



Kaysville City

**KAYSVILLE CITY
STATE OF UTAH**

Settled in 1850

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**YEAR ENDED
JUNE 30, 2012**

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

Comprehensive
Annual Financial Report

Year Ended June 30, 2012

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

**KAYSVILLE CITY CORPORATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012**

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INTRODUCTION SECTION



November 6, 2012

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 2012 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.

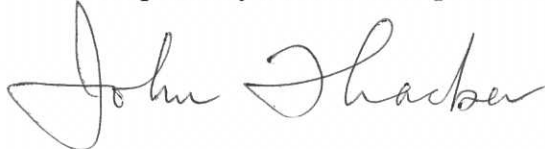
November 6, 2012

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 provide 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, 2011. This is the eighteenth 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:

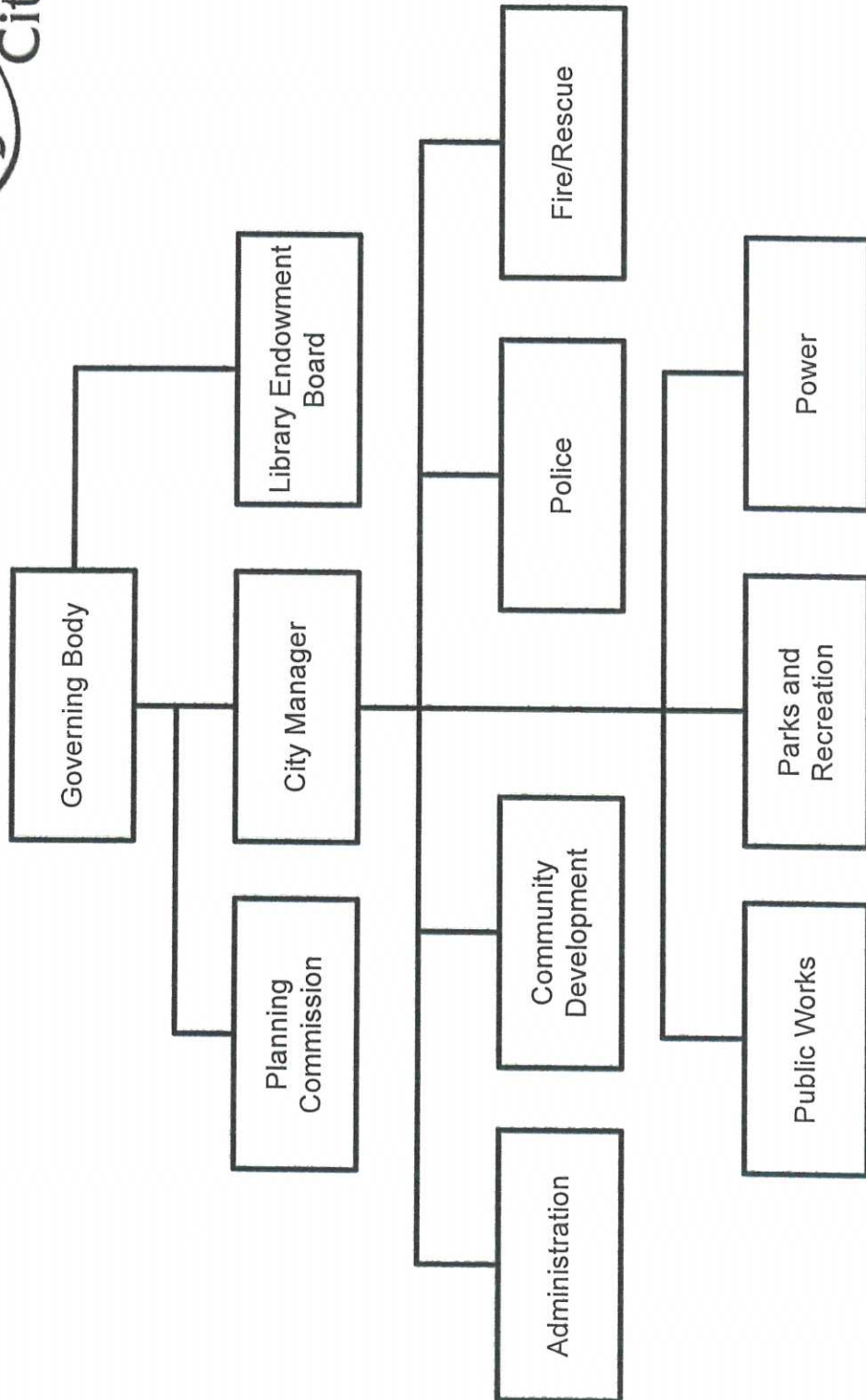
<u>Description</u>	<u>Fund Type</u>
General Fund	General Fund
Capital Projects Fund	Capital Projects Fund
Debt Service Fund	Debt Service Fund
Water Fund	Enterprise Fund
Sewer Fund	Enterprise Fund
Storm Water Fund	Enterprise Fund
Pressure Irrigation Fund	Enterprise Fund
Power Fund	Enterprise Fund
Sanitation 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 or cmoss@kaysvillecity.com, or by phone (801) 546-1235.



Architectural Review Committee
Civic Committee
Youth City Council
Youth Court
CERT
Heritage Park Committee

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kaysville City
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Linda C. Sandison

President

Jeffrey R. Enner

Executive Director



FINANCIAL SECTION



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, as of and for the year ended June 30, 2012, which collectively comprise the District'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, each major fund, and the aggregate remaining fund information of Kaysville City, as of June 30, 2012, and the respective changes in financial position, 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 November 6, 2012, 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 the 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 information on pages 11 through 20 and the budgetary comparison schedule on pages 59 to 61 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 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.

Honorable Mayor and City Council
Kaysville City

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 for the Debt Service Fund and the Capital Projects Fund on page 65 and 66, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Schedules of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual for the Debt Service Fund and the Capital Projects Fund listed as other supplemental information in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Wood Richards & Associates, PC

Ogden, Utah
November 6, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

The following is a discussion and analysis of Kaysville City's finances for the fiscal year ended June 30, 2012. 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 \$1,814,136 or 1.6% over the prior year. Net assets of governmental activities increased by \$328,334 or 0.56%. Net assets of business-type activities increased by \$1,485,802 or 2.85%.
- 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 \$111,913,295, \$99,031,439 (88.49%) includes investments in capital assets; \$4,336,780 (3.89%) in restricted uses and \$8,545,076 (7.64%) in unrestricted uses and available to meet City obligations.
- The City's restricted assets of \$4,336,780 decreased by 11.41% from last year. This is due to the use of restricted assets for park development and transportation projects. These assets are restricted primarily for capital expenditures from collected development impact fees.
- The City's unrestricted assets of \$8,545,076 include \$2,402,149 available for governmental activities and \$6,142,927 available for business-type activities. Overall this is an increase of 4.36% from the prior year.

Fund Level

- The fund balances in governmental funds had a decrease of \$551,399 from \$7,732,481 to \$7,181,082.
- The proprietary funds had an overall net income before transfers and contributions of \$552,742.

Long Term Debt

- Overall the City's long term liabilities decreased in the amount of \$1,882,758 over the prior year. As of June 30, 2012, the liabilities balance for governmental activities is \$1,233,987 and \$2,278,261 for business-type activities.

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, 2012**

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, 2012**

Financial Analysis of Government-wide Statements

Net Assets

Kaysville City's Net Assets are as follows:

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Assets						
Current and Other Assets	\$11,841,212	\$10,841,007	\$8,109,162	\$8,211,502	\$19,950,374	\$19,052,509
Capital Assets	\$53,151,914	\$52,416,060	\$48,607,869	\$49,386,731	\$101,759,783	\$101,802,791
Total Assets	\$64,993,126	\$63,257,067	\$56,717,031	\$57,598,233	\$121,710,157	\$120,855,300
Liabilities						
Current Liabilities	\$5,907,389	\$4,220,633	\$2,552,560	\$2,280,968	\$8,459,949	\$6,501,601
Non-Current Liabilities	\$1,082,254	\$704,617	\$2,068,795	\$1,735,787	\$3,151,049	\$2,440,404
Total Liabilities	\$6,989,643	\$4,925,250	\$4,621,355	\$4,016,755	\$11,610,998	\$8,942,005
Net Assets						
Investments in Capital (net)	\$50,933,344	\$51,804,229	\$46,146,335	\$47,227,210	\$97,079,679	\$99,031,439
Restricted	\$4,650,573	\$4,125,439	\$180,861	\$211,341	\$4,831,434	\$4,336,780
Unrestricted	\$2,419,566	\$2,402,149	\$5,768,480	\$6,142,927	\$8,188,046	\$8,545,076
Total Net Assets	\$58,003,483	\$58,331,817	\$52,095,676	\$53,581,478	\$110,099,159	\$111,913,295

Changes in Net Assets:

The City's combined net assets increased over the prior year by \$1,814,136 (1.62%). 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 \$357,030. Overall liabilities decreased by \$2,658,993.

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, 2012**

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues						
General Revenues						
Property Tax	\$1,429,796	\$1,423,405	\$0	\$0	\$1,429,796	\$1,423,405
Sales Tax	\$2,865,286	\$3,109,348	\$0	\$0	\$2,865,286	\$3,109,348
Other Taxes	\$1,589,836	\$1,845,109	\$0	\$0	\$1,589,836	\$1,845,109
Interest and Investment	\$86,925	\$81,760	\$21,413	\$30,015	\$108,338	\$111,775
Grants and Contributions	\$3,786,212	\$1,126,513	\$3,172,636	\$768,060	\$6,958,848	\$1,894,573
Charges for Services	\$3,794,854	\$3,590,999	\$20,112,964	\$21,003,865	\$23,907,818	\$24,594,864
Sale of Asset	\$0	\$0	\$70,380	\$7,560	\$70,380	\$7,560
Miscellaneous	\$95,833	\$123,995	\$0	\$0	\$95,833	\$123,995
Total Revenues	\$13,648,742	\$11,301,129	\$23,377,393	\$21,809,500	\$37,026,135	\$33,110,629
Expenses						
Governmental:						
General Government	\$1,545,761	\$1,912,144	\$0	\$0	\$1,545,761	\$1,912,144
Police	\$2,213,269	\$2,640,849	\$0	\$0	\$2,213,269	\$2,640,849
Fire	\$483,156	\$423,978	\$0	\$0	\$483,156	\$423,978
Community Development	\$760,562	\$658,823	\$0	\$0	\$760,562	\$658,823
Public Works	\$2,964,516	\$2,699,309	\$0	\$0	\$2,964,516	\$2,699,309
Parks, Recreation & Public Properties	\$1,910,131	\$2,145,155	\$0	\$0	\$1,910,131	\$2,145,155
Library Endowment	\$0	\$0	\$0	\$0	\$0	\$0
Perpetual Cemetery	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Long Term Debt	\$343,327	\$327,537	\$0	\$0	\$343,327	\$327,537
Business-Type:						
Water	\$0	\$0	\$2,035,790	\$2,227,960	\$2,035,790	\$2,227,960
Sewer	\$0	\$0	\$1,736,004	\$1,743,293	\$1,736,004	\$1,743,293
Electric	\$0	\$0	\$12,665,025	\$12,225,173	\$12,665,025	\$12,225,173
Pressure Irrigation	\$0	\$0	\$1,072,481	\$1,105,317	\$1,072,481	\$1,105,317
Sanitation	\$0	\$0	\$1,376,902	\$1,535,860	\$1,376,902	\$1,535,860
Storm Water	\$0	\$0	\$1,140,057	\$1,080,937	\$1,140,057	\$1,080,937
Ambulance	\$0	\$0	\$565,430	\$570,158	\$565,430	\$570,158
Total Expenses	\$10,220,722	\$10,807,795	\$20,591,689	\$20,488,698	\$30,812,411	\$31,296,493
Increase in net assets before transfers	\$3,428,020	\$493,334	\$2,785,704	\$1,320,802	\$6,213,724	\$1,814,136
Transfers and special items	(\$175,000)	(\$165,000)	\$175,000	\$165,000	\$0	\$0
Increase (decrease) in net assets	\$3,253,020	\$328,334	\$2,960,704	\$1,485,802	\$6,213,724	\$1,814,136
Net Assets- Beginning of Fiscal Year	\$54,750,463	\$58,003,483	\$49,134,972	\$52,095,676	\$103,885,435	\$110,099,159
Net Assets - Ending of Fiscal Year	\$58,003,483	\$58,331,817	\$52,095,676	\$53,581,478	\$110,099,159	\$111,913,295

Some of the reasons for the changes in net assets are: Sales tax revenues increased by approximately eight and half percent due to the economy slowly recovering. Contributions decreased due to fewer developer contributions. During FY 2012 Kaysville, participated in a FEMA reimbursement program for the reimbursement of expenses incurred as a result of massive wind damage that occurred on December 1, 2011. The City also participated in a COPS technology grant during FY 2012, in which the City was reimbursed for various police equipment. As a result of these two reimbursement programs, the City's Grant revenue increased.

KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Capital Assets

The City's investment in capital assets for its governmental activities and business-type activities at June 30, 2012 is \$101,802,791 (net of accumulated depreciation). This is a net decrease of \$43,008. The vehicles have increased in value. Vehicles are aging but the City's new vehicle replacement program that has been in effect for two years is helping the vehicles to hold their value and increase usefulness and effectiveness of the City vehicles. Equipment has decreased as the items continue to depreciate and more items reach the end of their depreciable life.

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land	\$5,099,907	\$5,351,836	\$5,787,774	\$5,787,774	\$10,887,681	\$11,139,610
Stock (Water)	\$0	\$0	\$3,329,990	\$3,716,990	\$3,329,990	\$3,716,990
Infrastructure	\$39,914,819	\$39,025,809	\$37,887,224	\$38,231,553	\$77,802,043	\$77,257,362
Building	\$3,412,687	\$3,339,189	\$481,709	\$467,946	\$3,894,396	\$3,807,135
Improvements	\$3,575,466	\$3,417,218	\$35,812	\$34,435	\$3,611,278	\$3,451,653
Vehicles	\$697,041	\$787,699	\$460,324	\$564,110	\$1,157,365	\$1,351,809
Equipment	\$451,994	\$494,309	\$625,036	\$583,923	\$1,077,030	\$1,078,232
Net of Accum Depreciation	\$53,151,914	\$52,416,060	\$48,607,869	\$49,386,731	\$101,759,783	\$101,802,791

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 \$1,908,075. Kaysville City has no general obligation 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	
	2011	2012	2011	2012	2011	2012
Note Payable (Kaysville Business Park West)	\$0	\$0	\$1,903,809	\$1,586,508	\$1,903,809	\$1,586,508
Note Payable (Pioneer Park Land)	\$200,000	\$100,000	\$0	\$0	\$200,000	\$100,000
Note Payable (200 N Overpass- UDOT)	\$1,226,739	\$0	\$0	\$0	\$1,226,739	\$0
Series 2010 Revenue Bonds	\$1,165,000	\$885,000	\$0	\$0	\$1,165,000	\$885,000
Equipment Lease (Recycle Cans)	\$0	\$0	\$293,088	\$251,261	\$293,088	\$251,261
Equipment Lease (Vactor Truck)	\$0	\$0	\$98,639	\$50,534	\$98,639	\$50,534
Equipment Lease (Bucket Truck)	\$0	\$0	\$0	\$170,281	\$0	\$170,281
Equipment Lease (Ambulance)	\$0	\$0	\$80,197	\$49,061	\$80,197	\$49,061
Equipment Lease (Sweeper)	\$0	\$0	\$85,800	\$52,552	\$85,800	\$52,552
	\$2,591,739	\$985,000	\$2,461,533	\$2,160,197	\$5,053,272	\$3,145,197

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, 2012

Analysis of Financial Funds

Governmental Funds

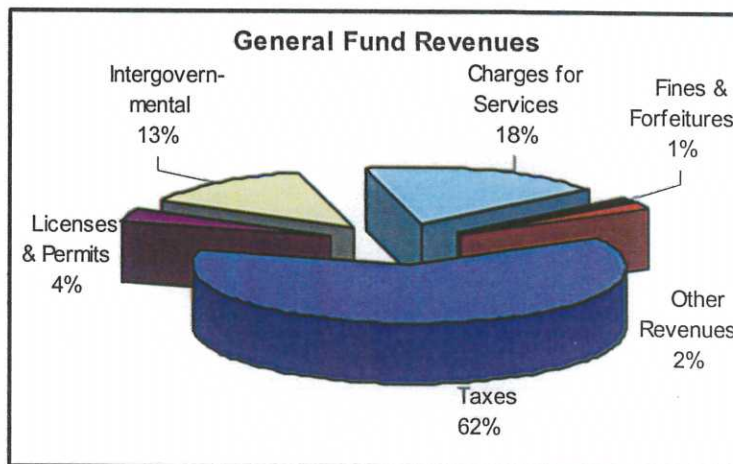
The focus of the City's governmental funds is to account for and provide information on near-term inflows, outflows and spendable resources. The primary governmental fund is the general fund. The City also maintains a capital projects fund, a debt service fund and permanent funds for cemetery perpetual care and library endowment. The table below and accompanying graphs depict the revenues and expenditures during the fiscal year 2012 and a comparison to fiscal year 2011.

Governmental Funds

General Fund

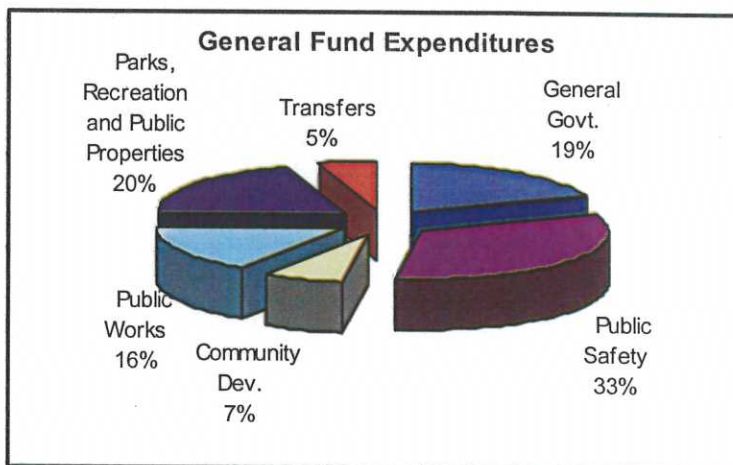
Revenues:

Taxes	\$6,377,862
Licenses and Permits	\$327,420
Intergovernmental	\$1,364,089
Charges for Services	\$1,873,640
Fines and Forfeitures	\$102,500
Other Revenues	\$160,173
	<u>\$10,205,684</u>



Expenditures:

General Govt.	\$1,873,699
Public Safety	\$3,171,235
Community Dev.	\$668,964
Public Works	\$1,526,450
Parks, Recreation, & Public Properties	\$1,940,756
Transfers	\$480,000
	<u>\$9,661,104</u>



**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

General Fund Revenues	FY 2011	FY 2012	Increase/ (Decrease)	Percentage Change
Taxes	\$5,884,918	\$6,377,862	\$492,944	7.73%
Licenses and Permits	\$518,582	\$327,420	(\$191,162)	(58.38%)
Intergovernmental	\$795,605	\$1,364,089	\$568,484	41.67%
Service Charges	\$1,708,522	\$1,873,640	\$165,118	8.81%
Fines and Forfeitures	\$99,690	\$102,500	\$2,810	2.74%
Other Revenues	\$220,299	\$160,173	(\$60,126)	37.54%
	<u>\$9,227,616</u>	<u>\$10,205,684</u>	<u>\$978,068</u>	<u>9.58%</u>
General Fund Expenditures				
General Government	\$1,494,849	\$1,873,699	\$378,850	20.22%
Public Safety	\$2,668,934	\$3,171,235	\$502,301	15.84%
Community Development	\$748,334	\$668,964	(\$79,370)	(11.86%)
Public Works	\$1,072,039	\$1,526,450	\$454,411	29.77%
Parks, Recreation & Public Properties	\$1,771,586	\$1,940,756	\$169,170	8.72%
Transfers	\$705,000	\$480,000	(\$225,000)	(46.88%)
	<u>\$8,460,742</u>	<u>\$9,661,104</u>	<u>\$1,200,362</u>	<u>12.42%</u>

General fund revenues for fiscal year 2012 totaled \$10,205,684. This represents an increase of approximately 9.58% from fiscal year 2011. Sales tax continued to increase as the economy continues to recover. However, property taxes decreased at a rate of 0.45% from the prior year due to no increase in property taxes and slow in growth of additional tax base during the year. During fiscal year 2012 the City received \$205,416 from FEMA for reimbursement for damage that occurred during the December 1 wind storm; and \$300,000 from Cops Grant Program for reimbursement for technology equipment upgrades for the police department. However, there was a decrease in subdivisions completed, resulting in a decrease in developers contributions during the fiscal year.

The 2012 property tax rates continued to indicate Kaysville City is the 2nd lowest property tax rate in Davis County.

General fund expenditures for fiscal year 2012 total \$9,661,104. This is an increase of 12.42% over fiscal year 2011 of \$8,460,742.

Based on a study in fiscal year 2011, 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.

Variations with Budget:

During fiscal year 2012 it was necessary to amend the original budget that was approved by the council for unforeseen expenditures and revenues. All amendments were done in accordance with state law and approved by the council. It is normal and necessary to amend the original budget throughout the year for unforeseen circumstances.

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

During the year the community events brought in additional funding than was originally budgeted for and in addition increased their expenditures accordingly; the company that provides the fire works display for July 4th required a prepayment for half the following years services; it was necessary for the City to purchase tarps to cover the new astroturf football field during the 4th of July fireworks. In addition, due to the December 1, 2011 wind storm, the City incurred additional costs associated with the clean up and removal of debris from this event. The City also received additional funding from FEMA to reimburse for these additional expenditures. The revenue and expenditures were amended equally. The City also qualified for a federal grant to upgrade technology used by the police department. Due to continued litigation with the FDIC, it was necessary to increase the legal expenditures. Additional right of way was required to be purchased, and Class C Roads expenditures were amended. Because of additional cemetery maintenance the cemetery fund increased expenditures, however, parks fund decreased expenditures in the same amount.

Capital Projects Fund

The capital projects fund was used to account for major capital projects during the fiscal year 2012. In 2012, the capital projects fund received \$130,000 in donation, all of which was spent for Heritage Park improvements. The fund also increased the transfer to the debt service fund by \$924,000 in order to fund the debt service payment to the Utah Department of Transportation (UDOT). The revenues and expenditures compared to the previous year are illustrated as follows:

Capital Projects Fund	FY 2011	FY 2012
Revenue:		
Impact Fees	\$ 627,522	\$388,108
Interest	13,391	18,715
Other Sources- Reimbursements	67,175	-
Bond/Loan Proceeds	39,784	-
Donations	-	130,000
Transfers from Other Funds	-	-
	\$ 747,872	\$536,823
Expenditures:		
200 North Overpass Project	\$ 39,784	\$ -
Rail Trail	1,030	77,743
Police Station	143,954	-
Public Works Road Projects	650,500	-
Heritage Park	8,963	304,527
Transfers	421,000	1,345,000
	\$ 1,265,231	\$1,727,270

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Debt Service Fund

During the fiscal year 2012, the debt service fund was used to account for the payment of Pioneer Park Property, the UDOT Payment related to the construction of the 200 North Overpass, and 2010 Road Revenue bonds.

Debt Service Fund	FY 2011	FY 2012
Revenue:		
Transfers	\$ 951,000	\$ 1,660,000
Interest	559	264
	<u>\$ 951,559</u>	<u>\$ 1,660,264</u>
Expenditures:		
Pioneer Park Property	\$ 121,000	\$ 114,000
UDOT Payment	300,000	1,226,738
2010 Road Revenue Bond	311,412	313,538
2002 Revenue Bonds	213,915	-
	<u>\$ 946,327</u>	<u>\$ 1,654,276</u>

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, 2012, the principal balance is \$1,564,212. 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 \$684,457 with the total fund balance of \$943,975. 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.

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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.

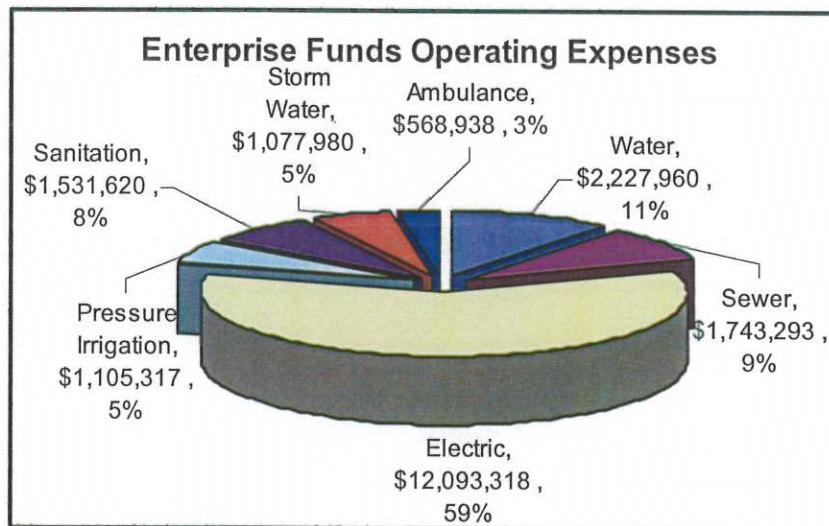
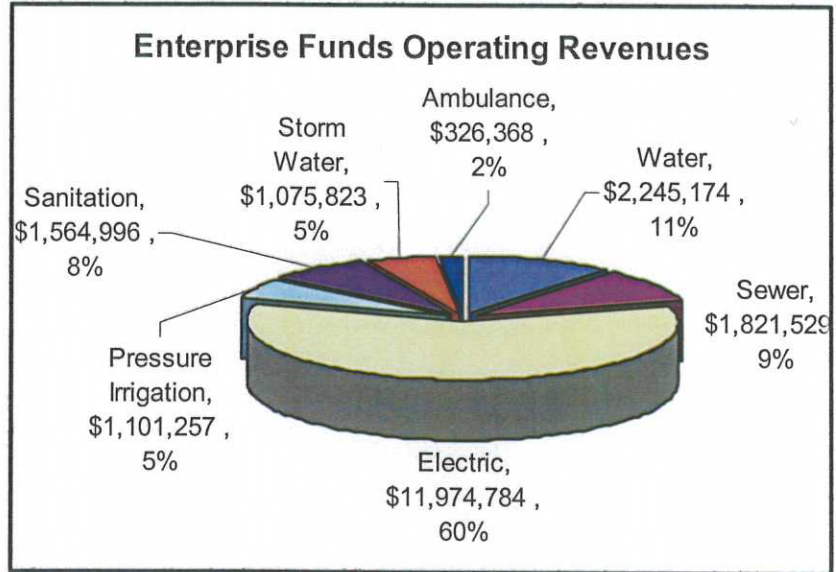
Operating revenues for all proprietary funds totaled \$20,109,931. This is an increase of about 1.88% over the prior year of \$19,738,356. Most of this increase is attributable to the population growth of the city. Operating expenses totaled \$20,348,426. This is a decrease of approximately 0.33%. As 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 2012.

Proprietary Funds	Water	Sewer	Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
Operating Revenues	\$2,245,174	\$1,821,529	\$11,974,784	\$1,101,257	\$1,564,996	\$1,075,823	\$326,368	\$20,109,931
Operating Expenses	\$2,227,960	\$1,743,293	\$12,093,318	\$1,105,317	\$1,531,620	\$1,077,980	\$568,938	\$20,348,426
Operating Income	\$17,214	\$78,236	(\$118,534)	(\$4,060)	\$33,376	(\$2,157)	(\$242,570)	(\$238,495)
Non Operating Revenues/(Expenses)	\$69,539	\$0	\$726,265	\$0	(\$4,240)	\$893	(\$1,220)	\$791,237
Net Income before Transfers	\$86,753	\$78,236	\$607,731	(\$4,060)	\$29,136	(\$1,264)	(\$243,790)	\$552,742
Operating Transfer In/(Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$165,000	\$165,000
Net Income / (loss)	\$86,753	\$78,236	\$607,731	(\$4,060)	\$29,136	(\$1,264)	(\$78,790)	\$717,742

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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.

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Fund Financial Statements

KAYSVILLE CITY
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 7,643,003	\$ 5,820,762	\$ 13,463,765
Investments	790,176	-	790,176
Accounts Receivable (Net)	2,407,828	1,712,636	4,120,464
Inventory	-	678,104	678,104
Total Current Assets	<u>10,841,007</u>	<u>8,211,502</u>	<u>19,052,509</u>
Noncurrent Assets:			
Capital Assets:			
Land	5,351,836	5,787,774	11,139,610
Net Depreciable Capital Assets	47,064,224	39,881,967	86,946,191
Water Stock	-	3,716,990	3,716,990
Total Noncurrent Assets	<u>52,416,060</u>	<u>49,386,731</u>	<u>101,802,791</u>
Total Assets	<u>\$ 63,257,067</u>	<u>\$ 57,598,233</u>	<u>\$ 120,855,300</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable	\$ 1,101,639	\$ 1,514,258	\$ 2,615,897
Deposits	1,331,948	102,268	1,434,216
Deferred Revenue	1,226,338	-	1,226,338
Accrued Interest	31,338	121,968	153,306
Noncurrent Liabilities Due Within One Year	<u>529,370</u>	<u>542,474</u>	<u>1,071,844</u>
Total Current Liabilities	<u>4,220,633</u>	<u>2,280,968</u>	<u>6,501,601</u>
Noncurrent Liabilities			
Due In More Than One Year	<u>704,617</u>	<u>1,735,787</u>	<u>2,440,404</u>
Total Noncurrent Liabilities	<u>704,617</u>	<u>1,735,787</u>	<u>2,440,404</u>
Total Liabilities	<u>4,925,250</u>	<u>4,016,755</u>	<u>8,942,005</u>
NET ASSETS			
Investments in Capital Assets, Net of Related Debt	51,804,229	47,227,210	99,031,439
Restricted for:			
Park Development Impact Fees	62,757	-	62,757
Transportation Impact Fees	529,526	-	529,526
Public Safety Impact Fees	67,900	-	67,900
Class C Roads	381,608	-	381,608
Road Bond Reserves	373,169	-	373,169
Perpetual Cemetery	1,564,212	-	1,564,212
Library Endowment:			
Expendable	259,518	-	259,518
Nonexpendable	684,457	-	684,457
Debt Service	202,292	-	202,292
Water Impact Fees	-	211,341	211,341
Unrestricted	<u>2,402,149</u>	<u>6,142,927</u>	<u>8,545,076</u>
Total Net Assets	<u>58,331,817</u>	<u>53,581,478</u>	<u>111,913,295</u>
Total Liabilities and Net Assets	<u>\$ 63,257,067</u>	<u>\$ 57,598,233</u>	<u>\$ 120,855,300</u>

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

**KAYSVILLE CITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,912,144	\$ 760,056	\$ 21,219	\$ -
Public Safety:				
Police	2,640,849	237,962	300,000	-
Fire	423,978	143,156	-	-
Community Development	658,823	410,431	-	-
Public Works	2,699,309	1,093,151	205,416	469,878
Parks, Recreation and Public Properties	2,145,155	889,793	-	130,000
Perpetual Cemetery	-	56,450	-	-
Interest on Long-term Debt	327,537	-	-	-
Total Governmental Activities	<u>10,807,795</u>	<u>3,590,999</u>	<u>526,635</u>	<u>599,878</u>
Business-Type Activities:				
Water	2,227,960	2,310,530	-	181,379
Sewer	1,743,293	1,821,529	-	-
Electric	12,225,173	12,810,922	-	-
Pressure Irrigation	1,105,317	1,101,257	-	387,000
Sanitation	1,535,860	1,564,996	-	-
Storm Water	1,080,937	1,075,823	-	199,681
Ambulance	570,158	326,368	-	-
Total Business-Type Activities	<u>20,488,698</u>	<u>21,011,425</u>	<u>-</u>	<u>768,060</u>
Total	<u>\$ 31,296,493</u>	<u>\$ 24,602,424</u>	<u>\$ 526,635</u>	<u>\$ 1,367,938</u>

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**

Governmental Activities	Business-Type Activities	Total
\$ (1,130,869)	\$ -	\$ (1,130,869)
(2,102,887)	-	(2,102,887)
(280,822)	-	(280,822)
(248,392)	-	(248,392)
(930,864)	-	(930,864)
(1,125,362)	-	(1,125,362)
56,450	-	56,450
(327,537)	-	(327,537)
<u>(6,090,283)</u>	<u>-</u>	<u>(6,090,283)</u>
-	263,949	263,949
-	78,236	78,236
-	585,749	585,749
-	382,940	382,940
-	29,136	29,136
-	194,567	194,567
-	(243,790)	(243,790)
<u>-</u>	<u>1,290,787</u>	<u>1,290,787</u>
<u>(6,090,283)</u>	<u>1,290,787</u>	<u>(4,799,496)</u>
1,423,405	-	1,423,405
3,109,348	-	3,109,348
624,491	-	624,491
1,220,618	-	1,220,618
81,760	30,015	111,775
123,995	-	123,995
(165,000)	165,000	-
<u>6,418,617</u>	<u>195,015</u>	<u>6,613,632</u>
328,334	1,485,802	1,814,136
<u>58,003,483</u>	<u>52,095,676</u>	<u>110,099,159</u>
<u>\$ 58,331,817</u>	<u>\$ 53,581,478</u>	<u>\$ 111,913,295</u>

KAYSVILLE CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,047,298	\$ 202,292	\$ 1,675,402
Investments	-	-	-
Accounts Receivable	<u>2,407,828</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 6,455,126</u>	<u>\$ 202,292</u>	<u>\$ 1,675,402</u>
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 1,099,325	\$ -	\$ 2,314
Deferred Revenue- Property Tax	1,226,338	-	-
Deposits	<u>1,331,948</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,657,611</u>	<u>-</u>	<u>2,314</u>
FUND BALANCES:			
Non-Spendable:			
Library Endowment	-	-	-
Restricted for:			
Park Development Impact Fees	-	-	62,757
Transportation Impact Fees	-	-	529,526
Public Safety Impact Fees	-	-	67,900
Class C Roads	381,608	-	-
Road Bond Reserves	-	-	373,169
Perpetual Care	-	-	-
Library Endowment	-	-	-
Assigned:			
Debt Service	-	202,292	-
Capital Projects	-	-	639,736
Unassigned	<u>2,415,907</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,797,515</u>	<u>202,292</u>	<u>1,673,088</u>
Total Liabilities and Fund Balances	<u>\$ 6,455,126</u>	<u>\$ 202,292</u>	<u>\$ 1,675,402</u>

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

Permanent Funds		Total
Perpetual Cemetery	Library Endowment	Governmental Funds
\$ 1,564,212	\$ 153,799	\$ 7,643,003
-	790,176	790,176
-	-	2,407,828
<u>\$ 1,564,212</u>	<u>\$ 943,975</u>	<u>\$ 10,841,007</u>
\$ -	\$ -	\$ 1,101,639
-	-	1,226,338
-	-	1,331,948
-	-	3,659,925
-	684,457	684,457
-	-	62,757
-	-	529,526
-	-	67,900
-	-	381,608
-	-	373,169
1,564,212	-	1,564,212
-	259,518	259,518
-	-	202,292
-	-	639,736
-	-	2,415,907
<u>1,564,212</u>	<u>943,975</u>	<u>7,181,082</u>
<u>\$ 1,564,212</u>	<u>\$ 943,975</u>	<u>\$ 10,841,007</u>

KAYSVILLE CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balance - Governmental Funds	\$ 7,181,082
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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	5,351,836	
Buildings, net of 1,377,067 accumulated depreciation	3,339,189	
Improvements, net of 2,439,847 accumulated depreciation	3,417,218	
Infrastructure, net of 20,034,086 accumulated depreciation	39,025,809	
Equipment, net of 1,316,936 accumulated depreciation	494,309	
Vehicles, net of 2,742,541 accumulated depreciation	787,699	52,416,060

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	(885,000)	
Notes Payable	(100,000)	
Accrued Interest	(31,338)	
Compensated Absences	(248,987)	(1,265,325)

Total Net Assets - Governmental Activities	\$ 58,331,817
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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, 2012

	General	Debt Service	Capital Projects
Revenues:			
Taxes	\$ 6,377,862	\$ -	\$ -
Licenses and Permits	327,420	-	-
Impact Fees	-	-	388,108
Intergovernmental	1,364,089	-	-
Charges for Services	1,873,640	-	-
Donations	-	-	130,000
Fines and Forfeitures	102,500	-	-
Interest Income	30,751	264	18,715
Miscellaneous	129,422	-	-
Total Revenues	10,205,684	264	536,823
Expenditures:			
Current:			
General Government	1,873,699	-	-
Public Safety	3,171,235	-	-
Community Development	668,964	-	-
Public Works	1,526,450	-	-
Parks, Recreation and Public Properties	1,940,756	-	-
Debt Service:			
Principal	-	1,606,789	-
Interest and Fiscal Charges	-	47,487	-
Capital Outlay	-	-	382,270
Total Expenditures	9,181,104	1,654,276	382,270
Excess (Deficiency) of Revenues over Expenditures	1,024,580	(1,654,012)	154,553
Other Financing Sources (Uses):			
Transfers In			
General Fund	-	315,000	-
Capital Projects Fund	-	1,345,000	-
Transfers Out			
Debt Service Fund	(315,000)	-	(1,345,000)
Ambulance Fund	(165,000)	-	-
Total Other Financing Sources (Uses)	(480,000)	1,660,000	(1,345,000)
Net Change in Fund Balances	544,580	5,988	(1,190,447)
Fund balance - July 1	2,252,935	196,304	2,863,535
Fund Balance - June 30	\$ 2,797,515	\$ 202,292	\$ 1,673,088

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

Permanent Funds		Total
Perpetual Cemetery	Library Endowment	Governmental Funds
\$ -	\$ -	\$ 6,377,862
-	-	327,420
-	-	388,108
-	-	1,364,089
56,450	-	1,930,090
-	-	130,000
-	-	102,500
11,044	20,986	81,760
-	-	129,422
67,494	20,986	10,831,251
-	-	1,873,699
-	-	3,171,235
-	-	668,964
-	-	1,526,450
-	-	1,940,756
-	-	1,606,789
-	-	47,487
-	-	382,270
-	-	11,217,650
67,494	20,986	(386,399)
-	-	315,000
-	-	1,345,000
-	-	(1,660,000)
-	-	(165,000)
-	-	(165,000)
67,494	20,986	(551,399)
1,496,718	922,989	7,732,481
\$ 1,564,212	\$ 943,975	\$ 7,181,082

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, 2012

Net change in fund balances-total governmental funds	\$	(551,399)
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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	1,138,149	
Depreciation expense	<u>(2,337,478)</u>	(1,199,329)

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.	469,878
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The sale of property is recorded as a revenue in the governmental funds, but the sale reduces capital assets in the statement of net assets.

Proceeds		
Gain (Loss) on sale of asset	<u>(6,403)</u>	(6,403)

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	1,326,739	
Repayment of bond principal	280,000	
Compensated absences	<u>194,508</u>	1,801,247

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	(200,360)	
Accrued interest	<u>14,700</u>	(185,660)
Change in net assets of governmental activities		<u><u>\$ 328,334</u></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, 2012

	<u>Water</u>	<u>Sewer</u>
ASSETS		
Current Assets:		
Cash	\$ 508,993	\$ 588,828
Accounts Receivable (Net of Allowance for Uncollectibles)	196,118	158,485
Interfund Receivable	10,000	-
Inventory	120,000	-
Total Current Assets	<u>835,111</u>	<u>747,313</u>
Noncurrent Assets		
Capital Assets:		
Land	120,094	-
Net Depreciable Capital Assets	14,078,305	23,399
Water Stock	76,140	-
Total Noncurrent Assets	<u>14,274,539</u>	<u>23,399</u>
 Total Assets	 <u>\$ 15,109,650</u>	 <u>\$ 770,712</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts Payable	\$ -	\$ -
Interfund Payable	-	-
Deposits	4,273	-
Accrued Interest	-	-
Noncurrent Liabilities Due Within One Year	7,980	-
Total Current Liabilities	<u>12,253</u>	<u>-</u>
Noncurrent Liabilities		
Due In More Than One Year	32,965	-
Total Noncurrent Liabilities	<u>32,965</u>	<u>-</u>
 Total Liabilities	 <u>45,218</u>	 <u>-</u>
NET ASSETS		
Investments in Capital Assets, Net of Related Debt	14,274,539	23,399
Restricted for:		
Water Impact Fees	211,341	-
Unrestricted	578,552	747,313
Total Net Assets	<u>15,064,432</u>	<u>770,712</u>
 Total Liabilities and Net Assets	 <u>\$ 15,109,650</u>	 <u>\$ 770,712</u>

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

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 3,141,413	\$ 1,633	\$ 885,984	\$ 677,723	\$ 16,188	\$ 5,820,762
914,732	91,610	137,125	87,612	126,954	1,712,636
-	-	-	-	-	10,000
558,104	-	-	-	-	678,104
<u>4,614,249</u>	<u>93,243</u>	<u>1,023,109</u>	<u>765,335</u>	<u>143,142</u>	<u>8,221,502</u>
5,651,358	16,322	-	-	-	5,787,774
14,677,274	-	519,418	10,511,445	72,126	39,881,967
-	3,640,850	-	-	-	3,716,990
<u>20,328,632</u>	<u>3,657,172</u>	<u>519,418</u>	<u>10,511,445</u>	<u>72,126</u>	<u>49,386,731</u>
<u>\$ 24,942,881</u>	<u>\$ 3,750,415</u>	<u>\$ 1,542,527</u>	<u>\$ 11,276,780</u>	<u>\$ 215,268</u>	<u>\$ 57,608,233</u>
\$ 1,427,497	\$ 300	\$ -	\$ 82,708	\$ 3,753	\$ 1,514,258
-	10,000	-	-	-	10,000
97,995	-	-	-	-	102,268
116,859	-	2,246	2,127	736	121,968
368,796	-	77,509	55,646	32,543	542,474
<u>2,011,147</u>	<u>10,300</u>	<u>79,755</u>	<u>140,481</u>	<u>37,032</u>	<u>2,290,968</u>
1,440,228	-	225,629	20,447	16,518	1,735,787
<u>1,440,228</u>	<u>-</u>	<u>225,629</u>	<u>20,447</u>	<u>16,518</u>	<u>1,735,787</u>
3,451,375	10,300	305,384	160,928	53,550	4,026,755
18,571,844	3,657,172	216,280	10,460,911	23,065	47,227,210
-	-	-	-	-	211,341
2,919,662	82,943	1,020,863	654,941	138,653	6,142,927
<u>21,491,506</u>	<u>3,740,115</u>	<u>1,237,143</u>	<u>11,115,852</u>	<u>161,718</u>	<u>53,581,478</u>
<u>\$ 24,942,881</u>	<u>\$ 3,750,415</u>	<u>\$ 1,542,527</u>	<u>\$ 11,276,780</u>	<u>\$ 215,268</u>	<u>\$ 57,608,233</u>

KAYSVILLE CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2012

	<u>Water</u>	<u>Sewer</u>
Operating Revenues:		
Charges for Services (Net of uncollectibles)	\$ 2,245,174	\$ 1,821,529
Total Operating Revenues	2,245,174	1,821,529
Operating Expenses:		
Personnel Services	565,401	6,215
Contractual Services	82,330	-
Administrative Charges from General Fund	137,000	62,000
Interfund Services	70,000	-
Purchases Water/Treatment/Power/Refuse	409,086	1,669,558
Supplies and Miscellaneous Operating	140,613	4,832
Equipment and Maintenance	342,802	-
Energy Sales and Use Tax Charge	-	-
Depreciation	480,728	688
Total Operating Expenses	2,227,960	1,743,293
Operating Income (Loss)	17,214	78,236
Non-Operating Revenues (Expenses):		
Connection Fees	31,203	-
Extension Fees	-	-
Impact Fees	29,113	-
Sale of Asset	5,040	-
Interest Income	4,183	-
Miscellaneous	-	-
Interest Expense	-	-
Total Non-Operating Revenues (Expenses)	69,539	-
Income (Loss) Before Contributions and Transfers	86,753	78,236
Contributions From Developers	181,379	-
Transfers In (Out):		
General Fund	-	-
Change in Net Assets	268,132	78,236
Total Net Assets - Beginning	14,796,300	692,476
Total Net Assets - Ending	\$ 15,064,432	\$ 770,712

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

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 11,974,784	\$ 1,101,257	\$ 1,564,996	\$ 1,075,823	\$ 326,368	\$ 20,109,931
11,974,784	1,101,257	1,564,996	1,075,823	326,368	20,109,931
1,015,188	5,271	29,125	321,335	377,898	2,320,433
339,702	-	3,911	32,674	67,947	526,564
160,000	55,000	75,000	55,000	-	544,000
85,000	-	5,000	50,000	6,000	216,000
8,591,009	1,042,138	1,307,734	-	-	13,019,525
141,712	-	4,267	99,579	68,102	459,105
425,232	2,908	3,181	29,178	14,850	818,151
716,691	-	-	-	-	716,691
618,784	-	103,402	490,214	34,141	1,727,957
12,093,318	1,105,317	1,531,620	1,077,980	568,938	20,348,426
(118,534)	(4,060)	33,376	(2,157)	(242,570)	(238,495)
9,190	-	-	-	-	40,393
293,646	-	-	-	-	293,646
325,164	-	-	-	-	354,277
2,520	-	-	-	-	7,560
21,982	-	-	3,850	-	30,015
205,618	-	-	-	-	205,618
(131,855)	-	(4,240)	(2,957)	(1,220)	(140,272)
726,265	-	(4,240)	893	(1,220)	791,237
607,731	(4,060)	29,136	(1,264)	(243,790)	552,742
-	387,000	-	199,681	-	768,060
-	-	-	-	165,000	165,000
607,731	382,940	29,136	198,417	(78,790)	1,485,802
20,883,775	3,357,175	1,208,007	10,917,435	240,508	52,095,676
\$ 21,491,506	\$ 3,740,115	\$ 1,237,143	\$ 11,115,852	\$ 161,718	\$ 53,581,478

KAYSVILLE CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Water	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 2,235,466	\$ 1,823,550
Cash Payments to Suppliers for Goods and Services	(1,110,152)	(1,820,825)
Cash Payments to Employees for Services	(557,954)	(6,215)
Cash Payments for Interfund Services	(207,000)	(62,000)
Net Cash Provided (Used) by Operating Activities	360,360	(65,490)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Change In Interfund Borrowings	(185,000)	-
Transfers In (Out)	-	-
Net Cash Used in Non-Capital Financing Activities	(185,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Impact, Extension and Connection Fees	60,316	-
Acquisition of Capital Assets	(273,644)	-
Proceeds from Sale of Capital Assets	5,040	-
Principal Paid on Bonds and Notes	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(208,288)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	4,183	-
Interest Paid	-	-
Net Cash Provided (Used) from Investing Activities	4,183	-
Net Increase (Decrease) in Cash and Cash Equivalents	(28,745)	(65,490)
Cash/Equivalents at Beginning of Year	537,738	654,318
Cash/Equivalents at End of Year	\$ 508,993	\$ 588,828
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 17,214	\$ 78,236
Reconciling Adjustments:		
Depreciation	480,728	688
Bad Debt Expense	6,400	4,833
Changes in Assets and Liabilities:		
Changes in Receivables	(9,708)	(2,812)
Changes in Inventory	(65,000)	-
Changes in Accounts Payable	(76,721)	(146,435)
Changes in Compensated Absences	7,447	-
Total Adjustments	343,146	(143,726)
Net Cash (Used) Provided by Operating Activities	\$ 360,360	\$ (65,490)
Noncash investing and capital activities:		
Contributions from Developers	181,379	-
Acquisition of Capital Asset from Lease	-	-

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

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 11,901,657	\$ 1,102,702	\$ 1,567,675	\$ 1,075,808	\$ 409,010	\$ 20,115,868
(10,297,694)	(1,129,097)	(1,431,775)	(84,758)	(157,143)	(16,031,444)
(1,005,193)	(5,271)	(29,125)	(318,635)	(377,898)	(2,300,291)
(245,000)	(55,000)	(80,000)	(105,000)	(6,000)	(760,000)
353,770	(86,666)	26,775	567,415	(132,031)	1,024,133
175,000	10,000	-	-	-	-
-	-	-	-	165,000	165,000
175,000	10,000	-	-	165,000	165,000
833,618	-	-	-	-	893,934
(882,570)	-	(23,239)	(346,409)	-	(1,525,862)
2,520	-	-	-	-	7,560
(359,917)	-	(74,836)	(48,105)	(31,136)	(513,994)
(406,349)	-	(98,075)	(394,514)	(31,136)	(1,138,362)
21,982	-	-	3,850	-	30,015
(154,609)	-	(11,371)	(4,981)	(3,253)	(174,214)
(132,627)	-	(11,371)	(1,131)	(3,253)	(144,199)
(10,206)	(76,666)	(82,671)	171,770	(1,420)	(93,428)
3,151,619	78,299	968,655	505,953	17,608	5,914,190
\$ 3,141,413	\$ 1,633	\$ 885,984	\$ 677,723	\$ 16,188	\$ 5,820,762
\$ (118,534)	\$ (4,060)	\$ 33,376	\$ (2,157)	\$ (242,570)	\$ (238,495)
618,784	-	103,402	490,214	34,141	1,727,957
46,599	2,908	4,189	1,662	50,805	117,396
(119,726)	(1,463)	(1,510)	(1,677)	31,837	(105,059)
(143,104)	-	-	-	-	(208,104)
59,756	(84,051)	(112,682)	76,673	(6,244)	(289,704)
9,995	-	-	2,700	-	20,142
472,304	(82,606)	(6,601)	569,572	110,539	1,262,628
\$ 353,770	\$ (86,666)	\$ 26,775	\$ 567,415	\$ (132,031)	\$ 1,024,133
-	387,000	-	199,681	-	768,060
212,897	-	-	-	-	-

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**NOTES TO
BASIC FINANCIAL STATEMENTS**

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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 spend 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, 2012

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, 2012

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, 2012, \$1,710,265 of the City's bank balances of \$2,022,675 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, 2012

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, 2012, the GASB Fair Value Factor for the PTIF was 1.00586284. The amortized cost of the PTIF was \$11,297,844 and the fair value of was \$11,364,081.

As of June 30, 2012, 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	\$ 11,297,844	\$11,297,844	\$ -	\$ -	\$ -	not rated
Money Market	754,524	754,524	-	-	-	not rated
Certificate of Deposit	790,176	430,798	359,378	-	-	not rated
	<u>\$12,842,544</u>	<u>\$12,483,166</u>	<u>\$ 359,378</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, 2012

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, 2012, are as follows:

Cash on hand and on deposit:	
Cash on hand	\$ 250
Cash on deposit	1,411,147
PTIF investment	11,297,844
Money market	754,524
Certificate of deposits	790,176
Total cash and investments	<u>\$14,253,941</u>

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

Cash and cash equivalents	\$13,463,765
Investments	790,176
Total cash and investments	<u>\$14,253,941</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	\$2,407,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,407,828
Utility charges	-	204,838	165,827	938,640	95,959	143,205	91,763	226,057	1,866,289
Other receivables	-	285	-	25,723	-	-	-	-	26,008
Gross receivables	<u>2,407,828</u>	<u>205,123</u>	<u>165,827</u>	<u>964,363</u>	<u>95,959</u>	<u>143,205</u>	<u>91,763</u>	<u>226,057</u>	<u>4,300,125</u>
Allowance	<u>-</u>	<u>(9,005)</u>	<u>(7,342)</u>	<u>(49,631)</u>	<u>(4,349)</u>	<u>(6,080)</u>	<u>(4,151)</u>	<u>(99,103)</u>	<u>(179,661)</u>
Net receivables	<u>\$2,407,828</u>	<u>\$196,118</u>	<u>\$158,485</u>	<u>\$914,732</u>	<u>\$ 91,610</u>	<u>\$ 137,125</u>	<u>\$ 87,612</u>	<u>\$ 126,954</u>	<u>\$4,120,464</u>

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

4. CAPITAL ASSETS

Capital asset activity in the governmental activities for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 5,099,907	\$ 251,929	\$ -	\$ 5,351,836
Total capital assets, not being depreciated	<u>5,099,907</u>	<u>251,929</u>	<u>-</u>	<u>5,351,836</u>
Capital assets, being depreciated				
Infrastructure	58,207,747	852,148	-	59,059,895
Buildings	4,716,256	-	-	4,716,256
Improvements	5,819,772	37,293	-	5,857,065
Vehicles	3,406,582	299,915	(176,257)	3,530,240
Equipment	1,644,504	166,741	-	1,811,245
Total capital assets, being depreciated	<u>73,794,861</u>	<u>1,356,097</u>	<u>(176,257)</u>	<u>74,974,701</u>
Accumulated Depreciation for:				
Infrastructure	(18,292,928)	(1,741,158)	-	(20,034,086)
Buildings	(1,303,568)	(73,499)	-	(1,377,067)
Improvements	(2,244,306)	(195,541)	-	(2,439,847)
Vehicles	(2,709,542)	(202,853)	169,854	(2,742,541)
Equipment	(1,192,510)	(124,426)	-	(1,316,936)
Total accumulated depreciation	<u>(25,742,854)</u>	<u>(2,337,477)</u>	<u>169,854</u>	<u>(27,910,477)</u>
Total capital assets being depreciated, net	<u>48,052,007</u>	<u>(981,380)</u>	<u>(6,403)</u>	<u>47,064,224</u>
Governmental activities capital assets, net	<u>\$53,151,914</u>	<u>\$(729,451)</u>	<u>\$ (6,403)</u>	<u>\$52,416,060</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 59,273
Public Safety	
Police	86,285
Fire	105,902
Community Development	13,117
Public Works	1,796,406
Parks and Recreation	276,495

Total Governmental Activities Depreciation Expense \$ 2,337,478

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

4. CAPITAL ASSETS (Continued)

Capital asset activity in the business-type activities for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 5,787,774	\$ -	\$ -	\$5,787,774
Water Stock	3,329,990	387,000	-	3,716,990
Total capital assets, not being depreciated	<u>9,117,764</u>	<u>387,000</u>	<u>-</u>	<u>9,504,764</u>
Capital assets, being depreciated				
Buildings	825,794	-	-	825,794
Improvements	41,320	-	-	41,320
Infrastructure	56,519,645	1,816,586	-	58,336,231
Vehicles	1,880,738	299,715	(89,599)	2,090,854
Machinery and Equipment	1,575,230	54,058	-	1,629,288
Total capital assets, being depreciated	<u>60,842,727</u>	<u>2,170,359</u>	<u>(89,599)</u>	<u>62,923,487</u>
Accumulated Depreciation for:				
Buildings	(344,085)	(13,841)	-	(357,926)
Improvements	(5,508)	(1,377)	-	(6,885)
Infrastructure	(18,632,421)	(1,472,257)	-	(20,104,678)
Vehicles	(1,420,414)	(195,854)	89,599	(1,526,669)
Machinery and Equipment	(950,194)	(95,168)	-	(1,045,362)
Total accumulated depreciation	<u>(21,352,622)</u>	<u>(1,778,497)</u>	<u>89,599</u>	<u>(23,041,520)</u>
Total capital assets, being depreciated, net	<u>39,490,105</u>	<u>391,862</u>	<u>-</u>	<u>39,881,967</u>
Business-type activities capital assets, net	<u>\$48,607,869</u>	<u>778,862</u>	<u>-</u>	<u>\$49,386,731</u>

In 2012, the fire department in the government wide statements transferred an asset with a historical cost of \$50,540 and accumulated depreciation of \$50,540, leaving a net book value of \$0, being transferred from the governmental activities to the business-type activities.

Depreciation expense was charged to functions as follows:

Business-type Activities:

Water	\$ 480,728
Sewer	688
Electric	618,784
Sanitation	103,402
Storm Water	490,214
Ambulance	<u>34,141</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,727,957</u>

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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	-	-	3,640,850	-	-	-	3,716,990
Buildings	123,869	41,289	660,636	-	-	-	-	825,794
Improvements	41,320	-	-	-	-	-	-	41,320
Infrastructure	19,507,689	-	21,882,787	-	-	16,945,672	-	58,336,148
Vehicles	321,787	-	881,785	-	207,383	312,129	367,770	2,090,854
Equipment	235,348	-	283,159	-	1,077,443	2,655	30,648	1,629,253
Total	20,426,247	41,289	29,359,725	3,657,172	1,284,826	17,260,456	398,418	72,428,133
Accum Depr	(6,151,708)	(17,890)	(9,031,093)	-	(765,408)	(6,749,011)	(326,292)	(23,041,402)
Net	<u>\$14,274,539</u>	<u>\$ 23,399</u>	<u>\$20,328,632</u>	<u>\$3,657,172</u>	<u>\$ 519,418</u>	<u>\$10,511,445</u>	<u>\$ 72,126</u>	<u>\$49,386,731</u>

5. DEPOSITS

Governmental Fund - Deposits in the governmental fund as of June 30, 2012 are as follows:

Business license bonds refundable	\$ 2,300
Builders' deposits	250,025
Excavation deposits	93,100
Escrow deposits	986,523
Total	<u>\$ 1,331,948</u>

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, 2012 deposits are as follows:

Utility deposits	\$ 97,995
Water meter deposits	4,273
Total deposits	<u>\$ 102,268</u>

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:

	Governmental Activities	Power Fund	Sanitation Fund	Storm Water Fund	Ambulance Fund
Vehicles	\$ -	-	\$ 207,383	\$ 282,602	\$ 153,000
Equipment	-	\$ 212,897	313,696	-	-
Less: Accumulated Amortization	-	-	(182,283)	(161,487)	(91,800)
Total	<u>\$ -</u>	<u>\$ 212,897</u>	<u>\$ 338,796</u>	<u>\$ 121,115</u>	<u>\$ 61,200</u>

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

6. LEASES (Continued)

Business-type activities:

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

The bucket truck lease purchase agreement bears an interest rate of 2.42%. Semi-annual payments are made with final payment being made in 2016. Payments are made from the Power fund.

Year Ended June 30,	Capital Lease (Bucket Truck)		
	2.42%		
	Principal	Interest	Total
2013	\$ 41,047	\$ 3,874	\$ 44,921
2014	42,046	2,875	44,921
2015	43,070	1,851	44,921
2016	44,118	803	44,921
Totals	\$ 170,281	\$ 9,403	\$ 179,684

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.

Year Ended June 30,	Capital Lease (Street Sweeper)		
	4.47%		
	Principal	Interest	Total
2013	\$ 34,751	\$ 1,972	\$ 36,723
2014	17,801	401	18,202
Totals	\$ 52,552	\$ 2,373	\$ 54,925

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.

Year Ended June 30,	Capital Lease (Recycling Cans)		
	2.58%		
	Principal	Interest	Total
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
Totals	\$ 251,261	\$ 20,851	\$ 272,112

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

6. LEASES (Continued)

The vector 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.

Year Ended June 30,	Capital Lease (Vector Truck)		
	5.05%		
	Principal	Interest	Total
2013	\$ 50,534	\$ 2,552	\$ 53,086
Totals	\$ 50,534	\$ 2,552	\$ 53,086

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
2013	\$ 32,544	\$ 1,846	\$ 34,390
2014	16,517	376	16,893
Totals	\$ 49,061	\$ 2,222	\$ 51,283

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
2013	\$ 100,000	\$ 7,000	\$ 107,000
Totals	\$ 100,000	\$ 7,000	\$ 107,000

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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:

Year Ended June 30,	Series 2010 Bonds 2.75%		
	Principal	Interest	Total
2013	\$ 287,000	\$ 24,338	\$ 311,338
2014	295,000	16,445	311,445
2015	303,000	8,332	311,332
Totals	\$ 885,000	\$ 49,115	\$ 934,115

200 N Overpass- UDOT

The City was 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. The final payment was made October 31, 2011.

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:

Year Ended June 30,	Note Payable – Land 8.00%		
	Principal	Interest	Total
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
Totals	\$ 1,586,508	\$ 380,763	\$ 1,967,271

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012 is as follows:

Governmental Activities:	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Note Payable - Pioneer Park Land	\$ 200,000	\$ -	\$ (100,000)	\$ 100,000	\$ 100,000
Series 2010 Bonds	1,165,000	-	(280,000)	885,000	287,000
Note Payable- 200 N Overpass UDOT	1,226,739	-	(1,226,739)	-	-
Total Debt	2,591,739	-	(1,606,739)	985,000	387,000
Compensated Absences	243,135	200,360	(194,508)	248,987	142,370
<i>Total Governmental Activities</i>	<u>\$2,834,874</u>	<u>\$ 200,360</u>	<u>\$ (1,801,247)</u>	<u>\$1,233,987</u>	<u>\$ 529,370</u>

Business-type Activities:	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Capital Lease (Bucket Truck)	\$ -	\$ 212,897	\$ (42,616)	\$ 170,281	\$ 41,047
Capital Lease (Sweeper)	85,800	-	(33,248)	52,552	34,751
Capital Lease (Recycling Cans)	293,088	-	(41,827)	251,261	42,966
Capital Lease (Vactor Truck)	98,639	-	(48,105)	50,534	50,534
Capital Lease (Ambulances)	80,197	-	(31,136)	49,061	32,544
Note Payable - Land	1,903,809	-	(317,301)	1,586,508	317,301
Total Debt	2,461,533	212,897	(514,233)	2,160,197	519,143
Compensated Absences	98,599	39,864	(19,720)	118,743	23,331
<i>Total Business-type Activities</i>	<u>\$2,560,132</u>	<u>\$ 252,761</u>	<u>\$ (533,953)</u>	<u>\$2,278,940</u>	<u>\$542,474</u>

For the year ended June 30, 2012, \$46,038 in interest was charged to expense in the Governmental Activities and \$171,663 was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2012, 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, 2012

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 9.76% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Kaysville City is required to contribute 13.77% 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, 2012, 2011 and 2010 were \$10,633, \$6,853, and \$5,601 respectively and for the Noncontributory Retirement System the contributions for June 30, 2012, 2011 and 2010 were \$409,994, \$389,580, and \$344,343 respectively. For the Public Safety Noncontributory Retirement System contributions for June 30, 2012, 2011 and 2010 were \$282,662, \$263,908, and \$247,282 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, 2012 totaled \$146,468. The 401(k) plan has an elective deferral option. Employee contributions for the year ended June 30, 2012 totaled approximately \$104,587.

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, 2012**

11. INTERFUND TRANSACTIONS

Transfers In/Out

Transfers for the year ended June 30, 2012 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>Debt Service Fund</u>	<u>Ambulance Fund</u>	<u>Total</u>
General Fund	\$ 315,000	\$ 165,000	\$ 480,000
Capital Projects Fund	1,345,000	-	1,345,000
Totals	<u><u>\$ 1,660,000</u></u>	<u><u>\$ 165,000</u></u>	<u><u>\$ 1,825,000</u></u>

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, 2012 were as follows:

<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	
	<u>Pressure Irrigation</u>	<u>Total</u>
Water Fund	\$ 10,000	\$ 10,000
Total	<u><u>\$ 10,000</u></u>	<u><u>\$ 10,000</u></u>

The above receivable and payable have resulted from the normal course of the City's operations. The Pressure Irrigation Fund has borrowed money from Water Fund. 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, 2012

13. 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.

Expenditures over budget:

The vehicle replacement program within the General Fund incurred \$23,179 in expenditures in excess of budget.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Notes to Required Supplementary Information

KAYSVILLE CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property Taxes - Current	\$ 1,203,000	\$ 1,203,000	\$ 1,264,640	\$ 61,640
Property Taxes - Redemptions	30,000	30,000	11,800	(18,200)
Property Taxes - Payments in Lieu	20,000	20,000	20,270	270
Motor Vehicle Fee in Lieu	155,000	155,000	126,695	(28,305)
Sales Tax	2,900,000	2,900,000	3,109,348	209,348
Utility License Tax	595,000	595,000	624,491	29,491
Energy Sales and Use Charge	1,195,000	1,195,000	1,220,618	25,618
	<u>6,098,000</u>	<u>6,098,000</u>	<u>6,377,862</u>	<u>279,862</u>
Licenses and Permits:				
Business Licenses	55,000	55,000	63,718	8,718
Building Permits	265,000	265,000	230,702	(34,298)
Building Permit Bonds Forfeitures	-	-	33,000	33,000
	<u>320,000</u>	<u>320,000</u>	<u>327,420</u>	<u>7,420</u>
Intergovernmental:				
Class "C" Road	785,000	785,000	837,454	52,454
State Liquor Allotment	18,000	18,000	18,465	465
State Grants	5,000	5,000	2,754	(2,246)
Federal Funding	-	470,000	505,416	35,416
	<u>808,000</u>	<u>1,278,000</u>	<u>1,364,089</u>	<u>86,089</u>
Charges for Services:				
Administrative Charges	544,000	544,000	544,000	-
Zoning/ Plan Check	65,000	65,000	83,011	18,011
Maps and Publications	500	500	56	(444)
Fire Protection	145,000	145,000	143,156	(1,844)
Law Enforcement	115,000	115,000	121,938	6,938
Streets	2,500	2,500	17,193	14,693
Parks and Recreation	494,300	494,300	566,252	71,952
Facilities Maintenance	6,000	6,000	11,038	5,038
Cemetery Lots	45,000	45,000	79,625	34,625
Burial Fees	80,000	80,000	81,230	1,230
GIS Services	138,000	138,000	138,000	-
Fleet Mgmt Services	72,000	72,000	78,000	6,000
Miscellaneous Charges	15,000	77,500	10,141	(67,359)
	<u>1,722,300</u>	<u>1,784,800</u>	<u>1,873,640</u>	<u>88,840</u>
Fines and Forfeitures	<u>101,000</u>	<u>101,000</u>	<u>102,500</u>	<u>1,500</u>

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, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Other Revenues:				
Interest and Dividend Earnings	40,000	40,000	30,751	(9,249)
Rents	16,000	16,000	15,568	(432)
Sale of Assets	-	-	26,713	26,713
Sale of Materials	-	-	5,590	5,590
Community Theatre	6,000	6,000	21,697	15,697
Civic Committee	9,700	9,700	42,814	33,114
Cert Fees	2,500	2,500	1,089	(1,411)
Sundry	20,000	20,000	15,951	(4,049)
	<u>94,200</u>	<u>94,200</u>	<u>160,173</u>	<u>65,973</u>
Total Revenues	<u>9,143,500</u>	<u>9,676,000</u>	<u>10,205,684</u>	<u>529,684</u>
Expenditures:				
General Government:				
City Council	77,800	77,800	77,159	641
City Manager	158,500	158,500	155,374	3,126
Administrative Services	709,600	709,600	666,465	43,135
Information Services	336,700	336,700	330,115	6,585
Legal Services	145,000	195,000	184,765	10,235
Elections	19,500	19,500	17,303	2,197
Animal Control	55,000	55,000	46,470	8,530
Fleet Maintenance	247,900	247,900	247,869	31
Vehicle Replacement Program	125,000	125,000	148,179	(23,179)
	<u>1,875,000</u>	<u>1,925,000</u>	<u>1,873,699</u>	<u>51,301</u>
Public Safety:				
Police Department	2,556,056	2,556,056	2,420,085	135,971
Cops Technology Grant	-	300,000	298,149	1,851
Fire Department	456,200	456,200	453,001	3,199
	<u>3,012,256</u>	<u>3,312,256</u>	<u>3,171,235</u>	<u>141,021</u>
Community Development:				
Planning and Zoning	318,085	318,085	310,854	7,231
Code Enforcement	396,584	396,584	358,110	38,474
	<u>714,669</u>	<u>714,669</u>	<u>668,964</u>	<u>45,705</u>
Public Works:				
Public Works	775,059	775,059	678,007	97,052
Storm Recovery- FEMA	-	170,000	138,067	31,933
Class "C" Roads	470,000	722,000	710,376	11,624
	<u>1,245,059</u>	<u>1,667,059</u>	<u>1,526,450</u>	<u>140,609</u>

(continued)

KAYSVILLE CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Parks, Recreation and Public Properties:				
Buildings	166,100	166,100	158,828	7,272
Parks	799,900	793,900	792,947	953
Recreation	694,766	694,766	694,534	232
Community Events	74,550	160,500	160,308	192
Cemetery	128,200	134,200	134,139	61
	<u>1,863,516</u>	<u>1,949,466</u>	<u>1,940,756</u>	<u>8,710</u>
 Total Expenditures	 <u>8,710,500</u>	 <u>9,568,450</u>	 <u>9,181,104</u>	 <u>387,346</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>433,000</u>	 <u>107,550</u>	 <u>1,024,580</u>	 <u>917,030</u>
 Other Financing Sources (Uses):				
Appropriation from Fund Balance	47,000	372,450	-	(372,450)
Transfers (Out):				
Debt Service Fund	(315,000)	(315,000)	(315,000)	-
Ambulance Fund	(165,000)	(165,000)	(165,000)	-
	<u>(433,000)</u>	<u>(107,550)</u>	<u>(480,000)</u>	<u>(372,450)</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Use:	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
	<u>-</u>	<u>-</u>	<u>544,580</u>	<u>544,580</u>
 Fund Balance - July 1	 <u>2,252,935</u>	 <u>2,252,935</u>	 <u>2,252,935</u>	 <u>-</u>
 Fund Balance - June 30	 <u>\$ 2,252,935</u>	 <u>\$ 2,252,935</u>	 <u>\$ 2,797,515</u>	 <u>\$ 544,580</u>

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KAYSVILLE CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012

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 2011/2012 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, 2012

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 264	\$ 264
Total Revenues	-	-	264	264
EXPENDITURES:				
Debt Service:				
Road Revenue Bond Payment	315,000	315,000	313,538	1,462
Public Works UDOT Payment	1,230,000	1,230,000	1,226,738	3,262
Pioneer Park Payment	115,000	115,000	114,000	1,000
Total Expenditures	1,660,000	1,660,000	1,654,276	5,724
Excess (Deficiency) of Revenues over Expenditures	(1,660,000)	(1,660,000)	(1,654,012)	5,988
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	315,000	315,000	315,000	-
Capital Projects Fund	1,345,000	1,345,000	1,345,000	-
	1,660,000	1,660,000	1,660,000	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	5,988	5,988
Fund Balance at Beginning of Year	196,304	196,304	196,304	-
Fund Balance at End of Year	\$ 196,304	\$ 196,304	\$ 202,292	\$ 5,988

KAYSVILLE CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- BUDGET AND ACTUAL
MAJOR CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Park Development Impact Fees	\$ 200,000	200,000	\$ 136,080	\$ (63,920)
Transportation Impact Fees	1,230,000	1,230,000	238,504	(991,496)
Public Safety Impact Fees	-	-	13,524	13,524
Donations	-	280,000	130,000	(150,000)
Interest Income	-	-	18,715	18,715
Total Revenues	1,430,000	1,710,000	536,823	(1,173,177)
EXPENDITURES:				
Capital Outlay:				
Heritage Park Improvements	85,000	365,000	304,527	60,473
200 N Intersection	-	-	-	-
Rail Trail	-	80,000	77,743	2,257
Total Expenditures	85,000	445,000	382,270	62,730
Excess (Deficiency) of Revenues over Expenditures	1,345,000	1,265,000	154,553	(1,110,447)
Other Financing Sources (Uses):				
Fund Balance	-	80,000	-	(80,000)
Transfers In (Out):				
Debt Service	(1,345,000)	(1,345,000)	(1,345,000)	-
	(1,345,000)	(1,265,000)	(1,345,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	(1,190,447)	(1,110,447)
Fund Balance at Beginning of Year	2,863,535	2,863,535	2,863,535	-
Fund Balance at End of Year	\$ 2,863,535	\$ 2,863,535	\$ 1,673,088	\$ (1,110,447)

STATISTICAL SECTION



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.

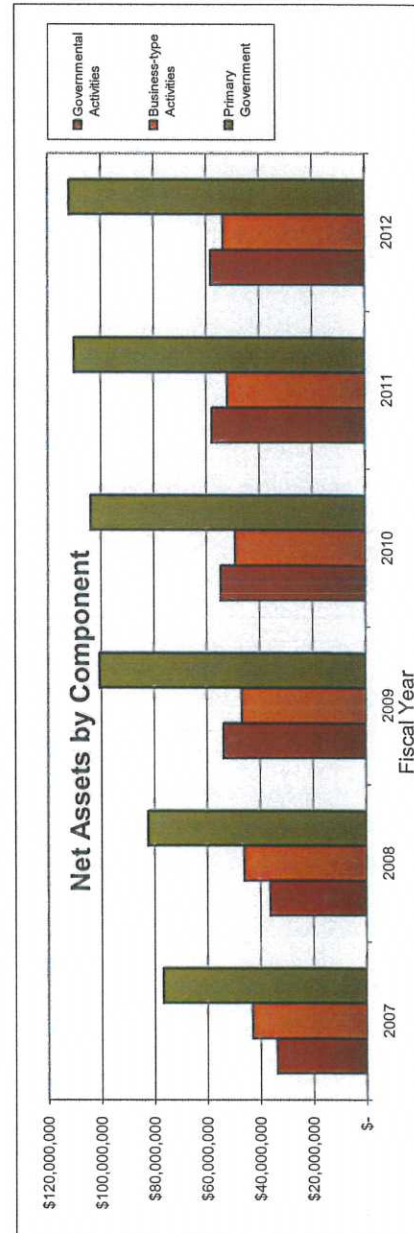
Contents	Page
Financial Trends	71-76
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	77-85
<i>These schedules contain information to help the reader assess the government's local revenue source, property tax.</i>	
Debt Capacity	86-88
<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	89-91
<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	92
<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 activities it performs.</i>	

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KAYSVILLE CITY CORPORATION
Table 1 - Net Assets by Component
June 30, 2012

	2007	2008	2009	2010	2011	2012
Governmental Activities						
Investment in Capital Assets, Net of Related Debt	\$ 28,864,094	\$ 31,559,900	\$ 47,859,814	\$ 49,104,550	\$ 50,933,344	\$ 51,804,229
Restricted	3,996,861	3,408,975	4,119,488	4,234,362	4,650,573	4,125,429
Unrestricted	936,041	1,408,627	1,919,793	1,411,551	2,419,566	2,402,159
Total Governmental Activities Net Assets	\$ 33,796,996	\$ 36,377,502	\$ 53,899,095	\$ 54,750,463	\$ 58,003,483	\$ 58,331,817
Business-type Activities						
Invested in Capital Assets, Net of Related Debt	\$ 39,784,790	\$ 40,751,249	\$ 44,257,004	\$ 43,555,686	\$ 46,146,335	\$ 47,227,210
Restricted	640,345	55,149	96,379	131,574	180,861	211,341
Unrestricted	2,657,464	5,299,689	2,475,904	5,447,712	5,768,480	6,142,927
Total Business-type Activities Net Assets	\$ 43,082,599	\$ 46,106,087	\$ 46,829,287	\$ 49,134,972	\$ 52,095,676	\$ 53,581,478
Primary Government						
Invested in Capital Assets, Net of Related Debt	\$ 68,648,884	\$ 72,311,149	\$ 92,116,818	\$ 92,660,236	\$ 97,079,679	\$ 99,031,439
Restricted	4,637,206	3,464,124	4,215,867	4,365,936	4,831,434	4,336,770
Unrestricted	3,593,505	6,708,316	4,395,697	6,859,263	8,188,046	8,545,086
Total Primary Government Net Assets	\$ 76,879,595	\$ 82,483,589	\$ 100,728,382	\$ 103,885,435	\$ 110,099,159	\$ 111,913,295

(Accrual Basis of Accounting)



KAYSVILLE CITY CORPORATION
Table 2 - Changes in Net Assets
June 30, 2012

	2006	2007	2008	2009	2010	2011	2012
Expenses							
Government Activities:							
General Government	\$ 1,275,261	\$ 1,183,636	\$ 1,487,669	\$ 1,573,836	\$ 1,535,455	\$ 1,545,761	\$ 1,912,144
Public Safety - Police	1,813,474	2,027,634	2,193,793	2,164,881	2,235,372	2,213,269	2,640,849
Public Safety - Fire	445,331	450,318	527,139	531,620	446,057	483,156	423,978
Community Development	467,474	608,457	837,804	725,078	856,615	760,562	658,823
Public Works	1,615,171	2,119,382	2,227,389	1,746,346	3,234,262	2,964,516	2,699,309
Parks, Recreation and Public Properties	1,573,015	1,685,013	1,853,861	2,170,919	1,947,498	1,910,131	2,145,155
Perpetual Cemetery	-	-	78,348	36,000	63,770	-	-
Library Endowment	32,495	10,000	-	-	-	-	-
Special Revenue - Library	331,514	36,537	-	-	-	-	-
Interest on Long-Term Debt	105,831	83,286	62,965	92,886	78,069	343,327	327,537
Total Governmental Activities Expenses	7,659,566	8,204,263	9,268,968	9,041,566	10,397,098	10,220,722	10,807,795
Business-type Activities:							
Water	1,469,800	1,603,461	2,112,958	2,055,930	2,001,788	2,035,790	2,227,960
Sewer	1,324,522	1,391,445	1,486,306	1,675,055	1,771,084	1,736,004	1,743,293
Electric	10,717,294	10,818,203	12,057,762	12,558,805	12,357,551	12,665,025	12,225,173
Pressure Irrigation	777,596	893,148	933,041	1,001,318	1,060,124	1,072,481	1,105,317
Sanitation	1,181,929	1,132,110	1,157,707	1,166,979	1,203,823	1,376,902	1,535,860
Storm Water	727,455	468,750	812,161	927,250	1,080,850	1,140,057	1,080,937
Ambulance	453,756	465,678	449,019	572,672	517,513	565,430	570,158
Total Business-Type Activities Expenses	16,652,352	16,772,795	19,008,954	19,958,009	19,992,733	20,591,689	20,488,698
Total Primary Government Expenses	\$ 24,311,918	\$ 24,977,058	\$ 28,277,922	\$ 28,999,575	\$ 30,389,831	\$ 30,812,411	\$ 31,296,493

KAYSVILLE CITY CORPORATION
Table 2 - Changes in Net Assets (Continued)
June 30, 2012

	2006	2007	2008	2009	2010	2011	2012
Program Revenues							
Government Activities:							
Charges for Services							
General Government	\$ 504,503	\$ 519,390	\$ 613,771	\$ 647,500	\$ 648,277	\$ 647,686	\$ 760,056
Public Safety - Police	204,550	195,296	229,979	216,799	221,483	233,637	237,962
Public Safety - Fire	124,576	121,903	144,344	140,535	141,818	139,507	143,156
Community Development	233,892	194,717	419,546	301,483	375,149	602,391	410,431
Public Works	2,281,843	2,531,811	1,287,340	1,520,183	1,346,410	1,187,282	1,093,151
Parks, Recreation and Public Properties	1,184,753	1,064,075	837,388	790,532	835,546	930,176	889,793
Perpetual Cemetery	43,350	51,500	56,300	64,630	47,560	54,175	56,450
Special Revenue - Library	15,736	-	-	-	-	-	-
Operating Grants and Contributions	752,413	81,619	154,963	50,292	205,830	94,835	526,635
Capital Grants and Contributions	132,524	905,276	1,635,825	16,805,490	1,670,091	3,691,377	599,878
Total Governmental Activities Program Revenues	5,478,140	5,665,587	5,379,456	20,537,444	5,492,164	7,581,066	4,717,512
Business-type Activities:							
Charges for Services:							
Water	1,676,158	1,702,823	1,770,229	1,960,877	2,247,425	2,289,022	2,310,530
Sewer	1,386,456	1,455,293	1,506,782	1,733,153	1,763,771	1,794,049	1,821,529
Electric	11,069,202	11,257,963	12,574,279	12,177,583	11,877,444	12,189,118	12,810,922
Pressure Irrigation	781,165	908,199	969,994	1,054,672	1,080,784	1,079,514	1,101,257
Sanitation	1,284,796	1,243,106	1,218,953	1,260,996	1,286,007	1,429,094	1,564,996
Storm Water	720,480	740,061	938,853	973,123	991,059	1,013,729	1,075,823
Ambulance	342,506	327,783	428,495	430,491	414,505	388,818	326,368
Grants and Contributions	2,270,075	980,896	2,215,296	827,954	2,463,765	3,172,636	768,060
Total Business-Type Activities Program Revenues	19,530,838	18,616,124	21,622,881	20,418,849	22,124,760	23,355,980	21,779,485
Total Primary Government Program Revenues	\$ 25,008,978	\$ 24,281,711	\$ 27,002,337	\$ 40,956,293	\$ 27,616,924	\$ 30,937,046	\$ 26,496,997
Net (Expense) Revenue							
Governmental Activities	\$ (2,181,426)	\$ (2,538,676)	\$ (3,889,512)	\$ 11,495,878	\$ (4,904,934)	\$ (2,639,656)	\$ (6,090,283)
Business-type Activities	2,878,486	1,843,329	2,613,927	460,840	2,132,027	2,764,291	1,290,787
Total Primary Government Net Expense	\$ 697,060	\$ (695,347)	\$ (1,275,585)	\$ 11,956,718	\$ (2,772,907)	\$ 124,635	\$ (4,799,496)

KAYSVILLE CITY CORPORATION
Table 2 - Changes in Net Assets (Continued)
June 30, 2012

	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property Taxes	\$ 1,514,768	\$ 1,059,034	\$ 1,246,815	\$ 1,308,424	\$ 1,400,530	\$ 1,429,796	\$ 1,423,405
Sales Taxes	2,720,052	3,166,266	3,249,441	2,971,247	2,744,689	2,865,286	3,109,348
Franchise Taxes	504,791	560,900	547,862	610,526	576,731	542,039	624,491
Energy Sales and Use Charge	861,158	811,194	1,059,820	1,046,355	995,454	1,047,797	1,220,618
Interest on Investments	433,803	430,623	278,111	173,831	82,802	86,925	81,760
Miscellaneous	185,738	85,632	287,969	115,332	106,096	95,833	123,995
Contributions	-	-	-	-	-	-	-
Transfers	200,000	470,000	(200,000)	(200,000)	(150,000)	(175,000)	(165,000)
Total governmental activities	6,420,310	6,583,649	6,470,018	6,025,715	5,756,302	5,892,676	6,418,617
Business-type Activities:							
Interest on investments							
Contributions	154,615	196,761	209,561	62,360	23,658	21,413	30,015
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-
Transfers	973,602	993,727	-	-	-	-	-
Total business-type activities	(200,000)	(470,000)	200,000	200,000	150,000	175,000	165,000
Total primary government	928,217	720,488	409,561	262,360	173,658	196,413	195,015
	<u>\$ 7,348,527</u>	<u>\$ 7,304,137</u>	<u>\$ 6,879,579</u>	<u>\$ 6,288,075</u>	<u>\$ 5,929,960</u>	<u>\$ 6,089,089</u>	<u>\$ 6,613,632</u>
Change in Net Assets							
Governmental activities	\$ 4,238,884	\$ 4,044,973	\$ 2,580,506	\$ 17,521,593	\$ 851,368	\$ 3,253,020	\$ 328,334
Business-type activities	3,806,703	2,563,817	3,023,488	723,200	2,305,685	2,960,704	1,485,802
Total primary government	<u>\$ 8,045,587</u>	<u>\$ 6,608,790</u>	<u>\$ 5,603,994</u>	<u>\$ 18,244,793</u>	<u>\$ 3,157,053</u>	<u>\$ 6,213,724</u>	<u>\$ 1,814,136</u>

(Accrual Basis of Accounting)

Information from Basic Financial Statements, Government-wide Financial Statement of Activities

KAYSVILLE CITY CORPORATION
Table 3 - Balance Sheet Fund Balances of Governmental Funds
June 30, 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Restricted	-	-	-	-	-	-	-	-	254,530	381,608
Unassigned	-	-	-	-	-	-	-	-	1,998,405	2,415,907
Reserved	328,407	92,790	576,135	-	-	-	-	26,678	-	-
Unreserved	826,073	2,409,711	2,583,763	3,229,021	1,591,699	1,316,904	1,643,886	1,459,383	-	-
Total General Fund	1,154,480	2,502,501	3,159,898	3,229,021	1,591,699	1,316,904	1,643,886	1,486,061	2,252,935	2,797,515
Debt Service Fund										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	196,304	202,292
Reserved	92,768	49,159	223,293	1,061,822	884,865	784,865	684,865	158,200	-	-
Unreserved	98,196	145,373	(15,547)	211,732	168,771	173,944	185,812	32,872	-	-
Total Debt Service Fund	190,964	194,532	207,746	1,273,554	1,053,636	958,809	870,677	191,072	196,304	202,292
Capital Projects Fund										
Restricted	-	-	-	-	-	-	-	-	2,153,201	1,033,352
Assigned	-	-	-	-	-	-	-	-	710,334	639,736
Reserved	-	-	-	1,081,494	1,032,002	377,460	1,108,014	3,108,254	-	-
Unreserved	1,228	1,395,500	574,990	500,342	(651,483)	173,681	450,153	272,640	-	-
Total Capital Projects Fund	1,228	1,395,500	574,990	1,581,836	380,519	551,141	1,558,167	3,380,894	2,863,535	1,673,088
Library Special Revenue Fund										
Reserved	3,074	11,565	12,462	-	-	-	-	-	-	-
Unreserved	24,289	58,388	97,915	123,893	87,405	-	-	-	-	-
Total Library Special Revenue Fund	27,363	69,953	110,377	123,893	87,405	N/A	N/A	N/A	N/A	N/A
Cemetery Perpetual Care										
Restricted	-	-	-	-	-	-	-	-	1,496,718	1,564,212
Reserved	967,400	1,016,758	1,078,485	1,166,479	1,266,593	1,388,801	1,441,422	1,434,783	-	-
Total Cemetery Perpetual Care Fund	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	1,564,212
Blood Library Endowment Fund										
Nonspendable	-	-	-	-	-	-	-	-	682,359	684,457
Restricted	-	-	-	-	-	-	-	-	240,630	259,518
Reserved	826,876	834,178	793,271	783,853	813,401	857,849	885,185	906,647	-	-
Total Blood Library Endowment Fund	826,876	834,178	793,271	783,853	813,401	857,849	885,185	906,647	922,989	943,975

Note: In Fiscal year 2011 the fund balance descriptions and categories changed to comply with GASB 54. They have not been restated to prior years.

KAYSVILLE CITY CORPORATION
Table 4 - Changes in Fund Balance of Governmental Funds
June 30, 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 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	\$ 6,377,862
Licenses and Permits	341,983	479,696	556,267	775,483	593,434	327,165	249,940	318,626	518,582	327,420
Impact Fees	-	-	927,119	2,124,381	1,602,331	621,326	897,541	762,813	627,522	388,108
Intergovernmental	1,184,996	899,610	742,595	874,619	863,141	862,349	751,582	788,514	862,780	1,364,089
Charges for Services	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	1,930,090
Fines and Forefeitures	62,081	67,306	82,680	73,455	78,472	92,278	102,394	105,932	99,690	102,500
Interest Income	-	-	-	-	430,623	278,111	173,831	82,802	86,925	81,760
Community Development	-	-	-	-	125,000	115,036	29,703	164,335	78,932	-
Block Grant	358,344	1,627,613	1,809,309	557,738	144,764	354,523	110,905	85,880	102,494	259,422
Miscellaneous	6,986,846	8,944,905	10,414,639	11,698,450	10,880,952	10,413,649	9,957,669	9,728,375	10,024,540	10,831,251
Total Revenues										
Expenditures										
General Government	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	1,873,699
Public Safety	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	3,171,235
Community Development	328,545	386,599	418,435	450,766	608,457	867,676	709,372	837,550	748,334	668,964
Public Works	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	1,526,450
Parks, Recreation & Properties	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	1,940,756
Library	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	1,606,789
Interest & Fiscal Charges	120,639	149,014	129,459	105,831	83,286	62,704	92,886	78,071	76,327	47,487
Capital Outlay	3,373,951	647,022	729,302	1,625,848	6,008,152	577,849	721,404	826,208	844,231	382,270
Total Expenditures	<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>	<u>11,217,650</u>
Excess (Deficiency) of Revenues over Expenditures	<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>	<u>\$ (386,399)</u>
Other Financing Sources (Uses):										
Operating Transfers In	\$ 1,850,722	\$ 978,964	\$ 265,000	\$ 3,412,173	\$ 3,153,958	\$ 585,405	\$ 345,000	\$ 865,000	\$ 951,000	\$ 1,660,000
Operating Transfers Out	(540,722)	(328,750)	(355,000)	(3,212,173)	(2,565,950)	(785,405)	(545,000)	(1,015,000)	(1,126,000)	(1,825,000)
Capital Leases	-	-	-	-	340,000	-	-	-	-	-
Other Financing Sources	2,435,000	-	-	-	-	-	946,245	1,458,078	39,784	-
Total Other Financing Sources (Uses)	<u>3,745,000</u>	<u>650,214</u>	<u>(90,000)</u>	<u>200,000</u>	<u>928,008</u>	<u>(200,000)</u>	<u>746,245</u>	<u>1,308,078</u>	<u>(135,216)</u>	<u>(165,000)</u>
Net change in fund balances	<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>	<u>\$ (551,399)</u>
Debt service as a percentage of noncapital expenditures	13.06%	7.45%	6.98%	7.27%	6.54%	5.67%	5.13%	14.39%	10.86%	15.27%

(Modified Accrual Basis of Accounting)

KAYSVILLE CITY CORPORATION

Table 5 - Governmental Tax Revenues by Source

June 30, 2012

Fiscal Year	General Property Tax	Sales Tax	Utility License Tax	Energy Sales and Use Tax	Total Tax Revenue
2012	\$1,423,405	\$3,109,348	\$624,491	\$1,220,618	\$6,377,862
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

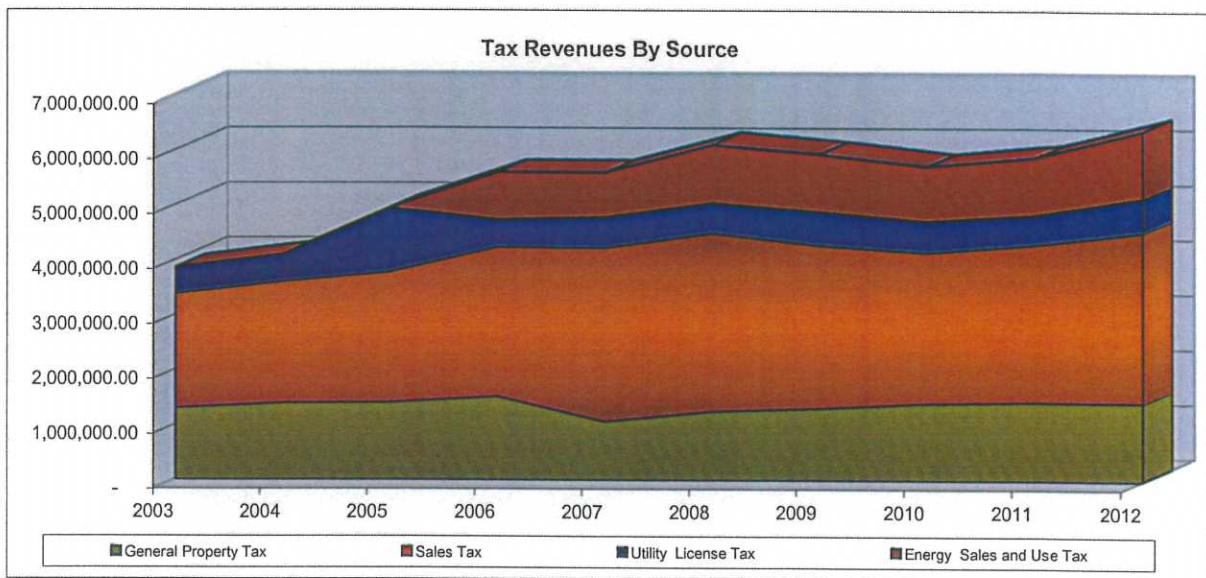
Notes:

(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

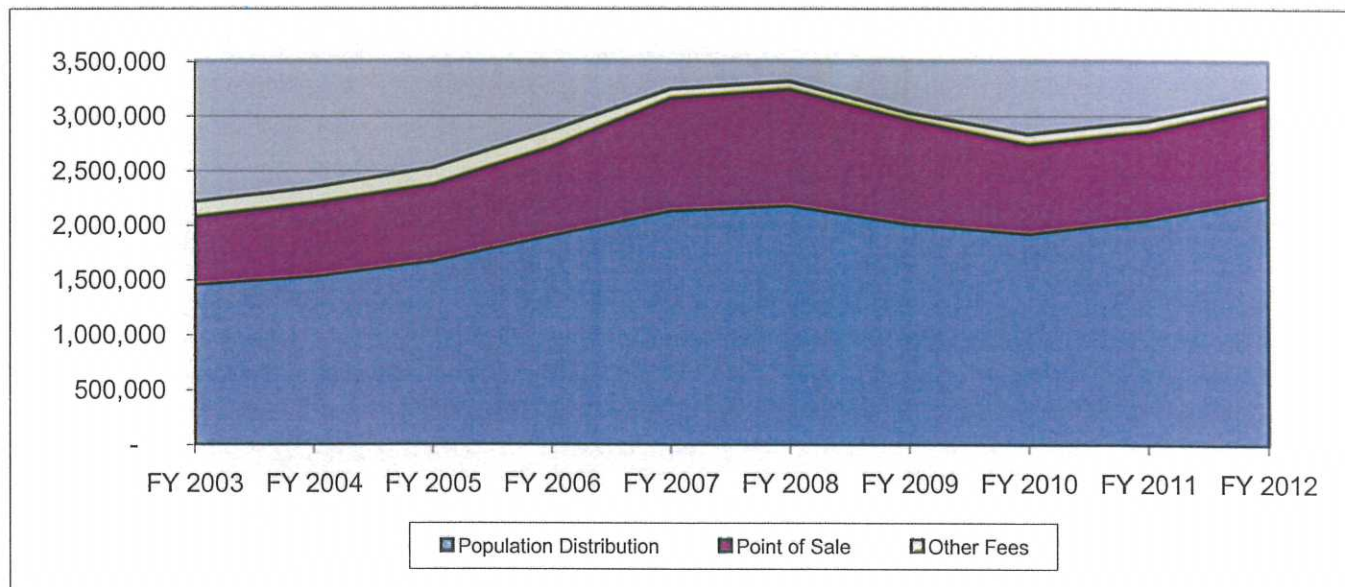


KAYSVILLE CITY CORPORATION

Table 6 - Sales Tax Revenue Trends

June 30, 2012

	<u>Population Distribution</u>	<u>Point of Sale</u>	<u>Administrative Fees</u>	<u>Total Distribution</u>
FY 2012	\$2,256,304	\$928,145	(\$75,102)	\$3,109,347
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



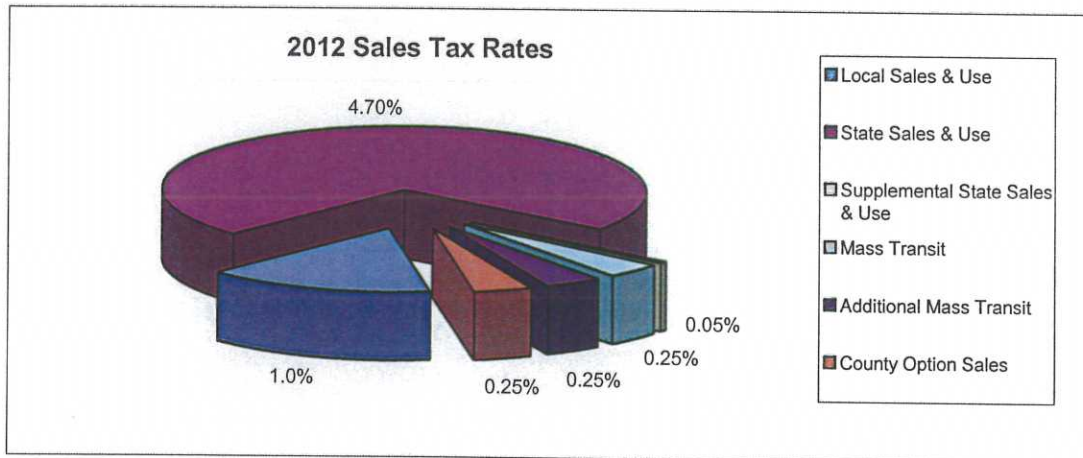
KAYSVILLE CITY CORPORATION

Table 7- Sales Tax Rates and Overlapping Governments
June 30, 2012

	Local Sales & Use	State Sales & Use	Supplemental State Sales & Use	Mass Transit	Additional Mass Transit	County Option Sales	Total Sales Tax Rate
FY 2012	1.0%	4.70%	0.05%	0.25%	0.25%	0.25%	6.50%
FY 2011	1.0%	4.70%	0.05%	0.25%	0.25%	0.25%	6.50%
FY 2010	1.0%	4.70%	0.05%	0.25%	0.25%	0.25%	6.50%
FY 2009	1.0%	4.70%	0.05%	0.25%	0.25%	0.25%	6.50%
FY 2008	1.0%	4.65%	0.05%	0.25%	0.25%	0.25%	6.45%
FY 2007	1.0%	4.75%	-	0.25%	0.25%	0.25%	6.50%
FY 2006	1.0%	4.75%	-	0.50%	-	0.25%	6.50%
FY 2005	1.0%	4.75%	-	0.50%	-	0.25%	6.50%
FY 2004	1.0%	4.75%	-	0.50%	-	0.25%	6.50%
FY 2003	1.0%	4.75%	-	0.50%	-	0.25%	6.50%
FY 2002	1.0%	4.75%	-	0.50%	-	0.25%	6.50%

Note: Rates are given as of the second quarter of each year.

Source: Utah State Tax Commission- Sales Tax Division



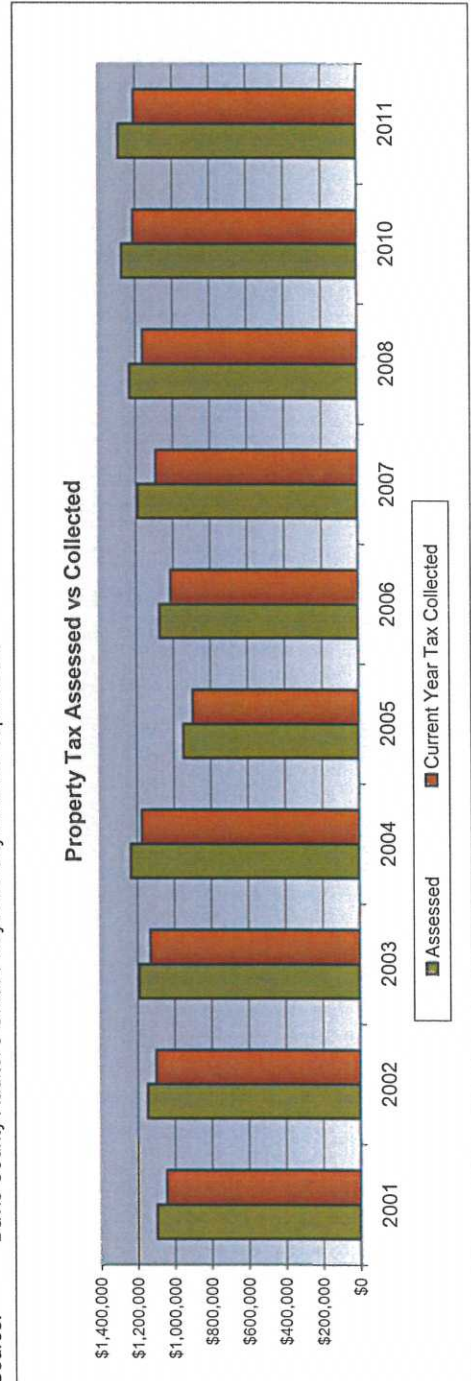
KAYSVILLE CITY CORPORATION

Table 8 - Property Tax Levies and Collections
June 30, 2012

Calendar Year	Total Taxable Value	City Tax Rate	Total Taxes Assessed	Current Year Taxes Collected	Percent of Current Tax Collections to Tax Levy	Delinquent Taxes Collected & Interest	Total Tax Collections	Percent of Total Tax Collected to Total Levy
2011	\$1,249,499,645	0.001035	\$1,291,482	\$1,207,193	93.47%	\$50,949	\$1,258,142	97.42%
2010	\$1,240,131,710	0.000987	\$1,273,553	\$1,212,592	95.20%	\$82,001	\$1,294,593	101.65%
2009	\$1,361,717,087	0.000907	\$1,232,460	\$1,161,304	94.20%	\$1,978	\$1,163,282	94.39%
2008	\$1,384,658,738	0.000829	\$1,189,004	\$1,092,021	91.80%	\$36,121	\$1,128,142	94.88%
2007	\$1,127,214,832	0.000925	\$1,073,872	\$1,013,619	94.40%	\$34,389	\$1,048,008	97.59%
2006	\$904,985,329	0.001004	\$948,078	\$895,885	94.50%	\$45,559	\$941,444	99.30%
2005	\$810,835,328	0.001519	\$1,233,637	\$1,174,690	95.20%	\$104,486	\$1,279,176	103.69%
2004	\$744,075,323	0.001600	\$1,191,121	\$1,129,601	94.84%	\$48,904	\$1,178,505	98.94%
2003	\$704,941,354	0.001626	\$1,145,936	\$1,099,725	95.97%	\$49,621	\$1,149,346	100.30%
2002	\$679,921,738	0.001612	\$1,096,203	\$1,045,353	95.36%	\$72,964	\$1,118,317	102.02%

Notes:
(1) Information is based on a calendar year - 2011 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 9 - Taxable and Estimated Market Value of Property
June 30, 2012

Calendar Year	Estimated Market Value	Taxable Value	Ratio of Total Taxable Value to Market Value
2011	\$2,350,588,352	\$1,248,987,235	53.14%
2010	\$2,168,753,297	\$1,292,683,505	59.60%
2009	\$2,269,621,881	\$1,361,717,087	60.00%
2008	\$2,396,101,233	\$1,430,484,173	59.70%
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	\$1,215,528,281	\$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%

Notes: (1) Information is based on a calendar year - 2011 is the most recent year
(2) Does not include fee-in-lieu property

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

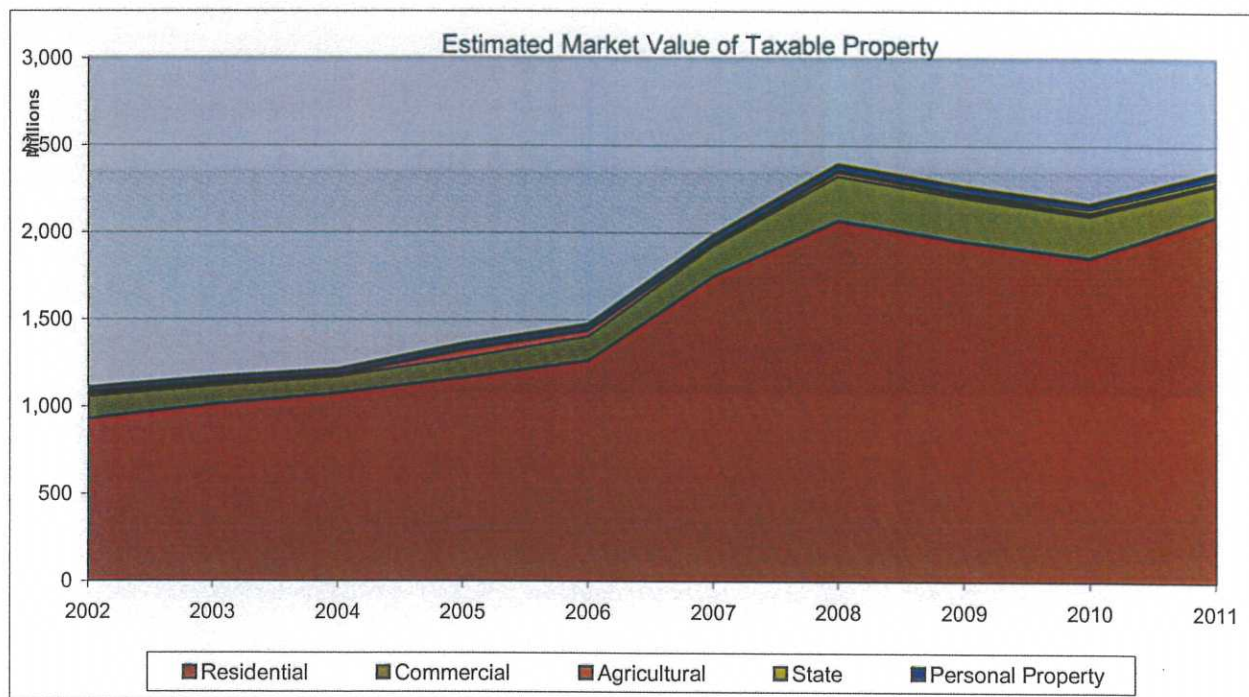
KAYSVILLE CITY CORPORATION

Table 10 - Estimated Market Value of Taxable Property
June 30, 2012

Calendar Year	Estimated Market Value	Residential	Commercial	Agricultural	State	Personal Property
2011	\$2,350,588,352	\$2,099,238,322	\$179,541,186	\$12,029,638	\$23,313,800	\$36,465,406
2010	\$2,168,753,297	\$1,858,916,829	\$242,095,238	\$15,189,436	\$23,478,439	\$29,073,355
2009	\$2,269,621,881	\$1,951,234,237	\$253,964,914	\$16,551,454	\$14,310,374	\$33,560,902
2008	\$2,396,101,233	\$2,069,875,981	\$257,292,274	\$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

Notes: (1) Information is based on a calendar year - 2011 is the most recent year
(2) Does not include fee-in-lieu property

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

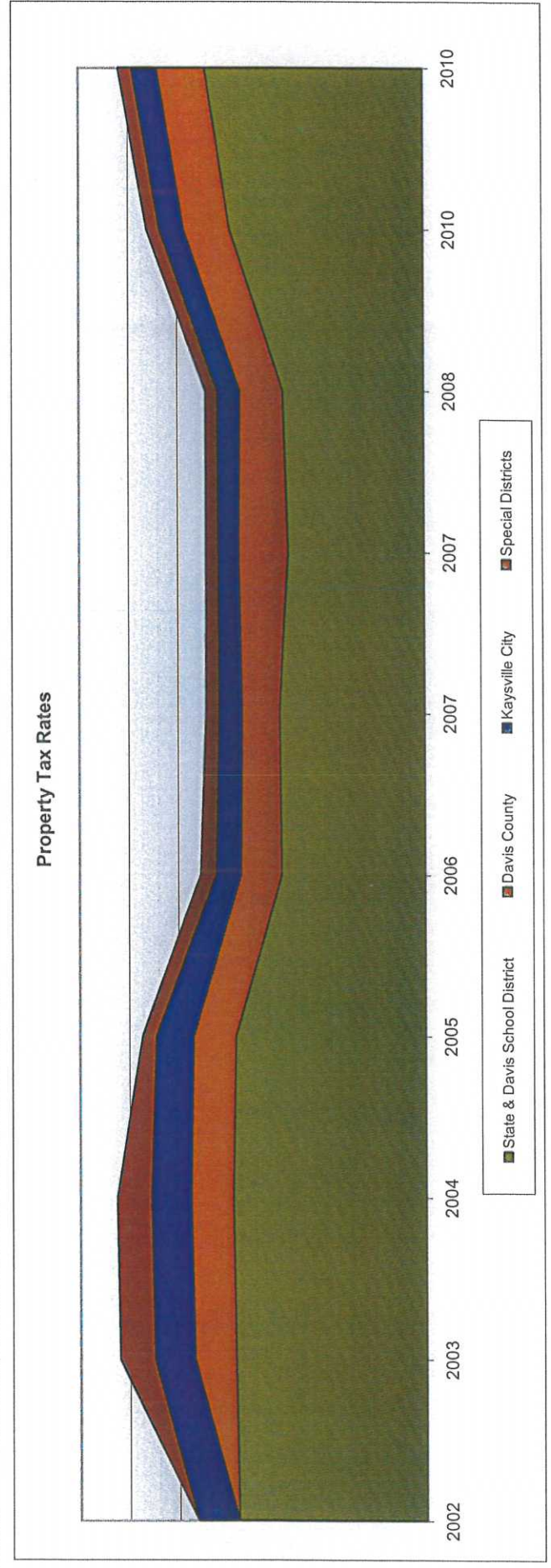


KAYSVILLE CITY CORPORATION
Table 11 - Property Tax Rates - Direct and Overlapping Governments
June 30, 2012

Calendar Year	Direct Rate		Overlapping Rates							Total	
	Kaysville City	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	Direct & Overlapping
2011	0.001035	0.008861	0.002383	0.000217	0.000104	0.000392	Not Available	0.000172	0.000114	0.000237	0.013515
2010	0.000987	0.007860	0.001945	0.000207	0.000097	0.000363	0.000137	0.000162	0.000106	0.000227	0.012091
2009	0.000907	0.005685	0.001865	0.000188	0.000093	0.000348	Not Available	0.000142	0.000100	0.000212	0.00954
2008	0.000829	0.005514	0.001776	0.000181	0.000088	0.000332	Not Available	0.000121	0.000100	0.000200	0.009141
2007	0.000925	0.005865	0.002005	0.000200	0.000099	0.000375	Not Available	0.000121	0.000063	0.000220	0.009873
2006	0.001004	0.005790	0.001532	0.000178	0.000086	NA	Not Available	0.000139	0.000068	0.000234	0.009031
2005	0.001519	0.007700	0.001676	0.000193	0.000091	NA	Not Available	0.000173	0.000072	0.000357	0.012518
2004	0.001600	0.007820	0.001695	0.000198	0.000090	NA	Not Available	0.000180	0.000073	0.000275	0.012468
2003	0.001626	0.007731	0.001700	0.000196	0.000094	NA	Not Available	0.000181	0.000073	0.000275	0.011402
2002	0.001612	0.007610	0.001650	0.000193	0.000061	NA	Not Available	0.000181	0.000073	0.000276	0.011417

Notes: (1) Information is based on a calendar year - 2011 is the most recent year
(2) Overlapping rates are those of local and county governments that apply to property owners within Kaysville City.
NA- Not Applicable- In 2007 Kaysville City Library became a County based Library

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



KAYSVILLE CITY CORPORATION

Table 12 - Principal Property Tax Payers with Comparison
June 30, 2012

Taxpayer	Type of Business	December 31, 2011 Taxable Valuation			December 31, 2001 Taxable Valuation		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Boondocks Properties, LLC	Recreational	\$6,137,255	1	0.49%			
KBP Office Group & Warehouse	Wholesale Distribution	\$4,822,956	2	0.39%			
JB Journey, LLC- Blaine Jensen	Recreational Sales	\$4,318,859	3	0.35%	\$5,250,483	1	0.83%
Zions First National Bank	Bank	\$4,243,947	4	0.34%			
Park Place I, LC	Investment Properties	\$4,060,197	5	0.32%			
Associated Fresh Markets, Inc	Grocery Store	\$3,749,019	6	0.30%			
Access Park LC	Investment Properties	\$3,730,028	7	0.30%			
Bates Sportsplex, LLC	Tax Software Provider	\$3,614,283	8	0.29%			
M2Properties Inc	Real Estate	\$3,547,582	9	0.28%			
Kaysville Sportsplex II LLC	Sports Gym	\$3,450,316	10	0.28%			
		\$41,674,442		2.91%	\$ 33,261,841		8.42%
Bowman's	Grocery				\$3,993,485	3	0.63%
Albertson's	Grocery				\$3,898,794	4	0.61%
Qwest Communications	Communications				\$4,333,985	2	0.68%
Questar Gas	Natural Gas Distribution				\$2,862,889	6	0.45%
Keith & Julie Romney	Shopping Center				\$2,309,360	7	0.36%
Appletree	Residential Retirement Center				\$2,030,295	8	0.32%
Kaysville Business Park Properties	Real Estate				\$3,119,740	5	0.49%
Kaysville Real Estate LLC	Real Estate				\$1,962,270	9	0.31%
KSG Distribution	Distribution Warehouse				\$1,687,230	10	0.29%
DM LLC	Real Estate				\$1,813,310	10	0.29%

Source: Davis County Auditor / Kaysville City Finance Department

KAYSVILLE CITY CORPORATION

Table 13 - Property Value of Construction in Kaysville
June 30, 2012

Year	Commercial Construction Number of Permits	Estimated Value	Residential Construction Number of Permits	Estimated Value	Estimated Increase of Property Value
2011	18	\$2,464,573	205	\$31,978,963	\$34,443,536
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

Notes: (1) Number of Permits includes all permits including remodels and additions
Based on Calendar Year - 2011 - 90 Single Family Homes

Source: Davis County Department of Community and Economic Development
 2011 Construction Monitor

KAYSVILLE CITY CORPORATION**Table 14 - Computation of Legal Debt Margin**

June 30, 2012

Taxable Value	\$1,248,987,235
Estimated Market Value	\$2,350,588,352
Debt Limit - Four Percent of Market Value	\$94,023,534
Less: Outstanding General Obligation Bonds	\$0
Lease Revenue Bonded Debt	\$2,433,587
Legal Debt Margin - Additional Debt Capacity	\$91,589,947

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 15 - Computation of Direct and Overlapping General Obligation Debt
June 30, 2012**

Entity	2011 Taxable Valuation	Kaysville City's Portion of Valuation	Kaysville City's Percentage	Entity's Outstanding G.O. Debt	Kaysville City Overlapping G.O. Debt
Direct:					
Kaysville City	\$1,248,987,235	\$1,248,987,235	100.00%	\$985,000	\$985,000
Overlapping:					
Davis County	\$15,680,706,811	\$1,248,987,235	7.97%	\$731,793,783	\$58,288,259
Davis County School District	\$15,680,706,811	\$1,248,987,235	7.97%	\$448,625,000	\$35,733,523
State of Utah	\$193,170,017,535	\$1,248,987,235	0.65%	\$3,487,680,000	\$22,550,434
Weber Basin Water District	\$40,949,961,771	\$1,248,987,235	3.05%	\$26,749,989	\$815,883
Total - Direct and Overlapping General Obligation Debt					\$118,373,099

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by taking Kaysville's taxable property value and dividing by the governmental unit's taxable property value.

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

KAYSVILLE CITY CORPORATION
Table 16 - Ratios of Outstanding Debt by Type
June 30, 2012

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	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases					
2012	\$0	\$885,000	\$100,000	\$0	\$0	\$1,586,508	\$573,689	\$3,145,197	Not Available	Not Available	\$	115
2011	\$0	\$1,165,000	\$1,386,955	\$0	\$0	\$1,903,809	\$264,636	\$4,720,400	Not Available	Not Available	\$	176
2010	\$0	\$1,635,000	\$1,786,955	\$90,479	\$0	\$2,221,110	\$372,489	\$6,106,033	0.8600%	\$709,966,722	\$	244
2009	\$0	\$398,000	\$2,839,205	\$177,202	\$0	\$2,538,411	\$474,516	\$6,427,334	0.9678%	\$664,114,615	\$	264
2008	\$0	\$585,000	\$1,216,428	\$260,326	\$0	\$2,855,712	\$229,517	\$5,146,983	0.7669%	\$671,143,224	\$	209
2007	\$0	\$764,000	\$777,552	\$339,999	\$0	\$3,173,010	\$22,392	\$5,076,953	0.8090%	\$627,528,773	\$	213
2006	\$0	\$940,000	\$1,061,820	\$19,494	\$0	\$0	\$89,244	\$2,110,558	0.3941%	\$535,545,017	\$	91
2005	\$0	\$1,108,000	\$1,332,552	\$59,620	\$0	\$0	\$153,308	\$2,653,480	0.5534%	\$479,444,976	\$	118
2004	\$0	\$1,273,000	\$1,590,392	\$97,078	\$0	\$3,200	\$214,700	\$3,178,370	0.7036%	\$451,715,391	\$	145
2003	\$0	\$1,431,000	\$0	\$132,042	\$0	\$13,038	\$170,540	\$1,746,620	0.4088%	\$427,299,462	\$	82

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/esu/income/>

Adjusted Gross Income not available for 2011 and 2012 - FY 2013

KAYSVILLE CITY CORPORATION

Table 17 - Miscellaneous Statistical Data - Insurance Summary
June 30, 2012

Coverage	Company	Term	Limits	Deductible
Property	Travelers	10/01/2011 - 9/30/2012	Scheduled at Value	\$10,000
General Liability	Travelers	10/01/2011 - 9/30/2012	\$1,000,000 / \$2,000,000	\$10,000
Law Enforcement	Travelers	10/01/2011 - 9/30/2012	\$1,000,000/ \$1,000,000	\$10,000
Public Officials Management	Travelers	10/01/2011 - 9/30/2012	\$1,000,000/ \$2,000,000	\$5,000
Employment Practices	Travelers	10/01/2011 - 9/30/2012	\$5,000,000/ \$5,000,000	\$10,000
Employee Benefits	Travelers	10/01/2011 - 9/30/2012	\$1,000,000 / \$3,000,000	\$1,000
Automobile - Physical Damage	Travelers	10/01/2011 - 9/30/2012	Schedule	\$1,000 - Comp & Coll.
Automobile Liability	Travelers	10/01/2011 - 9/30/2012	\$1,000,000	\$5,000
Inland Marine	Travelers	10/01/2011 - 9/30/2012	Scheduled at Value	\$10,000
Cyber Liability	Travelers	10/01/2011 - 9/30/2012	\$1,000,000	\$5,000
Crime	Travelers	10/01/2011 - 9/30/2012	\$250,000	\$1,000
ID Fraud	Travelers	10/01/2011 - 9/30/2012	\$25,000 per employee	---
Custom Excess Liability	Travelers	10/01/2011 - 9/30/2012	\$10,000,000	\$10,000
Treasurer Bond	Ohio Casualty	10/01/2011 - 9/30/2012	\$1,250,000	\$0
Deputy Treasurer Bond	Ohio Casualty	10/01/2011 - 9/30/2012	\$1,250,000	\$0

KAYSVILLE CITY CORPORATION**Table 18 - Demographic & Economic Statistics**

June 30, 2012

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	27,983	Not Available	Not Available	5.3%
2011	27,300	Not Available	Not Available	5.6%
2010	26,885	\$709,966,722	26,407.54	6.2%
2009	26,102	\$664,114,615	25,443.05	5.9%
2008	25,342	\$671,143,224	26,483.44	3.3%
2007	24,604	\$627,528,773	25,505.15	2.6%
2006	23,888	\$535,545,017	22,419.00	2.9%
2005	23,193	\$479,444,976	20,671.97	4.0%
2004	22,463	\$451,715,391	20,109.31	4.7%
2003	21,915	\$427,299,462	19,498.04	5.1%

KAYSVILLE CITY CORPORATION

Table 19 - Population Growth

June 30, 2012

Fiscal Year	Population	Increase	Percentage Increase
2012	27,983	683	2.50%
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%
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	

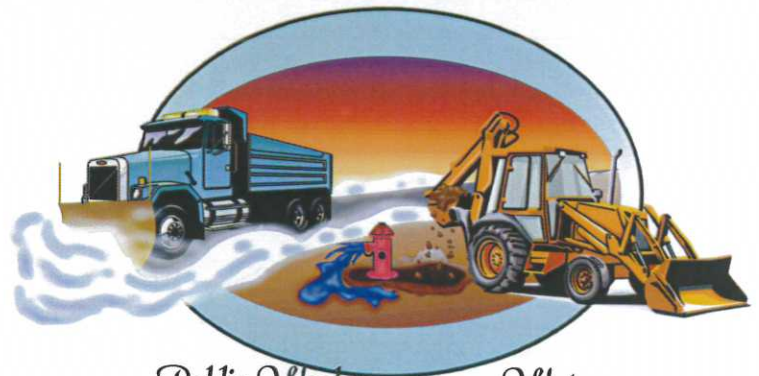
Notes: Census year population estimates are from the US Bureau of the Census provided by the Utah State Office of Planning and Budget

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

KAYSVILLE CITY CORPORATION

Company Name	Date of Incorporation	March 15, 1868
...

COMPLIANCE SECTION



Public Works
Streets

Water
Storm Drain



KAYSVILLE POWER



**SINGLE AUDIT AND CONTROLS OVER
FINANCIAL REPORTING**

**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, each major fund, and the aggregate remaining fund information of Kaysville City as of and for the year ended June 30, 2012, which collectively comprise Kaysville City's basic financial statements and have issued our report thereon dated November 6, 2012. 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

Management of Kaysville City is responsible for establishing and maintaining effective 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 opinions 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*.

November 6, 2012

Page 2

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 Richard & Associates, PC

Ogden, UT

November 6, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council
Kaysville City

Compliance

We have audited the Kaysville City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Kaysville City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of Kaysville City's management. Our responsibility is to express an opinion on Kaysville City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about Kaysville City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Kaysville City's compliance with those requirements.

In our opinion, Kaysville City complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Kaysville City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Kaysville City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kaysville City's internal control over compliance.

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

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

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

Wood Richards & Associates, PC

November 6, 2012

KAYSVILLE CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Grantor Pass Through/Grantor Program Title	Federal CFDA Number	Pass- Through Entity Number	Federal Award Expended
Major Programs:			
U.S. Department of Homeland Security			
Disaster Grant - Public Assistance	97.036	N/A	\$ 411,034
_____ Total Major Programs Department of Homeland Security			<u>\$ 411,034</u>
U.S. Department of Justice			
Public Safety Partnership & Community Policing Grant	16.710	N/A	\$ 300,000
_____ Total Major Programs U.S. Department of Justice			<u>\$ 300,000</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 711,034</u></u>

See Accompanying Notes.

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KAYSVILLE CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1. PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule of Kaysville City's general purpose financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a select portion of the activities of Kaysville City, it is not intended to and does not present the financial position, changes in fund balances or the revenues or expenditures of Kaysville City. The schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Presentation – The information in the Schedule is presented in accordance with OMB Circular A-133.

Federal Awards – Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal awards, including federal surplus property, is included in federal awards and, therefore, is reported on the Schedule. Federal awards do not include direct federal cash assistance to individuals. Solicited contracts between the State and Federal Government for which the Federal Government procures tangible goods or services are not considered to be federal awards.

Type A and Type B Programs – OMB Circular A-133 establish the levels of expenditures or expenses to be used in defining Type A and Type B federal awards programs. Type A program threshold in 2012 was \$300,000.

- B. Reporting Entity – The reporting entity is fully described in the footnotes of the Kaysville City's financial statements. The schedule includes all federal awards programs administered by the Kaysville City for the year ended June 30, 2012.
- C. Basis of Accounting – The expenditures in the Schedule are recognized as incurred based on the modified accrual basis of accounting and the cost accounting principles contained in OMB Circular A-87, *Cost Principles of State and Local Governments*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The information in the Schedule is presented in accordance with OMB Circular A-133.
- D. CFDA Numbers – OMB Circular A-133 requires the Schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).
- E. Major Programs – OMB Circular A-133 establishes a risk-based approach to be used in defining major federal financial programs. Major programs are identified in the schedule of findings and questioned costs.

KAYSVILLE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses? _____ yes X no

Noncompliance material of financial
statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses? _____ yes X no

Type of auditors’ report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grant – Public Assistance
16.710	Public Safety Partnership & Community Policing Grant

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ yes X no

KAYSVILLE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

**Section II – Findings related to the financial statements required to be reported in accordance with
*Government Auditing Standards.***

For the year ended June 30, 2012 there were no findings related to the financial statements.

Section III – Federal Award Findings and Questioned Costs

For the year ended June 30, 2012 there were no findings or questioned costs related to federal awards.

**KAYSVILLE CITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Findings related to the financial statements required to be reported in accordance with *Government Auditing Standards*.

For the year ended June 30, 2011 there were no findings related to the financial statements.

Federal Award Findings and Questioned Costs

For the year ended June 30, 2011 a single audit was not required, thus no findings were issued.

STATE COMPLIANCE AUDIT SECTION

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, 2012. 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 Issues	Truth in Taxation
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:

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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying schedule of findings as items #2012-01 and #2012-02.

Independent Auditor's Report on State Legal Compliance
Page 2

Management's responses to the findings identified in our audit are described in the schedule of findings. We did not audit management's responses and accordingly, we express no opinion on them.

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 Richard & Associates, PC

November 6, 2012

**KAYSVILLE CITY
STATE COMPLIANCE SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

STATE COMPLIANCE FINDINGS:

Finding #2012-01: Utah State Code 10-6 requires each department in the General Fund to not incur actual expenditures in excess of the total appropriation of that department. We noted the City did not comply with this requirement in all of its departments in the General Fund.

Recommendation: We recommend the City maintain expenditures within their appropriations and make necessary adjustments for unexpected expenditures in the year.

Response: The City agrees with this recommendation and will make efforts to maintain actual expenditures within their respective budgets. During the fiscal year the vehicle replacement program had expenditures in the amount of \$23,179 over budget. However, as part of the program, surplus vehicles were sold in the amount of \$26,713. The net amount was under the budget appropriation.

Finding #2012-02: The State Code only allows for a maximum unrestricted and assigned fund balance within the General Fund of 18% of estimated revenues, which are defined as the following year's budgeted revenues in the General Fund minus any fund balance appropriations. We discovered the City's fund balance was in excess of this limitation.

Recommendation: We recommend the City plan to reduce this excess fund balance either through appropriation or planned capital project expenditures.

Response: The City agrees with this recommendation and will make the necessary changes to bring the fund balance within the allowed limitations.