>	<b>\$ 52,095,676</b>
<b>Primary Government</b>						
Invested in Capital Assets, Net of Related Debt	\$ 53,969,451	\$ 68,648,884	\$ 72,311,149	\$ 92,116,818	\$ 92,660,236	\$ 97,079,679
Restricted	4,800,121	4,637,206	3,464,124	4,215,867	4,365,936	4,831,434
Unrestricted	10,794,690	3,593,505	6,708,316	4,395,697	6,859,263	8,188,046
<b>Total Primary Government Net Assets</b>	<b>\$ 69,564,262</b>	<b>\$ 76,879,595</b>	<b>\$ 82,483,589</b>	<b>\$ 100,728,382</b>	<b>\$ 103,885,435</b>	<b>\$ 110,099,159</b>

(Accrual Basis of Accounting)



**KAYSVILLE CITY CORPORATION**  
**Table 2 - Changes in Net Assets**  
**June 30, 2011**

	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>							
Government Activities:							
General Government	\$ 1,149,813	\$ 1,275,261	\$ 1,183,636	\$ 1,487,669	\$ 1,573,836	\$ 1,535,455	\$ 1,545,761
Public Safety - Police	1,683,710	1,813,474	2,027,634	2,193,793	2,164,881	2,235,372	2,213,269
Public Safety - Fire	348,039	445,331	450,318	527,139	531,620	446,057	483,156
Community Development	418,435	467,474	608,457	837,804	725,078	856,615	760,562
Public Works	2,245,723	1,615,171	2,119,382	2,227,389	1,746,346	3,234,262	2,964,516
Parks, Recreation and Public Properties	1,341,495	1,573,015	1,685,013	1,853,861	2,170,919	1,947,498	1,910,131
Perpetual Cemetery	-	-	-	78,348	36,000	63,770	-
Library Endowment	57,909	32,495	10,000	-	-	-	-
Special Revenue - Library	290,769	331,514	36,537	-	-	-	-
Interest on Long-Term Debt	129,459	105,831	83,286	62,965	92,886	78,069	343,327
Total Governmental Activities Expenses	<u>7,665,352</u>	<u>7,659,566</u>	<u>8,204,263</u>	<u>9,268,968</u>	<u>9,041,566</u>	<u>10,397,098</u>	<u>10,220,722</u>
Business-type Activities:							
Water	1,398,496	1,469,800	1,603,461	2,112,958	2,055,930	2,001,788	2,035,790
Sewer	1,274,505	1,324,522	1,391,445	1,486,306	1,675,055	1,771,084	1,736,004
Electric	8,992,356	10,717,294	10,818,203	12,057,762	12,558,805	12,357,551	12,665,025
Pressure Irrigation	594,054	777,596	893,148	933,041	1,001,318	1,060,124	1,072,481
Sanitation	1,154,365	1,181,929	1,132,110	1,157,707	1,166,979	1,203,823	1,376,902
Storm Water	254,468	727,455	468,750	812,161	927,250	1,080,850	1,140,057
Ambulance	381,463	453,756	465,678	449,019	572,672	517,513	565,430
Total Business-Type Activities Expenses	<u>14,049,707</u>	<u>16,652,352</u>	<u>16,772,795</u>	<u>19,008,954</u>	<u>19,958,009</u>	<u>19,982,733</u>	<u>20,591,689</u>
Total Primary Government Expenses	<u>\$ 21,715,059</u>	<u>\$ 24,311,918</u>	<u>\$ 24,977,058</u>	<u>\$ 28,277,922</u>	<u>\$ 28,999,575</u>	<u>\$ 30,389,831</u>	<u>\$ 30,812,411</u>

Note: GASB 34 was implemented in FY 2004

**KAYSVILLE CITY CORPORATION**  
**Table 2 - Changes in Net Assets (Continued)**  
**June 30, 2011**

	2005	2006	2007	2008	2009	2010	2011
<b>Program Revenues</b>							
<b>Government Activities:</b>							
Charges for Services	\$ 510,135	\$ 504,503	\$ 519,390	\$ 613,771	\$ 647,500	\$ 648,277	\$ 647,686
General Government	177,492	204,550	195,296	229,979	216,799	221,483	233,637
Public Safety - Police	110,664	124,576	121,903	144,344	140,535	141,818	139,507
Public Safety - Fire	151,202	233,892	194,717	419,546	301,483	375,149	602,391
Community Development	113,913	2,281,843	2,531,811	1,287,340	1,520,183	1,346,410	1,187,282
Public Works	826,766	1,184,753	1,064,075	837,388	790,532	835,546	930,176
Parks, Recreation and Public Properties	36,670	43,350	51,500	56,300	64,630	47,560	54,175
Perpetual Cemetery	16,839	15,736	-	-	-	-	-
Special Revenue - Library	692,875	752,413	81,619	154,963	50,292	205,830	94,835
Operating Grants and Contributions	56,377	132,524	905,276	1,635,825	16,805,490	1,670,091	3,691,377
Capital Grants and Contributions							
Total Governmental Activities Program Revenues	<u>2,692,933</u>	<u>5,478,140</u>	<u>5,665,587</u>	<u>5,379,456</u>	<u>20,537,444</u>	<u>5,492,164</u>	<u>7,581,066</u>
<b>Business-type Activities:</b>							
Charges for Services:							
Water	1,382,070	1,676,158	1,702,823	1,770,229	1,960,877	2,247,425	2,289,022
Sewer	1,331,382	1,386,456	1,455,293	1,506,782	1,733,153	1,763,771	1,794,049
Electric	9,809,300	11,069,202	11,257,963	12,574,279	12,177,583	11,877,444	12,189,118
Pressure Irrigation	585,736	781,165	908,199	969,994	1,054,672	1,080,784	1,079,514
Sanitation	1,252,689	1,284,796	1,243,106	1,218,953	1,260,996	1,286,007	1,429,094
Storm Water	57,788	720,480	740,061	938,853	973,123	991,059	1,013,729
Ambulance	259,723	342,506	327,783	428,495	430,491	414,505	388,818
Grants and Contributions	115,000	2,270,075	980,896	2,215,296	827,954	2,463,765	3,172,636
Total Business-Type Activities Program Revenues	<u>14,793,688</u>	<u>19,530,838</u>	<u>18,616,124</u>	<u>21,622,881</u>	<u>20,418,849</u>	<u>22,124,760</u>	<u>23,355,980</u>
Total Primary Government Program Revenues	<u><u>\$ 17,486,621</u></u>	<u><u>\$ 25,008,978</u></u>	<u><u>\$ 24,281,711</u></u>	<u><u>\$ 27,002,337</u></u>	<u><u>\$ 40,956,293</u></u>	<u><u>\$ 27,616,924</u></u>	<u><u>\$ 30,937,046</u></u>
Net (Expense) Revenue							
Government Activities	\$ (4,972,449)	\$ (2,181,426)	\$ (2,538,676)	\$ (3,889,512)	\$ 11,495,878	\$ (4,904,934)	\$ (2,639,656)
Business-type Activities	\$ 743,981	\$ 2,878,486	\$ 1,843,329	\$ 2,613,927	\$ 460,840	\$ 2,132,027	\$ 2,764,291
Total Primary Government Net Expense	<u><u>\$ (4,228,438)</u></u>	<u><u>\$ 697,060</u></u>	<u><u>\$ (695,347)</u></u>	<u><u>\$ (1,275,585)</u></u>	<u><u>\$ 11,956,718</u></u>	<u><u>\$ (2,772,907)</u></u>	<u><u>\$ 124,635</u></u>

*Note: GASB 34 was implemented in FY 2004*

Table 2 - Changes in Net Assets (Continued)  
June 30, 2011

	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes	\$ 1,403,854	\$ 1,514,768	\$ 1,059,034	\$ 1,246,815	\$ 1,308,424	\$ 1,400,530	\$ 1,429,796
Property Taxes	2,373,991	2,720,052	3,166,266	3,249,441	2,971,247	2,744,689	2,865,286
Sales Taxes	735,578	504,791	560,900	547,862	610,526	576,731	542,039
Franchise Taxes	434,427	861,158	811,194	1,059,820	1,046,355	995,454	1,047,797
Energy Sales and Use Charge	267,654	433,803	430,623	278,111	173,831	82,802	86,925
Interest on Investments	66,523	185,738	85,632	287,969	115,332	106,096	95,833
Miscellaneous	(4,189,921)	-	-	-	-	-	-
Contributions	(90,000)	200,000	470,000	(200,000)	(200,000)	(150,000)	(175,000)
Transfers	1,002,106	6,420,310	6,583,649	6,470,018	6,025,715	5,756,302	5,892,676
Total governmental activities							
Business-type Activities:							
Interest on investments	58,065	154,615	196,761	209,561	62,360	23,658	21,413
Contributions	5,986,984	-	-	-	-	-	-
Gain (loss) on sale of capital assets	401,651	973,602	993,727	-	-	-	-
Transfers	90,000	(200,000)	(470,000)	200,000	200,000	150,000	175,000
Total business-type activities	6,536,700	928,217	720,488	409,561	262,360	173,658	196,413
Total primary government	\$ 7,538,806	\$ 7,348,527	\$ 7,304,137	\$ 6,879,579	\$ 6,288,075	\$ 5,929,960	\$ 6,089,089
Change in Net Assets							
Governmental activities	\$ (3,970,313)	\$ 4,238,884	\$ 4,044,973	\$ 2,580,506	\$ 17,521,593	\$ 851,368	\$ 3,253,020
Business-type activities	7,280,681	3,806,703	2,563,817	3,023,488	723,200	2,305,685	2,960,704
Total primary government	\$ 3,310,368	\$ 8,045,587	\$ 6,608,790	\$ 5,603,994	\$ 18,244,793	\$ 3,157,053	\$ 6,213,724

(Accrual Basis of Accounting)

Information from Basic Financial Statements, Government-wide Financial Statement of Activities  
Note: GASB 34 was implemented in FY 2004

KAYSVILLE CITY CORPORATION  
 Table 3 - Balance Sheet Fund Balances of Governmental Funds  
 June 30, 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Fund</b>										
Reserved	\$ 369,046	\$ 328,407	\$ 92,790	\$ 576,135	\$ 3,229,021	\$ 1,591,699	\$ 1,316,904	\$ 1,643,886	\$ 26,678	\$ 254,530
Unreserved	\$ 370,000	\$ 826,073	\$ 2,409,711	\$ 2,583,763	\$ 3,229,021	\$ 1,591,699	\$ 1,316,904	\$ 1,643,886	\$ 1,459,383	\$ 1,998,405
Total General Fund	<u>\$ 739,046</u>	<u>\$ 1,154,480</u>	<u>\$ 2,502,501</u>	<u>\$ 3,159,898</u>	<u>\$ 3,229,021</u>	<u>\$ 1,591,699</u>	<u>\$ 1,316,904</u>	<u>\$ 1,643,886</u>	<u>\$ 1,486,061</u>	<u>\$ 2,292,935</u>
 <b>Debt Service Fund</b>										
Reserved	\$ 136,376	\$ 92,768	\$ 49,159	\$ 223,293	\$ 1,061,822	\$ 884,865	\$ 784,865	\$ 684,865	\$ 158,200	\$ 196,304
Unreserved	\$ 52,088	\$ 98,196	\$ 145,173	\$ (15,547)	\$ 211,732	\$ 168,771	\$ 173,944	\$ 185,812	\$ 32,872	-\$
Total Debt Service Fund	<u>\$ 188,464</u>	<u>\$ 190,964</u>	<u>\$ 194,532</u>	<u>\$ 207,746</u>	<u>\$ 1,273,554</u>	<u>\$ 1,053,636</u>	<u>\$ 958,809</u>	<u>\$ 870,677</u>	<u>\$ 191,072</u>	<u>\$ 196,304</u>
 <b>Capital Projects Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 1,081,494	\$ 1,032,002	\$ 377,460	\$ 1,108,014	\$ 3,108,254	\$ 2,153,201
Unreserved	\$ -	\$ 1,228	\$ 1,395,500	\$ 574,990	\$ 500,342	\$ (651,483)	\$ 173,681	\$ 450,153	\$ 272,640	\$ 710,334
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 1,228</u>	<u>\$ 1,395,500</u>	<u>\$ 574,990</u>	<u>\$ 1,581,836</u>	<u>\$ 380,519</u>	<u>\$ 551,141</u>	<u>\$ 1,558,167</u>	<u>\$ 3,380,894</u>	<u>\$ 2,863,535</u>
 <b>Library Special Revenue Fund</b>										
Reserved	\$ -	\$ 3,074	\$ 11,565	\$ 12,462	\$ 123,893	\$ 87,405	\$ -	\$ -	\$ -	\$ -
Unreserved	\$ -	\$ 24,289	\$ 58,388	\$ 97,915	\$ 123,893	\$ 87,405	\$ -	\$ -	\$ -	\$ -
Total Library Special Revenue Fund	<u>\$ N/A</u>	<u>\$ 27,363</u>	<u>\$ 69,953</u>	<u>\$ 110,377</u>	<u>\$ 123,893</u>	<u>\$ 87,405</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
 <b>Cemetery Perpetual Care</b>										
Reserved	\$ 943,988	\$ 967,400	\$ 1,016,758	\$ 1,078,485	\$ 1,166,479	\$ 1,266,593	\$ 1,388,801	\$ 1,441,422	\$ 1,434,783	\$ 1,496,718
Unreserved	<u>\$ 943,988</u>	<u>\$ 967,400</u>	<u>\$ 1,016,758</u>	<u>\$ 1,078,485</u>	<u>\$ 1,166,479</u>	<u>\$ 1,266,593</u>	<u>\$ 1,388,801</u>	<u>\$ 1,441,422</u>	<u>\$ 1,434,783</u>	<u>\$ 1,496,718</u>
 <b>Blood Library Endowment Fund</b>										
Reserved	\$ 809,326	\$ 826,876	\$ 834,178	\$ 793,271	\$ 783,853	\$ 813,401	\$ 857,849	\$ 885,185	\$ 906,647	\$ 922,989
Unreserved	<u>\$ 809,326</u>	<u>\$ 826,876</u>	<u>\$ 834,178</u>	<u>\$ 793,271</u>	<u>\$ 783,853</u>	<u>\$ 813,401</u>	<u>\$ 857,849</u>	<u>\$ 885,185</u>	<u>\$ 906,647</u>	<u>\$ 922,989</u>
Total Blood Library Endowment Fund										

KAYSVILLE CITY CORPORATION  
Table 4 - Changes in Fund Balance of Governmental Funds  
June 30, 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Taxes	\$ 3,898,827	\$ 3,864,606	\$ 4,101,174	\$ 4,947,850	\$ 5,600,769	\$ 5,597,394	\$ 6,103,938	\$ 5,936,552	\$ 5,717,404	\$ 5,884,918
Licenses and Permits	357,699	341,983	479,696	556,267	775,483	593,434	327,165	249,940	318,626	518,582
Impact Fees	-	-	927,119	2,124,381	1,602,331	1,602,331	621,326	897,541	762,813	627,522
Intergovernmental	1,090,566	1,184,996	899,610	742,595	874,619	863,141	862,349	751,582	788,514	862,780
Charges for Services	941,372	1,174,836	1,769,506	1,348,819	1,692,005	1,445,793	1,658,923	1,705,221	1,702,069	1,762,697
Fines and Forfeitures	50,887	62,081	67,306	82,680	73,455	78,472	92,278	102,394	105,932	99,690
Interest Income	-	-	-	-	-	430,623	278,111	173,831	82,802	86,925
Community Development	-	-	-	-	-	-	-	-	-	-
Block Grant	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,004,208	358,344	1,627,613	1,809,309	557,738	125,000	115,036	29,703	164,335	78,932
Total Revenues	<u>7,343,559</u>	<u>6,996,846</u>	<u>8,944,905</u>	<u>10,414,639</u>	<u>11,698,450</u>	<u>10,880,952</u>	<u>10,413,649</u>	<u>110,905</u>	<u>85,880</u>	<u>102,494</u>
<b>Expenditures:</b>										
General Government	945,388	1,033,437	1,108,474	1,108,863	1,273,503	1,273,446	1,483,191	1,433,509	1,484,457	1,504,849
Public Safety	2,109,351	1,773,384	1,798,178	2,011,936	2,104,306	2,428,211	2,700,146	2,573,660	2,623,649	2,668,934
Community Development	360,755	328,545	386,599	418,435	450,766	608,457	867,676	709,372	837,550	748,334
Public Works	3,779,500	2,138,744	3,195,762	2,762,873	1,833,209	2,000,069	2,200,177	1,555,663	1,094,628	1,072,039
Parks, Recreation & Properties	933,762	409,258	518,149	1,268,367	1,461,882	1,694,934	1,951,272	1,940,405	1,844,523	1,771,586
Library	296,269	289,712	296,905	289,325	330,378	36,537	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	-	776,689	438,528	460,298	478,858	479,762	490,383	351,178	1,247,250	870,000
Interest & Fiscal Charges	-	120,639	149,014	129,459	105,831	83,286	62,704	92,886	78,071	76,327
Capital Outlay	548,256	3,373,951	647,022	729,302	1,625,848	6,008,152	577,849	721,404	826,208	844,231
Total Expenditures	<u>8,973,281</u>	<u>10,244,359</u>	<u>8,538,631</u>	<u>9,178,858</u>	<u>9,664,581</u>	<u>14,612,854</u>	<u>10,333,398</u>	<u>9,378,077</u>	<u>10,036,336</u>	<u>9,556,300</u>
Excess (Deficiency of Revenues over Expenditures)	<u>\$ (1,629,722)</u>	<u>\$ (3,257,513)</u>	<u>\$ 406,274</u>	<u>\$ 1,235,781</u>	<u>\$ 2,033,869</u>	<u>\$ (3,731,902)</u>	<u>\$ 80,251</u>	<u>\$ 579,592</u>	<u>\$ (307,961)</u>	<u>\$ 468,240</u>
<b>Other Financing Sources (Uses):</b>										
Operating Transfers In	\$ 1,851,423	\$ 1,850,722	\$ 978,964	\$ 265,000	\$ 3,412,173	\$ 3,153,958	\$ 585,405	\$ 345,000	\$ 865,000	\$ 951,000
Operating Transfers Out	(381,999)	(540,722)	(328,750)	(355,000)	(3,212,173)	(2,565,950)	(785,405)	(545,000)	(1,015,000)	(1,126,000)
Capital Leases	-	-	-	-	-	340,000	-	-	-	-
Other Financing Sources	-	-	2,455,000	-	-	-	-	946,245	1,458,078	39,784
Total Other Financing Sources (Uses)	1,469,424	3,745,000	650,214	(90,000)	200,000	928,008	(200,000)	746,245	1,208,078	(135,216)
Net change in fund balances	<u>\$ (160,298)</u>	<u>\$ 487,487</u>	<u>\$ 1,056,488</u>	<u>\$ 1,145,781</u>	<u>\$ 2,233,869</u>	<u>\$ (2,803,894)</u>	<u>\$ (119,749)</u>	<u>\$ 1,325,837</u>	<u>\$ 1,000,117</u>	<u>\$ 333,024</u>

Debt service as a percentage of noncapital expenditures

(Modified Accrual Basis of Accounting)

**KAYSVILLE CITY CORPORATION**

**Table 5 - Governmental Tax Revenues by Source**

June 30, 2011

Fiscal Year	General Property Tax	Sales Tax	Utility License Tax	Energy Sales and Use Tax	Total Tax Revenue
2011	\$1,429,796	\$2,865,286	\$542,039	\$1,047,797	\$5,884,918
2010	\$1,400,530	\$2,744,689	\$576,731	\$995,454	\$5,717,404
2009	\$1,308,424	\$2,971,247	\$610,526	\$1,046,355	\$5,936,552
2008	\$1,246,815	\$3,249,441	\$547,862	\$1,059,820	\$6,103,938
2007	\$1,059,034	\$3,166,266	\$560,900	\$811,194	\$5,597,394
2006	\$1,514,768	\$2,720,052	\$504,791	\$861,158	\$5,600,769
2005	\$1,403,854	\$2,373,991	\$1,170,005	\$0	\$4,947,850
2004	\$1,389,145	\$2,210,436	\$501,593	\$0	\$4,101,174
2003	\$1,299,536	\$2,078,652	\$486,418	\$0	\$3,864,606
2002	\$1,265,380	\$2,170,716	\$462,731	\$0	\$3,898,827

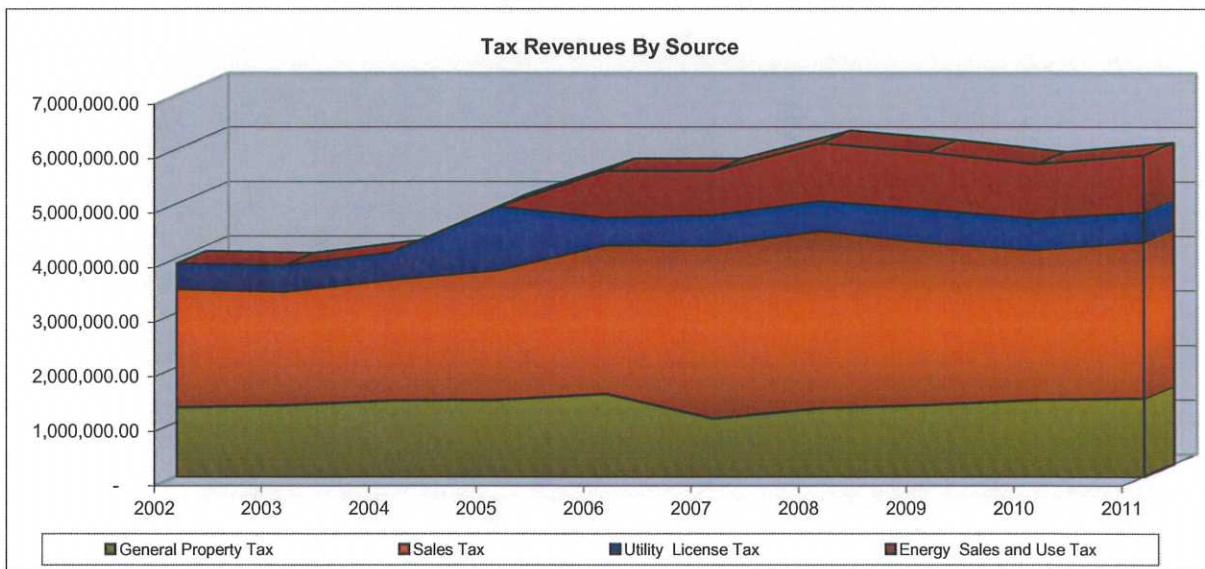
Notes:

(1) General Property tax includes: property taxes current and delinquent, and motor vehicle in-lieu tax  
General property tax also includes the allocation to the library special revenue fund (FY 2000-2005)

(2) Utility license tax includes a tax on gross revenues on all public utilities. FY 05 also includes the energy sales and use tax charged to Kaysville City Power. In prior years, it was not classified as taxes. In FY 2006, another column has been created to make a distinction between energy sale and use tax (Questar and Kaysville Power) and taxes on other utilities such as phone service and cable TV.

Source:

Kaysville City Finance Department

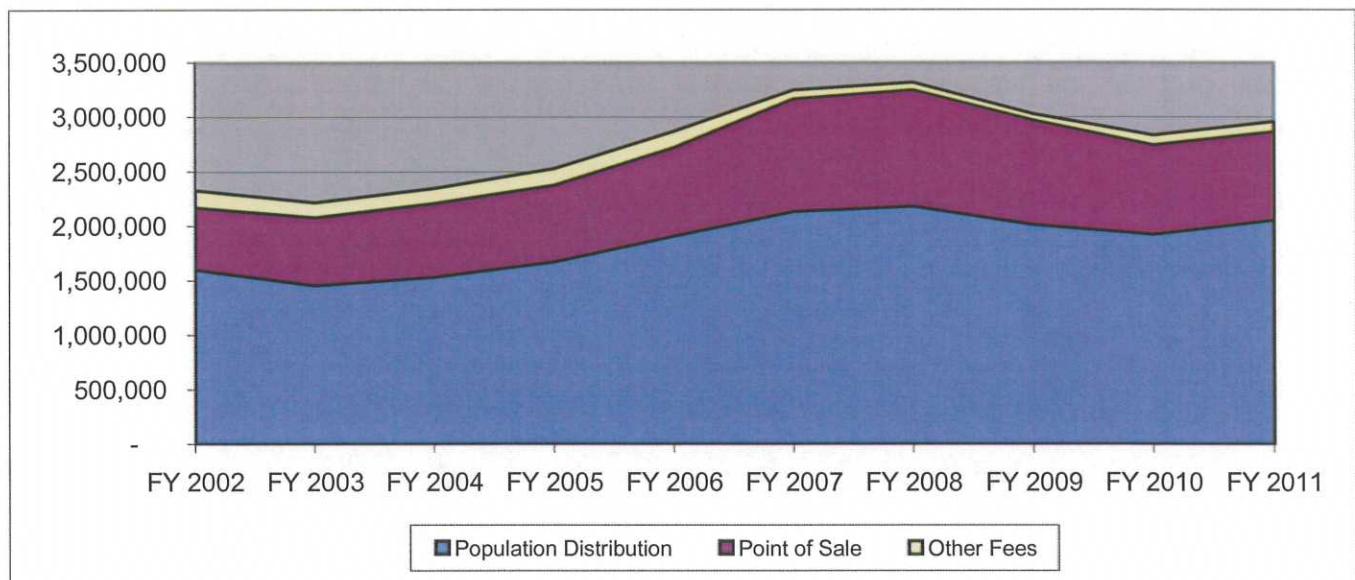


## KAYSVILLE CITY CORPORATION

### Table 6 - Sales Tax Revenue Trends

June 30, 2011

	Population Distribution	Point of Sale	Administrative Fees	Total Distribution
FY 2011	\$2,052,388	\$905,167	(\$92,269)	\$2,865,286
FY 2010	\$1,921,984	\$910,113	(\$87,406)	\$2,744,691
FY 2009	\$2,012,040	\$1,015,571	(\$56,365)	\$2,971,246
FY 2008	\$2,179,092	\$1,137,279	(\$66,930)	\$3,249,441
FY 2007	\$2,131,039	\$1,114,459	(\$79,232)	\$3,166,266
FY 2006	\$1,907,909	\$959,764	(\$147,620)	\$2,720,053
FY 2005	\$1,670,655	\$855,248	(\$151,913)	\$2,373,990
FY 2004	\$1,532,683	\$812,771	(\$135,018)	\$2,210,436
FY 2003	\$1,455,781	\$759,644	(\$136,773)	\$2,078,652
FY 2002	\$1,601,853	\$725,188	(\$156,325)	\$2,170,716



## KAYSVILLE CITY CORPORATION

**Table 7 - Property Tax Levies and Collections**

June 30, 2011

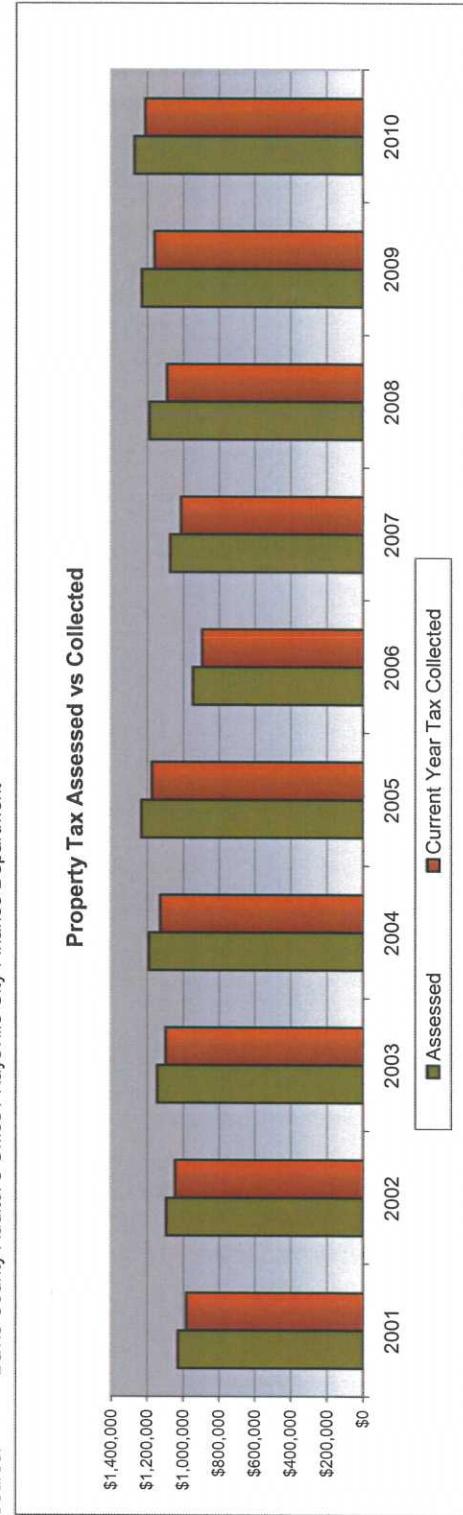
Calendar Year	Total Taxable Value	City Tax Rate	Total Taxes Assessed	Current Year Taxes Collected	Percentage of Tax Collections to Tax Levy	Fee in Lieu Collected	Delinquent Taxes Collected & Interest	Total Tax & Payment in Lieu Collected
2010	\$1,240,131,710	0.000987	\$1,273,553	\$1,212,592	95.20%	\$139,025	\$82,001	\$1,429,796
2009	\$1,361,717,087	0.000907	\$1,232,460	\$1,161,304	94.20%	\$147,708	\$1,978	\$1,384,267
2008	\$1,384,658,738	0.000829	\$1,189,004	\$1,092,021	91.80%	\$143,157	\$36,121	\$1,283,230
2007	\$1,127,214,832	0.000925	\$1,073,872	\$1,013,619	94.40%	\$163,512	\$34,389	\$1,223,579
2006	\$904,985,329	0.001004	\$948,078	\$895,885	94.50%	\$127,177	\$45,559	\$1,106,764
2005	\$810,835,328	0.001519	\$1,233,637	\$1,174,690	95.20%	\$214,466	\$104,486	\$1,493,641
2004	\$744,075,323	0.001600	\$1,191,121	\$1,129,601	94.84%	\$212,502	\$48,904	\$1,391,007
2003	\$704,941,354	0.001626	\$1,145,936	\$1,099,725	95.97%	\$238,803	\$49,621	\$1,388,149
2002	\$679,921,738	0.001612	\$1,096,203	\$1,045,353	95.36%	\$204,079	\$72,964	\$1,322,396
2001	\$635,492,342	0.001620	\$1,029,498	\$983,685	95.55%	\$207,236	\$54,285	\$1,245,206

Notes:

- (1) Information is based on a calendar year - 2009 is the most recent year
- (2) Library funding was transferred to county during 2006

Source:

Davis County Auditor's Office / Kaysville City Finance Department



**KAYSVILLE CITY CORPORATION****Table 8 - Taxable and Estimated Market Value of Property**

June 30, 2011

Calendar Year	Estimated Market Value	Taxable Value	Ratio of Total Taxable Value to Market Value
2010	\$2,139,679,942	\$1,292,683,505	60.41%
2009	\$2,237,060,979	\$1,361,717,087	60.87%
2008	\$2,363,474,401	\$1,430,484,173	60.52%
2007	\$1,986,309,668	\$1,145,875,857	57.69%
2006	\$1,473,736,930	\$930,971,384	63.17%
2005	\$1,359,777,367	\$810,835,238	59.63%
2004	\$1,215,528,821	\$744,075,323	61.21%
2003	\$1,168,281,453	\$704,941,354	60.34%
2002	\$1,110,543,447	\$679,921,738	61.22%
2001	\$1,046,365,095	\$635,492,342	60.73%

Notes: (1) Information is based on a calendar year - 2010 is the most recent year  
(2) Does not include fee-in-lieu property

Source: Davis County Auditor's Office / Kaysville City Finance Department

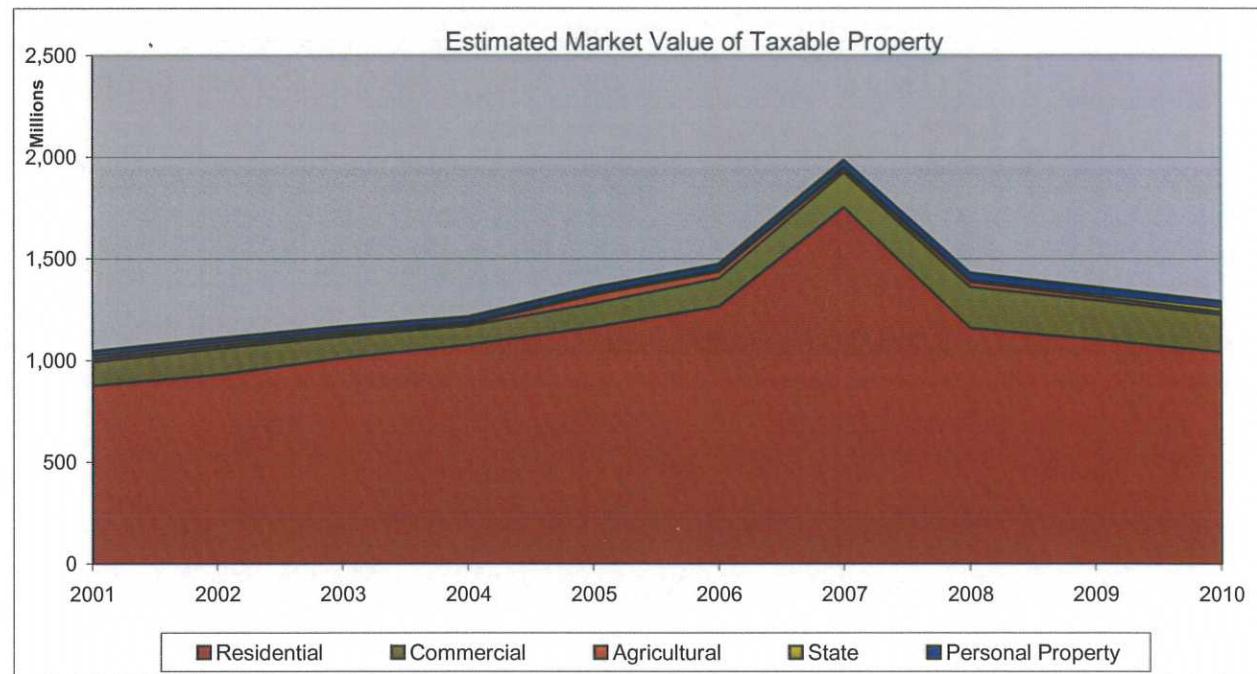
## KAYSVILLE CITY CORPORATION

Table 9 - Estimated Market Value of Taxable Property  
June 30, 2011

Calendar Year	Estimated Market Value	Residential	Commercial	Agricultural	State	Personal Property
2010	\$1,292,683,505	\$1,042,435,572	\$182,506,703	\$15,189,436	\$23,478,439	\$29,073,355
2009	\$1,361,717,087	\$1,103,271,289	\$194,023,068	\$16,551,454	\$14,310,374	\$33,560,902
2008	\$1,430,484,173	\$1,158,901,404	\$202,649,791	\$23,107,543	\$13,198,603	\$32,626,832
2007	\$1,986,309,668	\$1,751,609,250	\$173,651,001	\$17,562,378	\$12,413,007	\$31,074,032
2006	\$1,473,736,930	\$1,264,808,373	\$139,995,013	\$31,071,400	\$11,934,850	\$25,927,294
2005	\$1,359,777,367	\$1,164,390,461	\$116,769,248	\$41,290,448	\$12,924,922	\$24,402,288
2004	\$1,215,528,281	\$1,076,711,927	\$93,533,337	\$9,427,673	\$12,746,778	\$23,108,566
2003	\$1,168,281,453	\$1,011,313,026	\$106,051,937	\$15,208,035	\$14,358,266	\$21,350,189
2002	\$1,110,543,447	\$929,373,681	\$128,765,502	\$16,176,126	\$14,806,410	\$21,421,728
2001	\$1,046,365,095	\$875,836,940	\$117,652,165	\$15,175,916	\$16,557,880	\$21,142,194

Notes: (1) Information is based on a calendar year - 2009 is the most recent year  
(2) Does not include fee-in-lieu property

Source: Davis County Auditor's Office / Kaysville City Finance Department



**KAYSVILLE CITY CORPORATION**  
**Table 10 - Property Tax Rates - Direct and Overlapping Governments**  
June 30, 2011

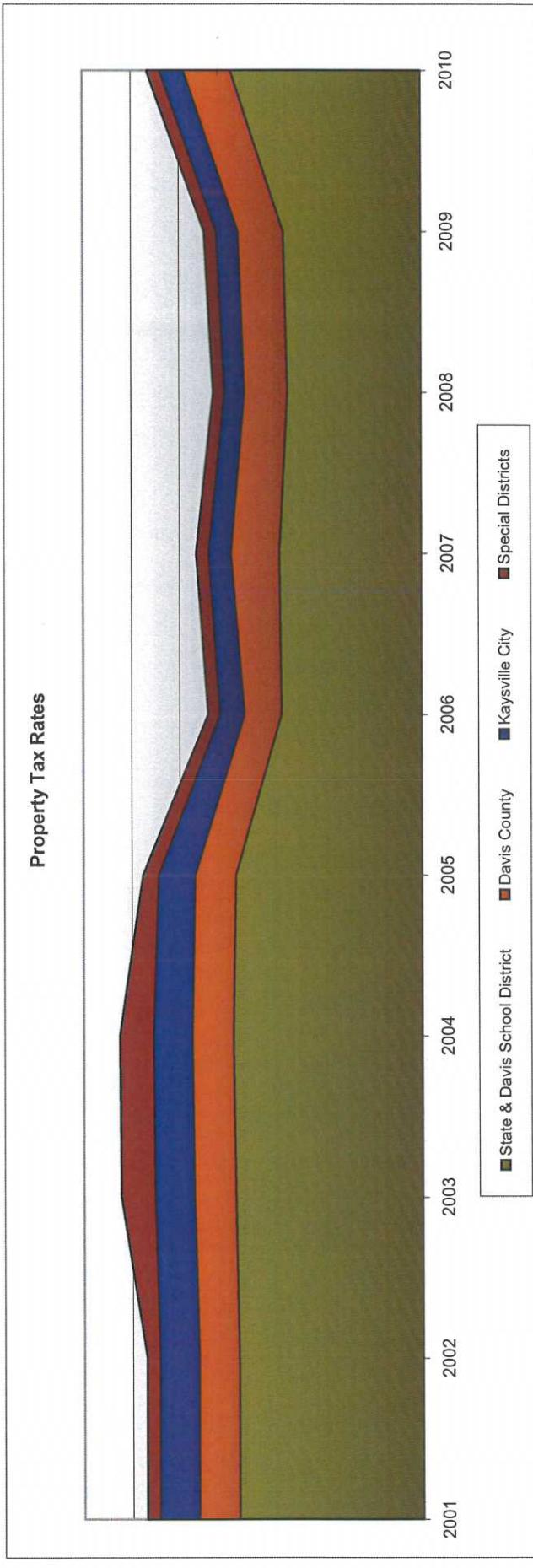
Calendar Year	Kaysville City	Direct Rate		Overlapping Rates				Total		
		State & Davis School District	Davis County	Weber Basin Water District	Mosquito Abatement	Davis County Library	Davis County Jail Bond	State A&C	County A&C	Central Davis Sewer District
2010	0.000987	0.007860	0.001945	0.000207	0.000097	0.000363	0.000137	0.000162	0.000106	0.000227
2009	0.000907	0.005685	0.001865	0.000188	0.000093	0.000348	Not Available	0.000142	0.000100	0.000212
2008	0.000829	0.005514	0.001776	0.000181	0.000088	0.000332	Not Available	0.000121	0.000100	0.000200
2007	0.000925	0.005865	0.002005	0.000200	0.000099	0.000375	Not Available	0.000121	0.000063	0.000220
2006	0.001004	0.005790	0.001532	0.000178	0.000086	NA	Not Available	0.000139	0.000068	0.000234
2005	0.001519	0.0037700	0.001676	0.000193	0.000091	NA	Not Available	0.000173	0.000072	0.000357
2004	0.001600	0.007820	0.001695	0.000198	0.000930	NA	Not Available	0.000180	0.000073	0.000275
2003	0.001626	0.007731	0.001700	0.000196	0.000940	NA	Not Available	0.000181	0.000073	0.000275
2002	0.001612	0.007610	0.001650	0.000193	0.000061	NA	Not Available	0.000181	0.000073	0.000276
2001	0.001620	0.007600	0.001664	0.000193	0.000061	NA	Not Available	0.000177	0.000072	0.0011417

Notes:  
(1) Information is based on a calendar year - 2010 is the most recent year

NA- Not Applicable- In 2007 Kaysville City Library became a County based Library

Source:  
Davis County Auditor's Office / Kaysville City Finance Department

**Property Tax Rates**



**KAYSVILLE CITY CORPORATION**  
**Table 11 - Principal Property Tax Payers with Comparison**  
June 30, 2011

Taxpayer	Type of Business	December 31, 2010 Taxable Valuation			December 31, 2000 Taxable Valuation		
		Percentage of Total City Taxable Assessed Value		Percentage of Total City Taxable Assessed Value			
		Taxable Value	Assessed Value	Taxable Value	Assessed Value	Rank	Rank
Boondocks Properties, LLC	Recreational Wholesale Distribution	\$6,547,202	1	0.51%			
KBP Office Group & Warehouse	Wholesale Distribution	\$5,308,322	2	0.41%			
JB Journey, LLC- Blaine Jensen	Recreational Sales	\$4,833,424	3	0.37%			
Zions First National Bank	Bank	\$4,197,447	4	0.32%			
Access Park LC	Investment Properties	\$4,144,476	5	0.32%			
Associated Fresh Markets, Inc	Grocery Store	\$4,139,335	6	0.32%			
Bates Sportsplex, LLC	Tax Software Provider	\$4,062,691	7	0.31%			
M2Props Inc	Real Estate	\$3,941,758	8	0.30%			
Park Place I, LLC	Investment Properties	\$3,930,820	9	0.30%			
BBC Sunset, LLC	Investment Properties	\$3,860,757	10	0.30%			
Bowman's	Grocery	\$4,109,291	2	0.71%			
Albertsons	Grocery	\$4,040,794	3	0.70%			
Qwest Communications	Communications	\$3,452,585	4	0.60%			
Scott R. Turville	Residential Development	\$3,437,700	5	0.59%			
Questar Gas	Natural Gas Distribution	\$2,826,108	6	0.49%			
Barnes Banking Company	Banking Services	\$2,317,190	7	0.40%			
Keith & Julie Romney	Shopping Center	\$1,960,300	8	0.34%			
Appletree	Residential Retirement Center	\$1,913,913	9	0.33%			
KSG Distribution	Distribution Warehouse	\$1,687,230	10	0.29%			
		<u>\$44,966,232</u>		<u>3.92%</u>			
							<u>7.67%</u>
							<u>\$ 30,323,258</u>

Source: Davis County Auditor / Kaysville City Finance Department

## KAYSVILLE CITY CORPORATION

**Table 12 - Property Value of Construction in Kaysville**  
**June 30, 2011**

Year	Commercial Construction Number of Permits	Estimated Value	Residential Construction Number of Permits	Estimated Value	Estimated Increase of Property Value
2010	14	\$38,843,369	271	\$38,000,978	\$76,844,347
2009	18	\$1,809,004	184	\$17,418,824	\$19,227,828
2008	26	\$5,045,536	208	\$21,547,480	\$26,593,016
2007	23	\$5,719,928	323	\$45,143,142	\$50,863,070
2006	17	\$3,696,661	536	\$93,727,957	\$97,424,618
2005	35	\$6,547,500	465	\$72,956,338	\$79,503,838
2004	24	\$3,387,830	376	\$58,250,176	\$61,638,006
2003	32	\$4,953,789	300	\$35,679,397	\$40,633,186
2002	20	\$2,387,856	241	\$33,580,354	\$35,968,210
2001	29	\$4,857,480	176	\$22,088,492	\$26,945,972

Notes: (1) Number of Permits includes all permits including remodels and additions  
**Based on Calendar Year - 2010 - 136 Single Family Homes**

Source: Davis County Department of Community and Economic Development  
2010 Construction Monitor

**KAYSVILLE CITY CORPORATION****Table 13 - Computation of Legal Debt Margin**

June 30, 2011

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Taxable Value	\$1,292,683,505
Estimated Market Value	\$2,139,679,942
Debt Limit - Four Percent of Market Value	\$85,587,198
Less: Outstanding General Obligation Bonds	\$0
Lease Revenue Bonded Debt	\$2,698,269
Legal Debt Margin - Additional Debt Capacity	\$82,888,929

Notes: The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 12 % of the the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum 12% may be use for water and/or sewer purposes.

Source: Davis County Auditor's Office / Kaysville City Finance Department

**KAYSVILLE CITY CORPORATION**  
**Table 14 - Computation of Direct and Overlapping General Obligation Debt**  
**June 30, 2011**

Entity	2010 Taxable Valuation	Kaysville City's Portion of Valuation	Kaysville City's Percentage	Entity's Outstanding G.O. Debt	Kaysville City Overlapping G.O. Debt
<hr/>					
Direct:				0	0
<hr/>					
Kaysville City	\$1,292,683,505	\$1,292,683,505	100.00%	0	0
<hr/>					
Overlapping:					
Davis County	\$16,197,778,174	\$1,292,683,505	7.98%	\$655,050,561	\$52,277,111
Davis County School District	\$16,197,778,174	\$1,292,683,505	7.98%	\$398,175,000	\$31,776,843
State of Utah	\$197,298,123,847	\$1,292,683,505	0.66%	\$3,128,890,000	\$20,500,268
Weber Basin Water District	\$42,564,317,542	\$1,292,683,505	3.04%	\$29,577,164	\$898,262
Total - Direct and Overlapping General Obligation Debt					<hr/> \$105,452,485

Source: Davis County Auditor's Office / Kaysville City Finance Department

KAYSVILLE CITY CORPORATION  
Table 15 - Ratios of Outstanding Debt by Type  
June 30, 2011

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Personal Income (AGI)	Per Capita
	General Obligation Bonds	Revenue Bonds	Notes Payable	Revenue Bonds	Notes Payable	Capital Leases				
2011	\$0	\$1,165,000	\$1,386,955	\$0	\$0	\$1,903,809	\$264,636	\$4,720,400	Not Available	\$ 173
2010	\$0	\$1,635,000	\$1,786,955	\$90,479	\$0	\$2,221,110	\$372,489	\$6,106,033	Not Available	\$ 227
2009	\$0	\$398,000	\$2,839,205	\$177,202	\$0	\$2,538,411	\$474,516	\$644,114,615	0.9678%	\$ 256
2008	\$0	\$585,000	\$1,216,428	\$260,326	\$0	\$2,855,712	\$229,517	\$5,146,983	0.7669%	\$671,143,224
2007	\$0	\$764,000	\$777,552	\$339,999	\$0	\$3,173,010	\$22,392	\$5,076,953	0.8090%	\$627,528,773
2006	\$0	\$940,000	\$1,061,820	\$19,494	\$0	\$0	\$89,244	\$2,110,558	0.3941%	\$535,545,017
2005	\$0	\$1,108,000	\$1,332,552	\$59,620	\$0	\$0	\$153,308	\$2,653,480	0.5534%	\$479,444,976
2004	\$0	\$1,273,000	\$1,590,392	\$97,078	\$0	\$3,200	\$214,700	\$3,178,370	0.7036%	\$451,715,391
2003	\$0	\$1,431,000	\$0	\$132,042	\$0	\$13,038	\$170,540	\$1,746,620	0.4088%	\$427,299,462
2002	\$0	\$1,575,000	\$0	\$170,448	\$0	\$22,876	\$0	\$1,768,324	0.4286%	\$412,616,255
										\$ 83

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

Population from Census Bureau, Wasatch Front Regional Council and City estimates.

Income number from State Tax Commission - Federal Return Data by City (AG <http://tax.utah.gov/esui/income/>)

Adjusted Gross Income not available for 2010 and 2011 - FY 2012

**KAYSVILLE CITY CORPORATION**

**Table 16 - Miscellaneous Statistical Data - Insurance Summary**

June 30, 2011

Coverage	Company	Term	Limits	Deductible
Property	Travelers	10/01/2010 - 9/30/2011	Scheduled at Value	\$10,000
General Liability	Travelers	10/01/2010 - 9/30/2011	\$1,000,000 / \$2,000,000	\$10,000
Law Enforcement	Travelers	10/01/2010 - 9/30/2011	\$1,000,000 / \$1,000,000	\$10,000
Public Officials Management	Travelers	10/01/2010 - 9/30/2011	\$1,000,000 / \$2,000,000	\$5,000
Employment Practices	Travelers	10/01/2010 - 9/30/2011	\$5,000,000 / \$5,000,000	\$10,000
Employee Benefits	Travelers	10/01/2010 - 9/30/2011	\$1,000,000 / \$3,000,000	\$1,000
Automobile - Physical Damage	Travelers	10/01/2010 - 9/30/2011	Schedule	\$1,000 - Comp & Coll.
Automobile Liability	Travelers	10/01/2010 - 9/30/2011	\$1,000,000	\$5,000
Inland Marine	Travelers	10/01/2010 - 9/30/2011	Scheduled at Value	\$10,000
Cyber Liability	Travelers	10/01/2010 - 9/30/2011	\$1,000,000	\$5,000
Crime	Travelers	10/01/2010 - 9/30/2011	\$250,000	\$1,000
ID Fraud	Travelers	10/01/2010 - 9/30/2011	\$25,000 per employee	---
Custom Excess Liability	Travelers	10/01/2010 - 9/30/2011	\$10,000,000	\$10,000
Treasurer Bond	Ohio Casualty	10/01/2010 - 9/30/2011	\$1,250,000	\$0
Deputy Treasurer Bond	Ohio Casualty	10/01/2010 - 9/30/2011	\$1,250,000	\$0

**KAYSVILLE CITY CORPORATION****Table 17 - Demographic & Economic Statistics**

June 30, 2011

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>
2011	27,300	Not Available	Not Available
2010	26,885	Not Available	Not Available
2009	26,102	\$664,114,615	25,443.05
2008	25,342	\$671,143,224	26,483.44
2007	24,604	\$627,528,773	25,505.15
2006	23,888	\$535,545,017	22,419.00
2005	23,193	\$479,444,976	20,671.97
2004	22,463	\$451,715,391	20,109.31
2003	21,915	\$427,299,462	19,498.04
2002	21,380	\$412,616,255	19,299.17

## KAYSVILLE CITY CORPORATION

### Table 18 - Population Growth

June 30, 2011

Fiscal Year	Population	Increase	Percentage Increase
2011	27,300	415	1.52%
2010	26,885	783	3.00%
2009	26,102	760	3.00%
2008	25,342	738	3.00%
2007	24,604	716	3.00%
2006	23,888	695	3.00%
2005	23,193	725	3.00%
2004	22,463	548	2.50%
2003	21,915	535	2.50%
2002	21,380	521	2.50%
2001	20,859	508	2.50%
2000	20,351	564	2.85%
1999	19,787	669	3.50%
1998	19,118	239	1.27%
1997	18,879	535	2.92%
1996	18,344	598	3.37%
1995	17,746	665	3.89%
1994	17,081	943	5.84%
1993	16,138	810	5.28%
1992	15,328	640	4.36%
1991	14,688	727	5.21%
1990	13,961	1,047	8.11%
1989	12,914	343	2.73%
1988	12,571	352	2.88%
1987	12,219	361	3.04%
1986	11,858	355	3.09%
1985	11,503	73	0.64%
1984	11,430	315	2.83%
1983	11,115	353	3.28%
1982	10,762	320	3.06%
1981	10,442	111	1.07%
1980	10,331	4,139	66.84%
1970	6,192	2,584	71.62%
1960	3,608	1,710	90.09%
1950	1,898	1,898	

Notes: Census year population estimates are from the US Bureau of the Census provided by the Utah State Office of Planning and Budget

Non-Census year population estimates are provided by Kaysville City and Wasatch Front Regional Council

**KAYSVILLE CITY CORPORATION**  
**Table 19 - Miscellaneous Statistical Data**  
June 30, 2011

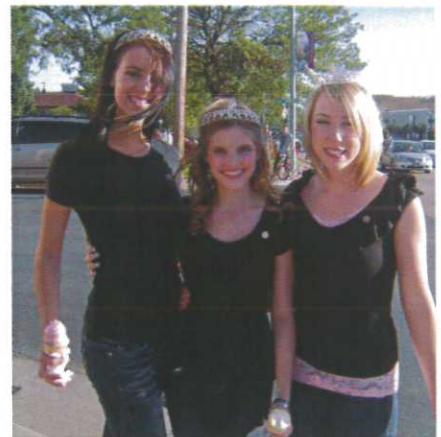
March 15, 1868  
Date of Incorporation

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## COMPLIANCE SECTION

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## Cool Cars & Cold Cones



**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  
Kaysville City

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Kaysville City as of and for the year ended June 30, 2011, which collectively comprise Kaysville City's basic financial statements and have issued our report thereon dated August 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Kaysville City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kaysville City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kaysville City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

August 18, 2011

Page 2

We noted certain other matters that we reported to management of Kaysville City, in a separate letter dated August 18, 2011.

This report is intended solely for the information and use of management and the Mayor, City Council, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates

Ogden, UT

August 18, 2011



Royce J. Richards, J. D., CPA  
Lynn J. Wood, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**  
**IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE**

The Honorable Mayor and City Council  
Kaysville City, Utah

We have audited Kaysville City's compliance with general and major state program compliance requirements described in *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2011. The general compliance requirements applicable to the City are identified as follows:

Public Debt	Liquor Law Enforcement
Cash Management	Purchasing Requirements
B & C Road Funds	Budgetary Compliance
Other General Compliance Issues	Truth in Taxation & Property Tax Limitations
Uniform Building Code Standards	Impact Fees
URS Compliance	Asset Forfeiture
Fund Balance	

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

B&C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, Kaysville City, Utah, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the State of Utah Legal Compliance Audit Guide and which is described in the accompanying schedule of findings as item 2011-1.

**C E R T I F I E D   P U B L I C   A C C O U N T A N T S**

2490 Wall Avenue Ogden, Utah 84401 Phone (801) 621-0440 Fax (801) 399-9264

Independent Auditor's Report on State Legal Compliance  
Page 2

Management's response to the finding identified in our audit is described in the schedule of findings. We did not audit the management's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the City, the City Council, the Mayor, and the Office of the Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

*Wood Richards & Associates*

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August 18, 2011

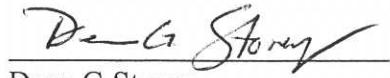
**KAYSVILLE CITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

**State Compliance Findings:**

Finding #1: Utah Code Section 10-6-116 identifies the maximum fund balance that Cities may have in their general fund to be 18% of the following year's total budgeted revenues for that fund. Kaysville City's general fund balance exceeded this 18% limitation.

Recommendation: We recommend that the City reduce their fund balance within the general fund during the 2012 fiscal year to once again be in compliance with Utah State Code.

Response: We are continuing to monitor the general fund balance and make necessary adjustments as needed in order to comply with Utah State Code.



Dean G Storey  
Finance Director



Cami L Moss  
Accountant