



Kaysville City

**KAYSVILLE CITY
STATE OF UTAH**

Settled in 1850

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**YEAR ENDED
JUNE 30, 2013**

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

Comprehensive
Annual Financial Report

Year Ended June 30, 2013

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, 2013**

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INTRODUCTORY SECTION



*Utah's
Hometown*



Easter Egg Hunt



National
Trails Day



Safe Kids
Fest





October 30, 2013

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 2013 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 auditors report, managements 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. **Compliance Section** includes the additional financial statements, supplemental schedules, independent auditor's report, and supplemental reports as required by the Single Audit Act of 2004 and by the U.S. Office of Management and Budget Circular A-133.

In accordance with State law, the financial statements included herein have been audited by an independent auditor. A firm of certified public accountants, Hansen, Bradshaw, Malmrose & Erickson, P.C. has completed this year's independent audit. Hansen, Bradshaw, Malmrose & Erickson, P.C. 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

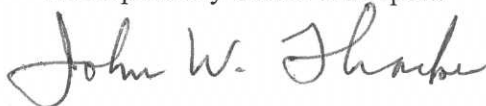
October 30, 2013

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, 2013, are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

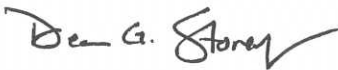
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Kaysville City for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This is the nineteenth consecutive year that Kaysville City has received 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 28,700 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 form of government with an appointed City Manager. 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 is below the national unemployment rate and below the State unemployment rate of 4.6%. 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 (GASB). 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:

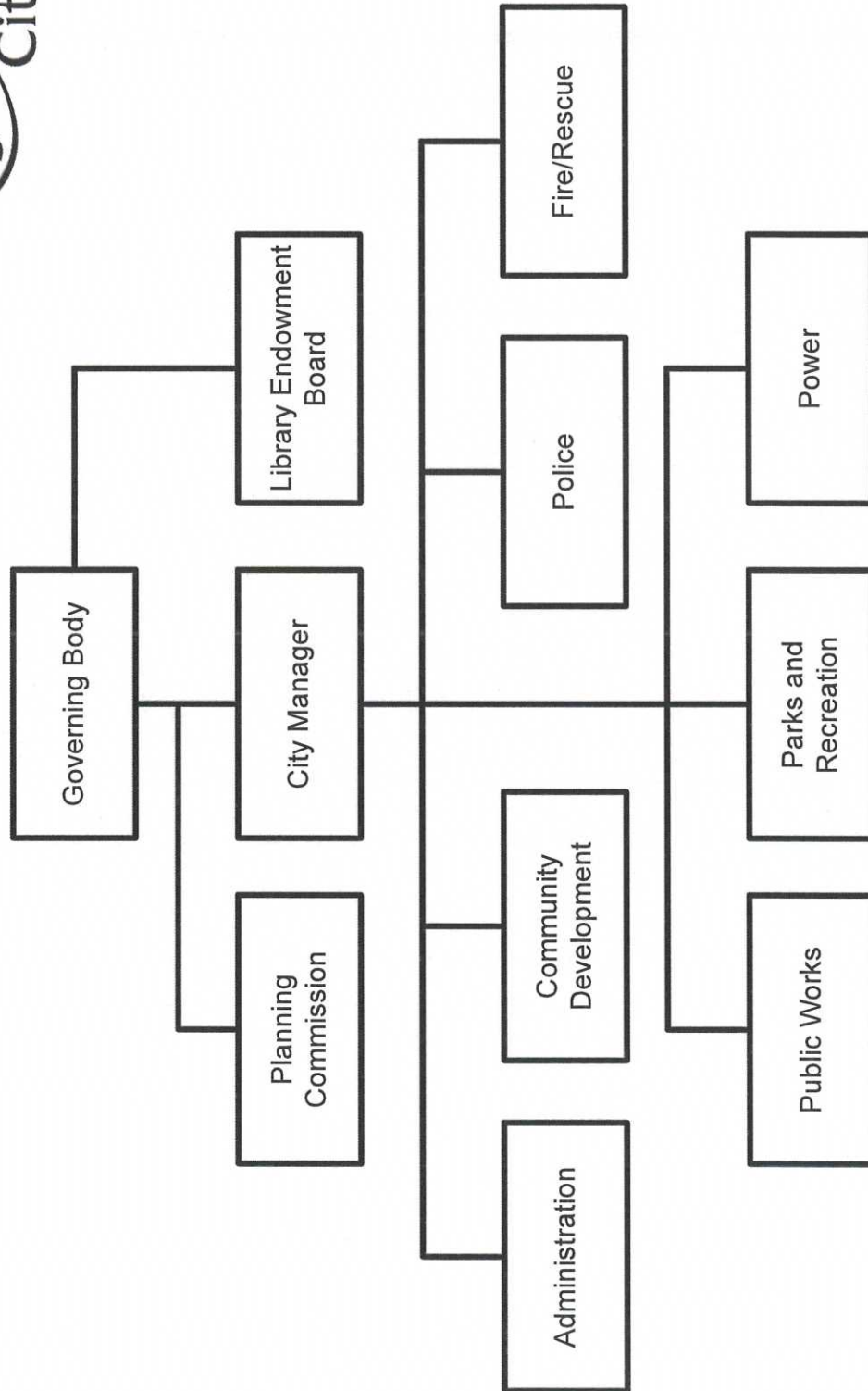
<u>Description</u>	<u>Fund Type</u>
General Fund	General Fund
Capital Projects Fund	Capital Projects Fund
Debt Service Fund	Debt Service Fund
Water Fund	Enterprise Fund
Sewer Fund	Enterprise Fund
Storm Water Fund	Enterprise Fund
Pressure Irrigation Fund	Enterprise Fund
Electric Fund	Enterprise Fund
Sanitation 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 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

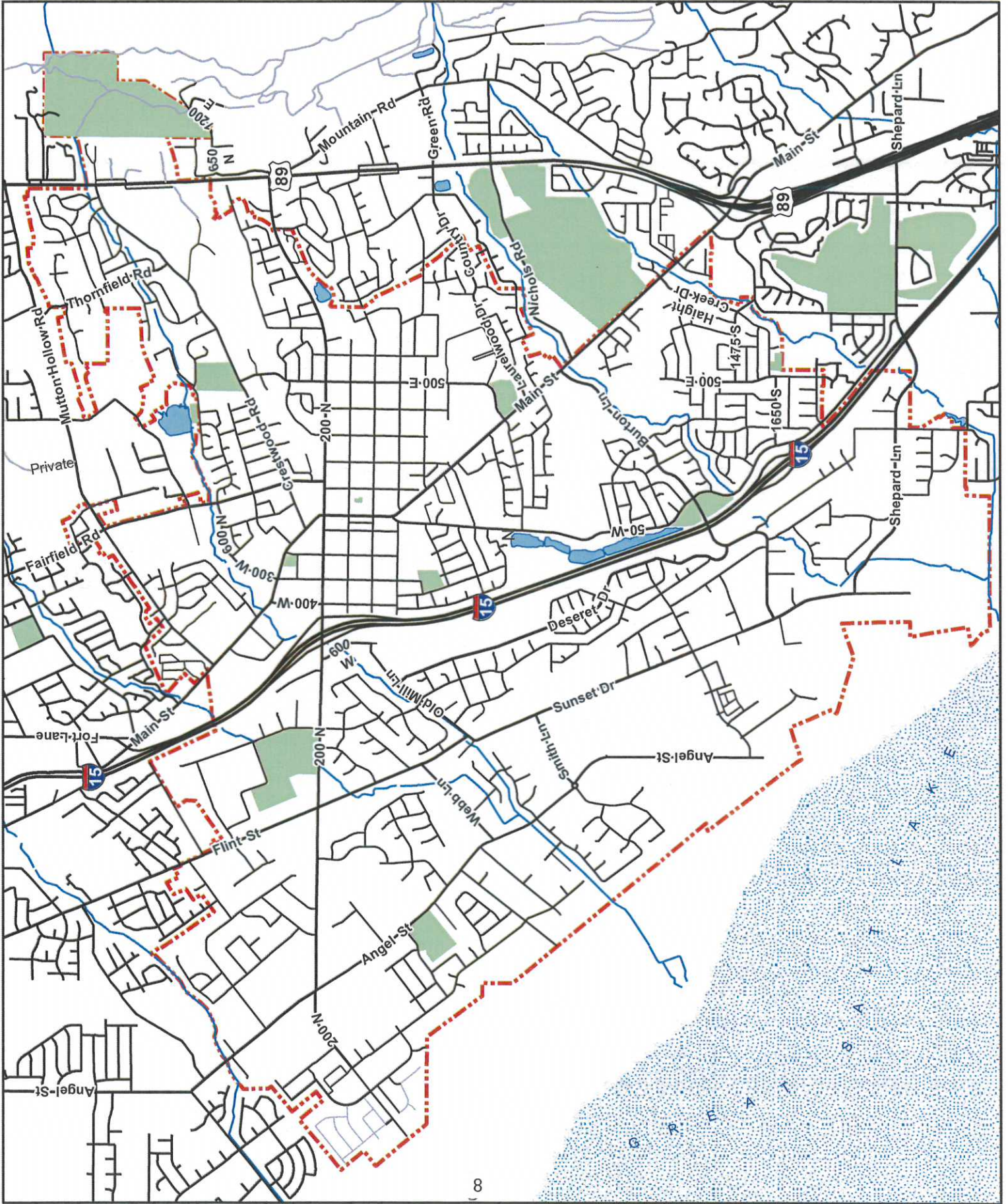
**Kaysville City
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive style.

Executive Director/CEO



FINANCIAL SECTION



Bowman's
July 24th
Breakfast



Miss Kaysville
Pageant

*Utah's
Hometown*



Memorial Day
Celebration



INDEPENDENT AUDITORS' REPORT

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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Michael L. Smith, CPA
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Robert D. Wood, CPA
Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Kaysville City Corporation, Utah ("the City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Kaysville City Corporation, Utah, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11-20 and 61-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

The following is a discussion and analysis of Kaysville City's finances for the fiscal year ended June 30, 2013. 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 position increased by \$4,230,957 or 3.78% over the prior year. Net position of governmental activities increased by \$1,548,402 or 2.65%. Net position of business-type activities increased by \$2,682,555 or 5.01%.
- The City's total net position 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 position of \$116,144,252, \$102,829,046 (88.5%) includes investments in capital assets; \$5,058,164 (4.4%) in restricted uses and \$8,257,042 (7.1%) in unrestricted uses and available to meet City obligations.
- The City's restricted assets of \$5,058,164 increased by 16.63% from last year. This is due to an increase in transportation impact fees and restricted Class C Road Funds. These assets are restricted primarily for capital expenditures from collected development impact fees.
- The City's unrestricted assets of \$8,257,042 include \$2,074,489 available for governmental activities and \$6,182,553 available for business-type activities. Overall this is a decrease of 3.37% from the prior year.

Fund Level

- The fund balances in governmental funds had an increase of \$626,569 from \$7,181,082 to \$7,807,651.
- The proprietary funds had an overall net income before transfers and contributions of \$866,334.

Long Term Debt

- Overall the City's long term liabilities decreased in the amount of \$79,247 over the prior year. As of June 30, 2013, the liabilities balance for governmental activities is \$1,661,296 and \$1,771,705 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, 2013**

Government-wide Financial Statements

The Statement of Net Position 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 position presents information on all the City's assets, liabilities, and deferred inflow of resources with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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 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, 2013**

Financial Analysis of Government-wide Statements

Net Position

Kaysville City's Net Position is as follows:

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Assets						
Current and Other Assets	\$10,841,007	\$10,485,022	\$8,211,502	\$8,254,271	\$19,052,509	\$18,739,293
Capital Assets	\$52,416,060	\$54,652,219	\$49,386,731	\$51,821,545	\$101,802,791	\$106,473,764
Total Assets	\$63,257,067	\$65,137,241	\$57,598,233	\$60,075,816	\$120,855,300	\$125,213,057
Liabilities						
Current Liabilities	\$2,994,295	\$2,955,984	\$2,280,968	\$2,504,805	\$5,275,263	\$5,460,789
Non-Current Liabilities	\$704,617	\$1,052,034	\$1,735,787	\$1,306,978	\$2,440,404	\$2,359,012
Deferred Inflows	\$1,226,338	\$1,249,004	\$ -	\$ -	\$1,226,338	\$1,249,004
Total Liabilities & Deferred Inflow	\$4,925,250	\$5,257,022	\$4,016,755	\$3,811,783	\$8,942,005	\$9,068,805
Net Position						
Investments in Capital (net)	\$51,804,229	\$52,754,347	\$47,227,210	\$50,074,699	\$99,031,439	\$102,829,046
Restricted	\$4,125,439	\$5,051,383	\$211,341	\$6,781	\$4,336,780	\$5,058,164
Unrestricted	\$2,402,149	\$2,074,489	\$6,142,927	\$6,182,553	\$8,545,076	\$8,257,042
Total Net Position	\$58,331,817	\$59,880,219	\$53,581,478	\$56,264,033	\$111,913,295	\$116,144,252

Changes in Net Position:

The City's combined net position increased over the prior year by \$4,230,957 (3.78%). Generally an increase or decrease in net position 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 unrestricted net position and available for ongoing obligations decreased by \$288,034. Overall liabilities increased by \$126,800.

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, 2013

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues						
General Revenues						
Property Tax	\$1,423,405	\$1,446,480	\$0	\$0	\$1,423,405	\$1,446,480
Sales Tax	\$3,109,348	\$3,304,756	\$0	\$0	\$3,109,348	\$3,304,756
Other Taxes	\$1,845,109	\$1,843,055	\$0	\$0	\$1,845,109	\$1,843,055
Interest and Investment	\$81,760	\$74,144	\$30,015	\$29,126	\$111,775	\$103,270
Grants and Contributions	\$1,126,513	\$1,773,471	\$768,060	\$1,916,221	\$1,894,573	\$3,689,692
Charges for Services	\$3,590,999	\$4,298,294	\$21,003,865	\$22,370,974	\$24,594,864	\$26,669,268
Sale of Asset	\$0	\$0	\$7,560	\$13,800	\$7,560	\$13,800
Miscellaneous	\$123,995	\$113,030	\$0	\$0	\$123,995	\$113,030
Total Revenues	\$11,301,129	\$12,853,230	\$21,809,500	\$24,330,121	\$33,110,629	\$37,183,351
Expenses						
Governmental:						
General Government	\$1,912,144	\$1,933,158	\$0	\$0	\$1,912,144	\$1,933,158
Police	\$2,640,849	\$2,956,768	\$0	\$0	\$2,640,849	\$2,956,768
Fire	\$423,978	\$545,660	\$0	\$0	\$423,978	\$545,660
Community Development	\$658,823	\$647,499	\$0	\$0	\$658,823	\$647,499
Public Works	\$2,699,309	\$2,779,814	\$0	\$0	\$2,699,309	\$2,779,814
Parks, Recreation & Public Properties	\$2,145,155	\$2,171,224	\$0	\$0	\$2,145,155	\$2,171,224
Library Endowment	\$0	\$0	\$0	\$0	\$0	\$0
Perpetual Cemetery	\$0	\$50,867	\$0	\$0	\$0	\$50,867
Interest on Long Term Debt	\$327,537	\$319,838	\$0	\$0	\$327,537	\$319,838
Business-Type:						
Water	\$0	\$0	\$2,227,960	\$2,261,447	\$2,227,960	\$2,261,447
Sewer	\$0	\$0	\$1,743,293	\$1,881,148	\$1,743,293	\$1,881,148
Electric	\$0	\$0	\$12,225,173	\$12,962,870	\$12,225,173	\$12,962,870
Pressure Irrigation	\$0	\$0	\$1,105,317	\$1,022,122	\$1,105,317	\$1,022,122
Sanitation	\$0	\$0	\$1,535,860	\$1,646,992	\$1,535,860	\$1,646,992
Storm Water	\$0	\$0	\$1,080,937	\$1,253,443	\$1,080,937	\$1,253,443
Ambulance	\$0	\$0	\$570,158	\$519,544	\$570,158	\$519,544
Total Expenses	\$10,807,795	\$11,404,828	\$20,488,698	\$21,547,566	\$31,296,493	\$32,952,394
Increase in net position before transfers	\$493,334	\$1,448,402	\$1,320,802	\$2,782,555	\$1,814,136	\$4,230,957
Transfers	(\$165,000)	\$100,000	\$165,000	(\$100,000)	\$0	\$0
Increase (decrease) in net position	\$328,334	\$1,548,402	\$1,485,802	\$2,682,555	\$1,814,136	\$4,230,957
Net Position- Beginning of Fiscal Year	\$58,003,483	\$58,331,817	\$52,095,676	\$53,581,478	\$110,099,159	\$111,913,295
Net Position - Ending of Fiscal Year	\$58,331,817	\$59,880,219	\$53,581,478	\$56,264,033	\$111,913,295	\$116,144,252

The change in the net position is partially attributed to an increase in sales tax revenue collected of approximately six percent and in an increase in building permit activity as the economy continues to slowly improve. During the fiscal year, the City implemented a green waste recycling program accounted for in the sanitation utility enterprise fund. Containers were donated to the City by Wasatch Integrated Waste of a value of \$189,060.

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Capital Assets

The City's investment in capital assets for its governmental activities and business-type activities at June 30, 2013 is \$105,454,794 (net of accumulated depreciation). This is a net increase of \$3,652,003. During the year the City purchased a fire truck valued at \$832,850, two plow trucks valued at \$311,060 from the governmental funds and a bucket truck valued at \$219,314 from the electric utility funds. This resulted in an increase in the vehicles value. However, vehicles are aging but the City's new vehicle replacement program that has been in effect for three years is helping the vehicles to hold their value and increase usefulness and effectiveness of the City vehicles.

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land	\$5,351,836	\$5,351,836	\$5,787,774	\$5,787,774	\$11,139,610	\$11,139,610
Stock (Water)	\$0	\$0	\$3,716,990	\$3,788,990	\$3,716,990	\$3,788,990
Infrastructure	\$39,025,809	\$39,350,792	\$38,231,553	\$40,252,295	\$77,257,362	\$79,603,087
Building	\$3,339,189	\$3,248,429	\$467,946	\$454,186	\$3,807,135	\$3,702,615
Improvements	\$3,417,218	\$3,308,742	\$34,435	\$33,056	\$3,451,653	\$3,341,798
Vehicles	\$787,699	\$1,943,164	\$564,110	\$698,043	\$1,351,809	\$2,641,207
Equipment	\$494,309	\$536,404	\$583,923	\$701,083	\$1,078,232	\$1,237,487
Net of Accum Depreciation	<u>\$52,416,060</u>	<u>\$53,739,367</u>	<u>\$49,386,731</u>	<u>\$51,715,427</u>	<u>\$101,802,791</u>	<u>\$105,454,794</u>

Additional information on the City's capital assets can be found in note 5 on pages 50-52 of this report.

Long Term Debt / Liabilities

Overall the City had a net decrease in long term liabilities in the amount of \$146,277. 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	
	2012	2013	2012	2013	2012	2013
Note Payable (Kaysville Business Park West)	\$0	\$0	\$1,586,508	\$1,269,207	\$1,586,508	\$1,269,207
Note Payable (Pioneer Park Land)	\$100,000	\$0	\$0	\$0	\$100,000	\$0
Series 2010 Revenue Bonds	\$885,000	\$598,000	\$0	\$0	\$885,000	\$598,000
Equipment Lease (Fire Truck)	\$0	\$760,189	\$0	\$0	\$0	\$760,189
Equipment Lease (Recycle Cans)	\$0	\$0	\$251,261	\$207,510	\$251,261	\$207,510
Equipment Lease (Vactor Truck)	\$0	\$0	\$50,534	\$0	\$50,534	\$0
Equipment Lease (Bucket Truck)	\$0	\$0	\$170,281	\$129,234	\$170,281	\$129,234
Equipment Lease (Ambulance)	\$0	\$0	\$49,061	\$16,819	\$49,061	\$16,819
Equipment Lease (Sweeper)	\$0	\$0	\$52,552	\$17,961	\$52,552	\$17,961
	<u>\$985,000</u>	<u>\$1,358,189</u>	<u>\$2,160,197</u>	<u>\$1,640,731</u>	<u>\$3,145,197</u>	<u>\$2,998,920</u>

Additional information on the city's long-term debt can be found in notes 7, 8, & 9 on pages 52-56 of this report.

KAYSVILLE CITY, UTAH MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

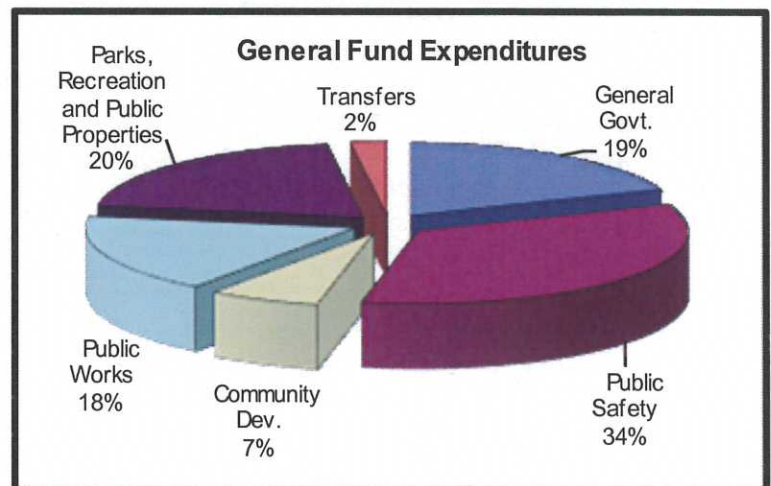
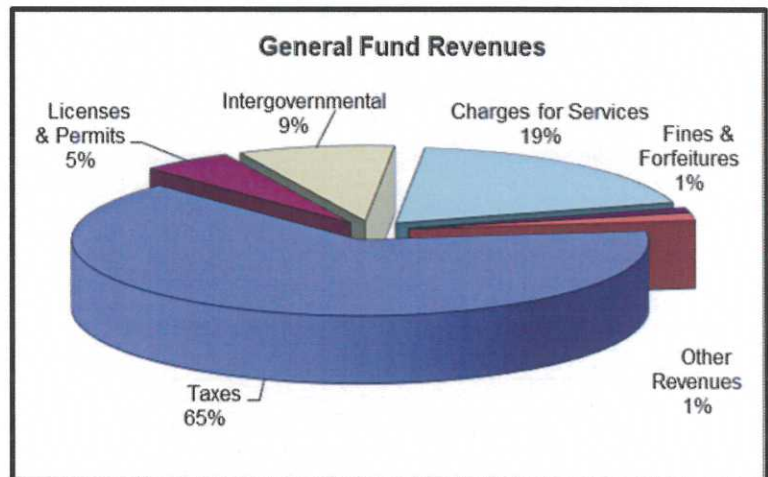
Analysis of Financial Funds

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 2013 and a comparison to fiscal year 2012.

Governmental Funds

<u>General Fund</u>	
Revenues:	
Taxes	\$6,594,291
Licenses and Permits	\$520,908
Intergovernmental	\$896,161
Charges for Services	\$1,921,555
Fines and Forfeitures	\$98,625
Other Revenues	\$164,604
	<u>\$10,196,144</u>
Expenditures:	
General Govt.	\$1,897,433
Public Safety	\$3,447,027
Community Dev.	\$671,454
Public Works,	\$1,745,709
Parks, Recreation,	
& Public Properties	\$2,040,573
Transfers	\$215,000
	<u>\$10,017,196</u>



**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

General Fund Revenues	FY 2012	FY 2013	Increase/ (Decrease)	Percentage Change
Taxes	\$6,377,862	\$6,594,291	\$216,429	3.28%
Licenses and Permits	\$327,420	\$520,908	\$193,488	37.14%
Intergovernmental	\$1,364,089	\$896,161	(\$467,928)	(52.21%)
Service Charges	\$1,873,640	\$1,921,555	\$47,915	2.49%
Fines and Forfeitures	\$102,500	\$98,625	(\$3,875)	(3.93%)
Other Revenues	\$160,173	\$164,604	\$4,431	2.69%
	\$10,205,684	\$10,196,144	(\$9,540)	(0.09%)
General Fund Expenditures				
General Government	\$1,873,699	\$1,897,433	\$23,734	1.25%
Public Safety	\$3,171,235	\$3,447,027	\$275,792	8.00%
Community Development	\$668,964	\$671,454	\$2,490	0.37%
Public Works	\$1,526,450	\$1,745,709	\$219,259	12.56%
Parks, Recreation & Public Properties	\$1,940,756	\$2,040,573	\$99,817	4.89%
Transfers (net)	\$480,000	\$215,000	(\$265,000)	(123.26%)
	\$9,661,104	\$10,017,196	\$356,092	3.55%

General fund revenues for fiscal year 2013 totaled \$10,196,144. This represents a decrease of approximately 0.09% from fiscal year 2012. Sales tax continued to increase by 5.91% as the economy continues to recover. Property tax revenues increased at a rate of 1.99% from the prior year due to additional growth of the tax base during the year. Due to the increase in subdivisions completed, there was an increase in developer's contributions during the fiscal year.

The 2013 property tax rates continued to indicate Kaysville City is the 2nd lowest property tax rate in Davis County.

General fund expenditures for fiscal year 2013 total \$10,017,196. This is a small increase of 3.69% over fiscal year 2012 of \$9,661,104.

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 per capita 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 2013 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.

During the year the community events brought in additional funding than was originally budgeted for and in addition increased their expenditures accordingly; The recreation department had an increase in participation for various activities they offer. As a result of additional participation, it was necessary to increase the revenue and expenditures for the recreation department by the same amounts. The council amended the budget and

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

authorized the purchase of two plow trucks and a loader for the public works department to replace items that were aged. It was also necessary to amend the vehicle replacement revenues and expenditures for the same amount of the sale of various vehicles purchased throughout the year. This allows the revenue for the sale of the vehicles to be used to purchase additional vehicles.

Capital Projects Fund

The capital projects fund was used to account for major capital projects during the fiscal year 2013. In 2013, the capital projects fund received \$150,000 in donation, all of which was spent for Heritage Park improvements. The revenues and expenditures compared to the previous year are illustrated as follows:

Capital Projects Fund	FY 2012	FY 2013
Revenue:		
Impact Fees	\$ 388,108	\$ 811,948
Interest	18,715	9,945
Donations	130,000	150,000
Transfers from Other Funds	-	-
	<u>\$ 536,823</u>	<u>\$ 971,893</u>
Expenditures:		
Rail Trail	\$ 77,743	\$ 2,299
Police Station	-	5,150
Heritage Park	304,527	442,915
Transfers	1,345,000	107,000
	<u>\$ 1,727,270</u>	<u>\$ 557,364</u>

Debt Service Fund

During the fiscal year 2013, the debt service fund was used to account for the payment of Pioneer Park Property and the 2010 Road Revenue bonds.

Debt Service Fund	FY 2011	FY 2012
Revenue:		
Transfers	\$ 1,660,000	\$ 422,000
Lease Proceeds	-	832,850
Interest	264	779
	<u>\$ 1,660,264</u>	<u>\$ 1,255,629</u>
Expenditures:		
Pioneer Park Property	\$ 114,000	\$ 107,000
UDOT Payment	1,226,738	-
Fire Truck Lease	-	832,850
2010 Road Revenue Bond	313,538	312,838
	<u>\$ 1,654,276</u>	<u>\$ 1,252,688</u>

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013, the principal balance is \$1,580,229. The library endowment fund is used to account for monies provided by a private donor. Alan and Kay Blood, longtime 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 \$685,871 with the total fund balance of \$958,109. This fund will continue to be used to augment the collection held at the Kaysville Library, now that it is part of the Davis County Library system.

Proprietary Funds

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

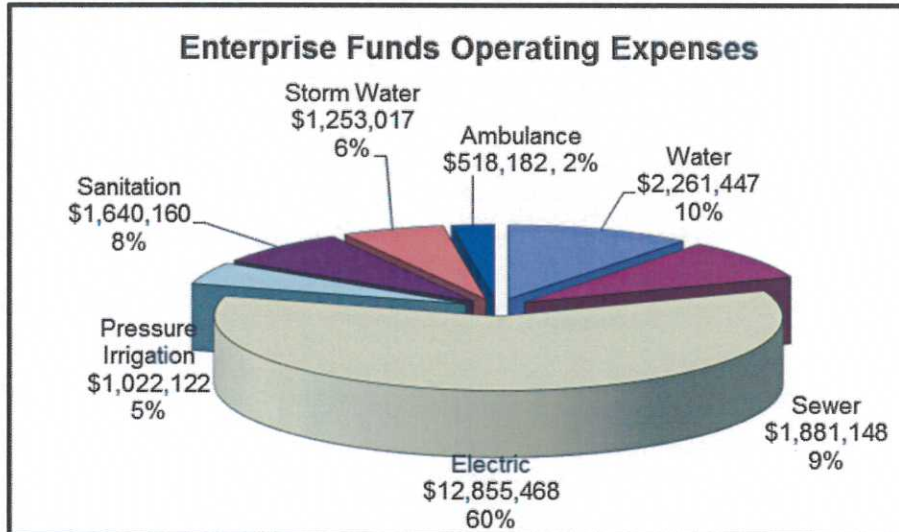
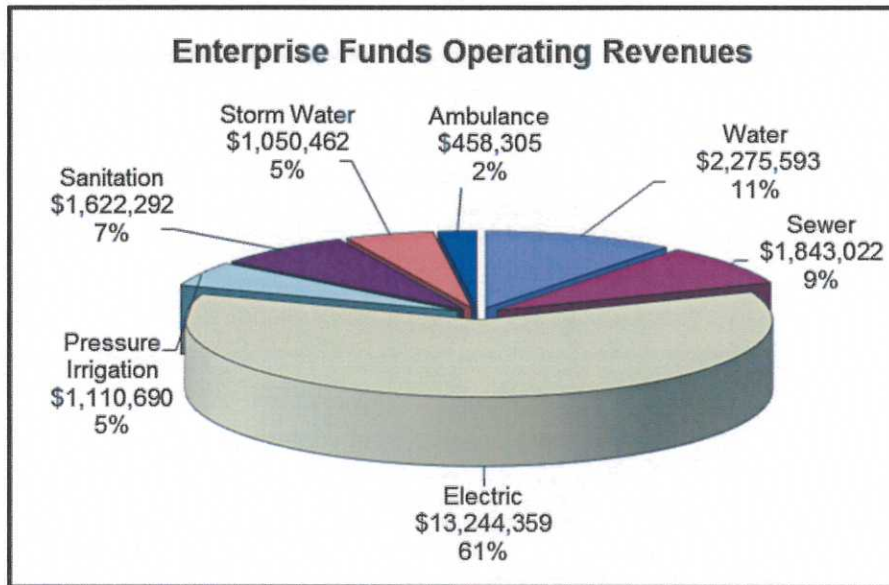
Operating revenues for all proprietary funds totaled \$21,604,723. This is an increase of about 6.92% over the prior year of \$20,109,931. Most of this increase is attributable to the population growth of the city. Operating expenses totaled \$21,431,544. This is an increase of approximately 5.05%. As 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 2013.

Proprietary Funds								Total
	Water	Sewer	Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	
Operating Revenues	\$2,275,593	\$1,843,022	\$13,244,359	\$1,110,690	\$1,622,292	\$1,050,462	\$458,305	\$21,604,723
Operating Expenses	\$2,261,447	\$1,881,148	\$12,855,468	\$1,022,122	\$1,640,160	\$1,253,017	\$518,182	\$21,431,544
Operating Income	\$14,146	(\$38,126)	\$388,891	\$88,568	(\$17,868)	(\$202,555)	(\$59,877)	\$173,179
Non Operating Revenues/(Expenses)	\$135,128	\$0	\$562,677	\$0	(\$6,832)	\$3,544	(\$1,362)	\$693,155
Net Income Before Transfers	\$149,274	(\$38,126)	\$951,568	\$88,568	(\$24,700)	(\$199,011)	(\$61,239)	\$866,334
Operating Transfer In/(Out)	\$0	\$0	(\$265,000)	\$0	\$0	\$0	\$165,000	(\$100,000)
Net Income / (loss) before contributions	\$149,274	(\$38,126)	\$686,568	\$88,568	(\$24,700)	(\$199,011)	\$103,761	\$766,334

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

The Proprietary Funds are segmented and illustrated below:



Conclusion

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

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

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

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Fund Financial Statements

KAYSVILLE CITY
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 7,695,745	\$ 4,951,104	\$ 12,646,849
Investments	512,847	-	512,847
Accounts Receivable (Net)	2,276,430	2,113,167	4,389,597
Inventory	-	1,190,000	1,190,000
Total Current Assets	10,485,022	8,254,271	18,739,293
Noncurrent Assets:			
Cash Restricted	912,852	106,118	\$ 1,018,970
Capital Assets:			
Land	5,351,836	5,787,774	11,139,610
Net Depreciable Capital Assets	48,387,531	42,138,663	90,526,194
Water Stock	-	3,788,990	3,788,990
Total Noncurrent Assets	54,652,219	51,821,545	106,473,764
Total Assets	65,137,241	60,075,816	125,213,057
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,428,367	1,838,860	3,267,227
Deposits	912,852	106,118	1,018,970
Accrued Interest	5,503	95,100	100,603
Noncurrent Liabilities Due Within One Year	609,262	464,727	1,073,989
Total Current Liabilities	2,955,984	2,504,805	5,460,789
Noncurrent Liabilities			
Due In More Than One Year	1,052,034	1,306,978	2,359,012
Total Noncurrent Liabilities	1,052,034	1,306,978	2,359,012
Total Liabilities	4,008,018	3,811,783	7,819,801
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue- Property Taxes	1,249,004	-	1,249,004
Total Deferred Inflow of Resources	1,249,004	-	1,249,004
NET POSITION			
Net Investment in Capital Assets	52,754,347	50,180,817	102,935,164
Restricted for:			
Transportation Impact Fees	1,085,110	-	1,085,110
Public Safety Impact Fees	86,972	-	86,972
Class C Roads	748,303	-	748,303
Beer Tax Reserves	14,258	-	14,258
Road Bond Reserves	373,169	-	373,169
Perpetual Cemetery			
Expendable	653,103	-	653,103
Nonexpendable	927,126	-	927,126
Library Endowment:			
Expendable	272,238	-	272,238
Nonexpendable	685,871	-	685,871
Debt Service	205,233	-	205,233
Water Impact Fees	-	6,781	6,781
Unrestricted	2,074,489	6,076,435	8,150,924
Total Net Position	\$ 59,880,219	\$ 56,264,033	\$ 116,144,252

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

**KAYSVILLE CITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,933,158	\$ 765,064	\$ 20,075	\$ -
Public Safety:				
Police	2,956,768	261,885	-	-
Fire	540,842	150,387	-	-
Community Development	647,499	656,854	-	-
Public Works	3,090,467	1,442,438	-	1,603,396
Parks, Recreation and Public Properties	2,178,224	965,001	-	150,000
Perpetual Cemetery	50,867	56,665	-	-
Interest on Long-term Debt	7,003	-	-	-
Total Governmental Activities	11,404,828	4,298,294	20,075	1,753,396
Business-Type Activities:				
Water	2,261,447	2,405,881	-	757,425
Sewer	1,881,148	1,843,022	-	-
Electric	12,962,870	13,894,122	-	-
Pressure Irrigation	1,022,122	1,110,690	-	72,000
Sanitation	1,646,992	1,622,292	-	189,060
Storm Water	1,253,443	1,050,462	-	897,736
Ambulance	519,544	458,305	-	-
Total Business-Type Activities	21,547,566	22,384,774	-	1,916,221
Total	\$ 32,952,394	\$ 26,683,068	\$ 20,075	\$ 3,669,617

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 Position

Net Position - Beginning

Net Position - 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
\$ (1,148,019)	\$ -	\$ (1,148,019)
(2,694,883)	-	(2,694,883)
(390,455)	-	(390,455)
9,355	-	9,355
(44,633)	-	(44,633)
(1,063,223)	-	(1,063,223)
5,798	-	5,798
(7,003)	-	(7,003)
(5,333,063)	-	(5,333,063)
-	901,859	901,859
-	(38,126)	(38,126)
-	931,252	931,252
-	160,568	160,568
-	164,360	164,360
-	694,755	694,755
-	(61,239)	(61,239)
-	2,753,429	2,753,429
(5,333,063)	2,753,429	(2,579,634)
1,446,480	-	1,446,480
3,304,756	-	3,304,756
664,736	-	664,736
1,178,319	-	1,178,319
74,144	29,126	103,270
113,030	-	113,030
100,000	(100,000)	-
6,881,465	(70,874)	6,810,591
1,548,402	2,682,555	4,230,957
58,331,817	53,581,478	111,913,295
\$ 59,880,219	\$ 56,264,033	\$ 116,144,252

**KAYSVILLE CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,358,658	\$ 219,662	\$ 2,091,934
Cash Restricted	912,852	-	-
Investments	-	-	-
Accounts Receivable	<u>2,276,430</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 6,547,940</u>	<u>\$ 219,662</u>	<u>\$ 2,091,934</u>
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 1,409,621	\$ 14,429	\$ 4,317
Deposits	<u>912,852</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,322,473</u>	<u>14,429</u>	<u>4,317</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue- Property Taxes	<u>1,249,004</u>	<u>-</u>	<u>-</u>
Total Deferred Inflow of Resources	<u>1,249,004</u>	<u>-</u>	<u>-</u>
FUND BALANCES:			
Non-Spendable:			
Library Endowment	-	-	-
Cemetery Perpetual Care	-	-	-
Restricted for:			
Transportation Impact Fees	-	-	1,085,110
Public Safety Impact Fees	-	-	86,972
Class C Roads	748,303	-	-
Beer Tax Funds	14,258	-	-
Road Bond Reserves	-	-	373,169
Perpetual Care	-	-	-
Library Endowment	-	-	-
Assigned:			
Debt Service	-	205,233	-
Capital Projects	-	-	542,366
Unassigned	<u>2,213,902</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,976,463</u>	<u>205,233</u>	<u>2,087,617</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u>\$ 6,547,940</u>	<u>\$ 219,662</u>	<u>\$ 2,091,934</u>

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

Permanent Funds		Total
Perpetual Cemetery	Library Endowment	Governmental Funds
\$ 1,580,229	\$ 445,262	\$ 7,695,745
-	-	912,852
-	512,847	512,847
-	-	2,276,430
<u>\$ 1,580,229</u>	<u>\$ 958,109</u>	<u>\$ 11,397,874</u>
\$ -	\$ -	\$ 1,428,367
-	-	912,852
-	-	2,341,219
-	-	1,249,004
-	-	1,249,004
-	685,871	685,871
927,126	-	927,126
-	-	1,085,110
-	-	86,972
-	-	748,303
-	-	14,258
-	-	373,169
653,103	-	653,103
-	272,238	272,238
-	-	205,233
-	-	542,366
-	-	2,213,902
<u>1,580,229</u>	<u>958,109</u>	<u>7,807,651</u>
<u>\$ 1,580,229</u>	<u>\$ 958,109</u>	<u>\$ 11,397,874</u>

KAYSVILLE CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

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

Total Fund Balances- Total Governmental Funds	\$ 7,807,651
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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 \$1,467,827 accumulated depreciation	3,248,429	
Improvements, net of \$2,637,051 accumulated depreciation	3,308,742	
Infrastructure, net of \$21,804,782 accumulated depreciation	39,350,792	
Equipment, net of \$1,401,473 accumulated depreciation	536,404	
Vehicles, net of \$2,842,221 accumulated depreciation	<u>1,943,164</u>	53,739,367

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	(598,000)	
Notes Payable	(760,189)	
Accrued Interest	(5,503)	
Compensated Absences	<u>(303,107)</u>	<u>(1,666,799)</u>

Total Net Position Governmental Activities	<u>\$ 59,880,219</u>
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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, 2013

	General	Debt Service	Capital Projects
Revenues:			
Taxes	\$ 6,594,291	\$ -	\$ -
Licenses and Permits	520,908	-	-
Impact Fees	-	-	811,948
Intergovernmental	896,161	-	-
Charges for Services	1,921,555	-	-
Donations	-	-	150,000
Fines and Forfeitures	98,625	-	-
Interest Income	39,067	779	9,945
Miscellaneous	125,537	-	-
Total Revenues	10,196,144	779	971,893
Expenditures:			
Current:			
General Government	1,897,433	-	-
Public Safety	3,447,027	832,850	-
Community Development	671,454	-	-
Public Works	1,745,709	-	-
Parks, Recreation and Public Properties	2,040,573	-	-
Debt Service:			
Principal	-	387,000	-
Interest and Fiscal Charges	-	32,838	-
Capital Outlay	-	-	450,364
Total Expenditures	9,802,196	1,252,688	450,364
Excess (Deficiency) of Revenues over Expenditures	393,948	(1,251,909)	521,529
Other Financing Sources (Uses):			
Proceeds from Lease	-	832,850	-
Transfers In			
General Fund	-	315,000	-
Capital Projects Fund	-	107,000	-
Electric Fund	265,000	-	-
Transfers Out			
Debt Service Fund	(315,000)	-	(107,000)
Ambulance Fund	(165,000)	-	-
Total Other Financing Sources (Uses)	(215,000)	1,254,850	(107,000)
Net Change in Fund Balances	178,948	2,941	414,529
Fund balance - July 1	2,797,515	202,292	1,673,088
Fund Balance - June 30	\$ 2,976,463	\$ 205,233	\$ 2,087,617

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

Permanent Funds		Total
Perpetual Cemetery	Library Endowment	Governmental Funds
\$ -	\$ -	\$ 6,594,291
-	-	520,908
-	-	811,948
-	-	896,161
56,665	-	1,978,220
-	-	150,000
-	-	98,625
10,219	14,134	74,144
-	-	125,537
66,884	14,134	11,249,834
-	-	1,897,433
-	-	4,279,877
-	-	671,454
-	-	1,745,709
50,867	-	2,091,440
-	-	387,000
-	-	32,838
-	-	450,364
50,867	-	11,556,115
16,017	14,134	(306,281)
-	-	832,850
-	-	315,000
-	-	107,000
-	-	265,000
-	-	(422,000)
-	-	(165,000)
-	-	932,850
16,017	14,134	626,569
1,564,212	943,975	7,181,082
\$ 1,580,229	\$ 958,109	\$ 7,807,651

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, 2013

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

Net change in fund balances-total governmental funds	\$	626,569
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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	1,337,816	
Depreciation expense	<u>(2,445,394)</u>	(1,107,578)

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.		1,603,396
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The sale of assets is recorded as a revenue in the governmental funds, but the sale reduces capital assets in the statement of net position.

Proceeds	13,529	
Gain (Loss) on sale of assets	<u>(18,890)</u>	(5,361)

Payment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Debt proceeds are reported as other financing sources in the fund statements, but are reported as long-term liabilities in the government-wide statements.

Payment of note payable	172,661	
Payment of bond principal	287,000	
Compensated absences	<u>199,190</u>	658,851

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	(253,310)	
Accrued interest	<u>25,835</u>	(227,475)

Change in net position of governmental activities	\$	<u><u>1,548,402</u></u>
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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 NET POSITION
PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES
JUNE 30, 2013

	<u>Water</u>	<u>Sewer</u>
ASSETS		
Current Assets:		
Cash	\$ 584,661	\$ 541,287
Accounts Receivable (Net of Allowance for Uncollectibles)	202,044	168,590
Interfund Receivable	-	-
Inventory	210,000	-
Total Current Assets	<u>996,705</u>	<u>709,877</u>
Noncurrent Assets		
Cash Restricted	5,023	-
Capital Assets:		
Land	120,094	-
Net Depreciable Capital Assets	14,828,553	22,709
Water Stock	76,140	-
Total Noncurrent Assets	<u>15,029,810</u>	<u>22,709</u>
Total Assets	<u>16,026,515</u>	<u>732,586</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	8,268	-
Deposits	5,023	-
Interest Accrued	-	-
Noncurrent Liabilities Due Within One Year	8,419	-
Total Current Liabilities	<u>21,710</u>	<u>-</u>
Noncurrent Liabilities		
Due In More Than One Year	33,674	-
Total Noncurrent Liabilities	<u>33,674</u>	<u>-</u>
Total Liabilities	<u>55,384</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	15,029,810	22,709
Restricted for:		
Water Impact Fees	6,781	-
Unrestricted	934,540	709,877
Total Net Position	<u>\$ 15,971,131</u>	<u>\$ 732,586</u>

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

<u>Electric</u>	<u>Storm Water</u>	<u>Pressure Irrigation</u>	<u>Sanitation</u>	<u>Ambulance</u>	<u>Total</u>
\$ 2,172,466	\$ 708,989	\$ 74,361	\$ 839,461	\$ 29,879	\$ 4,951,104
1,160,416	91,948	97,750	162,839	229,580	2,113,167
-	-	-	-	-	-
980,000	-	-	-	-	1,190,000
<u>4,312,882</u>	<u>800,937</u>	<u>172,111</u>	<u>1,002,300</u>	<u>259,459</u>	<u>8,254,271</u>
101,095	-	-	-	-	106,118
5,651,358	-	16,322	-	-	5,787,774
15,566,143	11,057,218	-	626,056	37,984	42,138,663
-	-	3,712,850	-	-	3,788,990
<u>21,318,596</u>	<u>11,057,218</u>	<u>3,729,172</u>	<u>626,056</u>	<u>37,984</u>	<u>51,821,545</u>
25,631,478	11,858,155	3,901,283	1,628,356	297,443	60,075,816
1,799,296	15,802	600	-	14,894	1,838,860
101,095	-	-	-	-	106,118
93,466	-	-	1,383	251	95,100
371,568	5,555	-	62,366	16,819	464,727
<u>2,365,425</u>	<u>21,357</u>	<u>600</u>	<u>63,749</u>	<u>31,964</u>	<u>2,504,805</u>
1,087,979	22,221	-	163,104	-	1,306,978
<u>1,087,979</u>	<u>22,221</u>	<u>-</u>	<u>163,104</u>	<u>-</u>	<u>1,306,978</u>
3,453,404	43,578	600	226,853	31,964	3,811,783
19,920,157	11,057,218	3,729,172	400,586	21,165	50,180,817
-	-	-	-	-	6,781
<u>2,257,917</u>	<u>757,359</u>	<u>171,511</u>	<u>1,000,917</u>	<u>244,314</u>	<u>6,076,435</u>
<u>\$ 22,178,074</u>	<u>\$ 11,814,577</u>	<u>\$ 3,900,683</u>	<u>\$ 1,401,503</u>	<u>\$ 265,479</u>	<u>\$ 56,264,033</u>

KAYSVILLE CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2013

	<u>Water</u>	<u>Sewer</u>
Operating Revenues:		
Charges for Services (Net of uncollectibles)	\$ 2,275,593	\$ 1,843,022
Total Operating Revenues	<u>2,275,593</u>	<u>1,843,022</u>
Operating Expenses:		
Personnel Services	527,741	17,527
Contractual Services	43,838	-
Administrative Charges from General Fund	137,000	62,000
Interfund Services	70,000	-
Purchases Water/Treatment/Power/Refuse	687,329	1,800,931
Supplies, Maintenance, and Miscellaneous Operating	305,588	-
Energy Sales and Use Tax Charge	-	-
Depreciation	489,951	690
Total Operating Expenses	<u>2,261,447</u>	<u>1,881,148</u>
Operating Income (Loss)	<u>14,146</u>	<u>(38,126)</u>
Non-Operating Revenues (Expenses):		
Connection Fees	54,445	-
Extension Fees	-	-
Impact Fees	52,399	-
Gain on Sale of Assets	-	-
Interest Income	4,840	-
Miscellaneous	23,444	-
Interest Expense	-	-
Total Non-Operating Revenues (Expenses)	<u>135,128</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	149,274	(38,126)
Contributions From Developers	757,425	-
Transfers In (Out):		
General Fund	-	-
Change in Net Position	906,699	(38,126)
Net Position - Beginning	<u>15,064,432</u>	<u>770,712</u>
Net Position - Ending	<u>\$ 15,971,131</u>	<u>\$ 732,586</u>

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

<u>Electric</u>	<u>Storm Water</u>	<u>Pressure Irrigation</u>	<u>Sanitation</u>	<u>Ambulance</u>	<u>Total</u>
<u>\$ 13,244,359</u>	<u>\$ 1,050,462</u>	<u>\$ 1,110,690</u>	<u>\$ 1,622,292</u>	<u>\$ 458,305</u>	<u>\$ 21,604,723</u>
<u>13,244,359</u>	<u>1,050,462</u>	<u>1,110,690</u>	<u>1,622,292</u>	<u>458,305</u>	<u>21,604,723</u>
1,094,770	302,750	2,971	66,288	363,060	2,375,107
463,327	48,579	-	4,261	69,765	629,770
160,000	55,000	55,000	80,000	-	549,000
85,000	50,000	-	5,000	6,000	216,000
9,045,004	-	964,013	1,359,027	-	13,856,304
565,167	288,269	138	21,988	45,215	1,226,365
764,906	-	-	-	-	764,906
677,294	508,419	-	103,596	34,142	1,814,092
<u>12,855,468</u>	<u>1,253,017</u>	<u>1,022,122</u>	<u>1,640,160</u>	<u>518,182</u>	<u>21,431,544</u>
<u>388,891</u>	<u>(202,555)</u>	<u>88,568</u>	<u>(17,868)</u>	<u>(59,877)</u>	<u>173,179</u>
54,433	-	-	-	-	108,878
405,144	-	-	-	-	405,144
164,598	-	-	-	-	216,997
13,800	-	-	-	-	13,800
20,316	3,970	-	-	-	29,126
11,788	-	-	-	-	35,232
(107,402)	(426)	-	(6,832)	(1,362)	(116,022)
<u>562,677</u>	<u>3,544</u>	<u>-</u>	<u>(6,832)</u>	<u>(1,362)</u>	<u>693,155</u>
951,568	(199,011)	88,568	(24,700)	(61,239)	866,334
-	897,736	72,000	189,060	-	1,916,221
<u>(265,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,000</u>	<u>(100,000)</u>
686,568	698,725	160,568	164,360	103,761	2,682,555
<u>21,491,506</u>	<u>11,115,852</u>	<u>3,740,115</u>	<u>1,237,143</u>	<u>161,718</u>	<u>53,581,478</u>
<u>\$ 22,178,074</u>	<u>\$ 11,814,577</u>	<u>\$ 3,900,683</u>	<u>\$ 1,401,503</u>	<u>\$ 265,479</u>	<u>\$ 56,264,033</u>

**KAYSVILLE CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2013**

	Water	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 2,259,766	\$ 1,832,917
Cash Payments to Suppliers for Goods and Services	(1,107,847)	(1,800,931)
Cash Payments to Employees for Services	(526,592)	(17,527)
Cash Payments for Interfund Services	(207,000)	(62,000)
Net Cash Provided (Used) by Operating Activities	418,327	(47,541)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Change In Interfund Borrowings	10,000	-
Transfers from (to) Other Funds	-	-
Net Cash Provided (Used in) Non-Capital Financing Activities	10,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Impact, Extension and Connection Fees	130,288	-
Acquisition of Capital Assets	(482,764)	-
Proceeds from Sale of Capital Assets	-	-
Principal Paid on Bonds and Notes	-	-
Interest Paid	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(352,476)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	4,840	-
Net Cash Provided from Investing Activities	4,840	-
Net Increase (Decrease) in Cash and Cash Equivalents	80,691	(47,541)
Cash/Equivalents at Beginning of Year	508,993	588,828
Cash/Equivalents at End of Year	\$ 589,684	\$ 541,287
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 14,146	\$ (38,126)
Reconciling Adjustments:		
Depreciation	489,951	690
Bad Debt Expense	9,890	-
Changes in Assets and Liabilities:		
Changes in Receivables	(15,827)	(10,105)
Changes in Inventory	(90,000)	-
Changes in Accounts Payable	9,018	-
Changes in Compensated Absences	1,149	-
Total Adjustments	404,181	(9,415)
Net Cash Provided (Used) by Operating Activities	\$ 418,327	\$ (47,541)
Noncash investing and capital activities:		
Contributions from Developers	757,425	-

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

Electric	Storm Water	Pressure Irrigation	Sanitation	Ambulance	Total
\$ 12,978,866	\$ 1,046,126	\$ 1,104,551	\$ 1,596,577	\$ 355,679	\$ 21,174,482
(10,865,590)	(403,754)	(963,852)	(1,385,276)	(103,840)	(16,631,090)
(1,085,905)	(300,533)	(2,971)	(66,288)	(363,060)	(2,362,876)
(245,000)	(105,000)	(55,000)	(85,000)	(6,000)	(765,000)
782,371	236,839	82,728	60,013	(117,221)	1,415,516
-	-	(10,000)	-	-	-
(265,000)	-	-	-	165,000	(100,000)
(265,000)	-	(10,000)	-	165,000	(100,000)
635,963	-	-	-	-	766,251
(1,566,159)	(156,457)	-	(21,175)	-	(2,226,555)
13,800	-	-	-	-	13,800
(358,348)	(50,533)	-	(77,666)	(32,241)	(518,788)
(130,795)	(2,553)	-	(7,695)	(1,847)	(142,890)
(1,405,539)	(209,543)	-	(106,536)	(34,088)	(2,108,182)
20,316	3,970	-	-	-	29,126
20,316	3,970	-	-	-	29,126
(867,852)	31,266	72,728	(46,523)	13,691	(763,540)
3,141,413	677,723	1,633	885,984	16,188	5,820,762
\$ 2,273,561	\$ 708,989	\$ 74,361	\$ 839,461	\$ 29,879	\$ 5,057,222
\$ 388,891	\$ (202,555)	\$ 88,568	\$ (17,868)	\$ (59,877)	\$ 173,179
677,294	508,419	-	103,596	34,142	1,814,092
19,809	629	2,908	2,438	43,146	78,820
(265,493)	(4,965)	(9,047)	(28,153)	(145,772)	(479,362)
(421,896)	-	-	-	-	(511,896)
374,901	(66,906)	299	-	11,140	328,452
8,865	2,217	-	-	-	12,231
393,480	439,394	(5,840)	77,881	(57,344)	1,242,337
\$ 782,371	\$ 236,839	\$ 82,728	\$ 60,013	\$ (117,221)	\$ 1,415,516
-	897,736	72,000	189,060	-	1,916,221

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**NOTES TO
BASIC FINANCIAL STATEMENTS**

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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, fire, and ambulance), public utilities (water, sewer, electric, sanitation, pressure irrigation, and storm water), streets, library endowment, parks, recreation, cemetery, 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). 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 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 position 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. 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, 2013

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.

Governmental funds include the following fund types:

General Fund (major) 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 accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Debt Service Fund accounts for resources accumulated and payments made of 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 the 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.

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. The water, sewer, electric and storm water funds are considered major funds.

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

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 using the current financial resources measurement focus on the modified accrual basis of accounting. 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, 2013

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 replacement value 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, 2013**

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	60
Other Infrastructure	40
Water System	35
Electrical System	35
Improvements	30
Equipment	7
Vehicles	5-7

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.

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.

Deferred Inflows and Outflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time.

Governmental funds report revenue that is unavailable as deferred inflows of resources. The City's Governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as revenue in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period and is therefore deferred until that time. The City did not have any deferred outflows as of June 30, 2013.

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.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Liabilities (continued)

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. Bonds payable are reported net of the applicable bond premium or discount.

Equity

Fund financial statements

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

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

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

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity (Continued)

Government-wide Statements

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

- a. Net Investment in capital assets – 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 position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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 revenues 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 Position

All of the City’s reserved fund balances are also considered restricted net position.

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.

Beer Tax Reserves- all unexpended Beer Tax 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 position has been restricted.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Net Position (Continued)

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 position has 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 position has 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 position has been restricted.

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 position has been restricted.

Perpetual Cemetery – the perpetual cemetery fund holds part of the fees collected at the time the cemetery lot is sold. The perpetual 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, plus a portion of the interest earned each year. Thus only part of the interest earned on the principal may be used and is restricted for library expenditures.

When both restricted and unrestricted net position are available for use, the City's policy is to use restricted net position first, then unrestricted as needed.

New Pronouncements

The Governmental Accounting Standards Board issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position." Although not required to do so, the City has elected to early adopt Statement No. 65 by the Board, "Items Previously Reported as Assets and Liabilities." The implementation of these statements has resulted in changes to the financial statement previously referred to as the Statement of Net Assets, now the Statement of Net Position, and the reclassification of certain asset and liability balances as deferred outflows and inflows.

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.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

2. DEPOSITS AND INVESTMENTS (Continued)

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, 2013, \$1,163,386 of the City's bank balances of \$1,938,116 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.

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, 2013, the GASB Fair Value Factor for the PTIF was 1.00502171. The amortized cost of the PTIF was \$12,218,334 and the fair value of was \$12,279,691.

As of June 30, 2013, 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	\$ 12,218,334	\$12,218,334	\$ -	\$ -	\$ -	not rated
Money Market	300,764	300,764	-	-	-	not rated
Certificates of Deposit	512,847	367,260	145,587	-	-	not rated
	<u>\$13,031,945</u>	<u>\$12,886,358</u>	<u>\$ 145,587</u>	<u>\$ -</u>	<u>\$ -</u>	

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

2. DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2013, are as follows:

Cash on hand and on deposit:	
Cash on hand	\$ 250
Cash on deposit	1,146,471
PTIF investment	12,218,334
Money market	300,764
Certificates of deposit	512,847
	<hr/>
Total cash and investments	<u>\$14,178,666</u>

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

Cash and cash equivalents	\$12,646,849
Restricted cash	1,018,970
Investments	512,847
	<hr/>
Total cash and investments	<u>\$14,178,666</u>

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

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	\$2,205,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,205,721
Due from Other Fund	70,709	-	-	-	-	-	-	-	70,709
Utility charges	-	209,268	175,730	1,186,274	101,985	169,050	95,982	334,204	2,272,493
Other receivables	-	1,557	-	24,763	-	-	-	-	26,320
Gross receivables	2,276,430	210,825	175,730	1,211,037	101,985	169,050	95,982	334,204	4,575,243
Allowance	-	(8,781)	(7,140)	(50,621)	(4,235)	(6,211)	(4,034)	(104,624)	(185,646)
Net receivables	\$2,276,430	\$202,044	\$168,590	\$1,160,416	\$ 97,750	\$ 162,839	\$ 91,948	\$ 229,580	\$4,389,597

"Due from other fund" is the receivable portion as of the end of the fiscal year of the energy use tax that the electric fund collects and pays to the general fund.

4. ACCOUNTS PAYABLE

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

	General	Debt Service	Capital Projects	Water	Electric	Pressure Irrigation	Storm Water	Ambulance	Total
Payables:									
Intergovernmental	\$1,409,621	\$ 14,429	\$ 4,317	\$ 8,268	\$1,728,587	\$ 600	\$ 15,802	\$ 14,894	\$3,196,518
Due to Other Fund	-	-	-	-	70,709	-	-	-	70,709
Gross payables	\$1,409,621	\$ 14,429	\$ 4,317	\$ 8,268	\$1,799,296	\$ 600	\$ 15,802	\$ 14,894	\$3,267,227

"Due to other fund" is the payable portion as of the end of fiscal year of the energy use tax that the electric fund collects and pays to the general fund.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

5. CAPITAL ASSETS

Capital asset activity in the governmental activities for the year ended June 30, 2013, 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	\$ 5,351,836	\$ -	\$ -	\$ 5,351,836
Total capital assets, not being depreciated	<u>5,351,836</u>	<u>-</u>	<u>-</u>	<u>5,351,836</u>
Capital assets, being depreciated				
Infrastructure	59,059,895	2,095,679	-	61,155,574
Buildings	4,716,256	-	-	4,716,256
Improvements	5,857,065	88,728	-	5,945,793
Vehicles	3,530,240	1,416,368	(161,223)	4,785,385
Equipment	1,811,245	173,287	(46,655)	1,937,877
Total capital assets, being depreciated	<u>74,974,701</u>	<u>3,774,062</u>	<u>(207,878)</u>	<u>78,540,885</u>
Accumulated Depreciation for:				
Infrastructure	(20,034,086)	(1,770,696)	-	(21,804,782)
Buildings	(1,377,067)	(90,760)	-	(1,467,827)
Improvements	(2,439,847)	(197,204)	-	(2,637,051)
Vehicles	(2,742,541)	(255,542)	155,862	(2,842,221)
Equipment	(1,316,936)	(131,192)	46,655	(1,401,473)
Total accumulated depreciation	<u>(27,910,477)</u>	<u>(2,445,394)</u>	<u>202,517</u>	<u>(30,153,354)</u>
Total capital assets being depreciated, net	<u>47,064,224</u>	<u>1,328,668</u>	<u>(5,361)</u>	<u>48,387,531</u>
Governmental activities capital assets, net	<u>\$52,416,060</u>	<u>\$ 1,328,668</u>	<u>\$ (5,361)</u>	<u>\$53,739,367</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 77,710
Public Safety	
Police	96,224
Fire	127,280
Community Development	18,304
Public Works	1,825,455
Parks and Recreation	<u>300,421</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,445,394</u>

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

5. CAPITAL ASSETS (Continued)

Capital asset activity in the business-type activities for the year ended June 30, 2013, 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	3,716,990	72,000	-	3,788,990
Total capital assets, not being depreciated	<u>9,504,764</u>	<u>72,000</u>	<u>-</u>	<u>9,576,764</u>
Capital assets, being depreciated				
Buildings	825,794	-	-	825,794
Improvements	41,320	-	-	41,320
Infrastructure	58,336,231	3,549,395	-	61,885,626
Vehicles	2,090,854	311,037	(96,717)	2,305,174
Machinery and Equipment	1,629,288	210,233	-	1,839,521
Total capital assets, being depreciated	<u>62,923,487</u>	<u>4,070,665</u>	<u>(96,717)</u>	<u>66,897,435</u>
Accumulated Depreciation for:				
Buildings	(357,926)	(13,682)	-	(371,608)
Improvements	(6,885)	(1,379)	-	(8,264)
Infrastructure	(20,104,678)	(1,528,653)	-	(21,633,331)
Vehicles	(1,526,669)	(177,302)	96,840	(1,607,131)
Machinery and Equipment	(1,045,362)	(93,076)	-	(1,138,438)
Total accumulated depreciation	<u>(23,041,520)</u>	<u>(1,814,092)</u>	<u>96,840</u>	<u>(24,758,772)</u>
Total capital assets, being depreciated, net	<u>39,881,967</u>	<u>2,256,573</u>	<u>123</u>	<u>42,138,663</u>
Business-type activities capital assets, net	<u>\$49,386,731</u>	<u>\$2,328,573</u>	<u>\$ 123</u>	<u>\$51,715,427</u>

Depreciation expense was charged to functions as follows:

Business-type Activities:

Water	\$ 489,951
Sewer	690
Electric	677,294
Sanitation	103,596
Storm Water	508,419
Ambulance	<u>34,142</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,814,092</u>

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

5. 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	-	-	3,712,850	-	-	-	3,788,990
Buildings	123,869	41,289	660,636	-	-	-	-	825,794
Improvements	41,320	-	-	-	-	-	-	41,320
Infrastructure	20,675,943	-	23,229,595	-	-	17,980,088	-	61,885,626
Vehicles	393,722	-	1,004,394	-	207,383	331,905	367,770	2,305,174
Equipment	235,358	-	283,183	-	1,287,677	2,655	30,648	1,839,521
Total	21,666,446	41,289	30,829,166	3,729,172	1,495,060	18,314,648	398,418	76,474,199
Accum Depr	(6,641,659)	(18,580)	(9,611,665)	-	(869,004)	(7,257,430)	(360,434)	(24,758,772)
Net	\$15,024,787	\$ 22,709	\$21,217,501	\$3,729,172	\$ 626,056	\$11,057,218	\$ 37,984	\$51,715,427

6. DEPOSITS

General Fund - Deposits in the general fund as of June 30, 2013 are as follows:

Business license bonds refundable	\$ 2,300
Builders' deposits	250,375
Excavation deposits	91,000
Escrow deposits	569,177
Total	\$ 912,852

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, 2013 deposits are as follows:

Utility deposits	\$ 101,095
Water meter deposits	5,023
Total deposits	\$ 106,118

7. LEASES

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

The assets acquired through outstanding capital leases are as follows:

	Governmental Activities	Business-type Activities		
		Electric Utility Fund	Sanitation Fund	Ambulance Fund
Vehicles	\$ 832,850	\$ -	\$ 207,383	\$ 153,000
Equipment	-	212,897	313,696	-
Less: Accumulated Amortization	-	(30,414)	(255,635)	(122,400)
Total	\$ 832,850	\$ 182,483	\$ 265,444	\$ 30,600

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

7. LEASES (continued)

Government-type activities:

The City has one lease agreement as lessee for the acquisition of a fire truck.

The fire truck lease purchase agreement bears an interest rate of 1.69%. Semi-annual payments are made with final payment being made in August 2018.

Year Ended June 30,	Capital Lease (Fire Truck)		
	1.69%		
	Principal	Interest	Total
2014	\$ 133,035	\$ 12,287	\$ 145,322
2015	135,292	10,030	145,322
2016	137,588	7,734	145,322
2017	139,923	5,399	145,322
2018	142,298	3,024	145,322
2019	72,053	609	72,662
Totals	\$ 760,189	\$ 39,083	\$ 799,272

Business-type activities:

The City has four lease agreements for the acquisition of a bucket truck, street sweeper, recycling cans, 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 Electric Utility fund.

Year Ended June 30,	Capital Lease (Bucket Truck)		
	2.42%		
	Principal	Interest	Total
2014	\$ 42,046	\$ 2,875	\$ 44,921
2015	43,070	1,851	44,921
2016	44,118	803	44,921
Totals	\$ 129,234	\$ 5,529	\$ 134,763

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
2014	\$ 17,961	\$ 401	\$ 18,362
Totals	\$ 17,961	\$ 401	\$ 18,362

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

7. LEASES (Continued)

Business-type activities (continued):

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
2014	\$ 44,405	\$ 5,070	\$ 49,475
2015	45,558	3,917	49,475
2016	46,741	2,734	49,475
2017	47,955	1,520	49,475
2018	22,851	293	23,144
Totals	\$ 207,510	\$ 13,534	\$ 221,044

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
2014	\$ 16,819	\$ 376	\$ 17,195
Totals	\$ 16,819	\$ 376	\$ 17,195

The vactor truck lease purchase agreement that had an interest rate of 5.05%. Annual payments are made with final payment made in fiscal year 2013.

8. LONG-TERM LIABILITIES

Governmental activities:

Pioneer Park- Land

The City was 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 were both paid on September 30 of each year with the final payment having been made on September 30, 2012. The note payable had an interest rate of 7%.

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

8. 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 pledged 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
2014	\$ 295,000	\$ 16,445	\$ 311,445
2015	303,000	8,332	311,332
Totals	\$ 598,000	\$ 24,777	\$ 622,777

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
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	\$ 1,269,207	\$ 253,842	\$ 1,523,049

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

9. 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, 2013 is as follows:

Governmental Activities:	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Note Payable - Pioneer Park Land	\$ 100,000	\$ -	\$ (100,000)	\$ -	\$ -
Series 2010 Bonds	885,000	-	(287,000)	598,000	295,000
Capital Lease- Fire Truck	-	832,850	(72,661)	760,189	145,322
Total Debt	985,000	832,850	(459,661)	1,358,189	440,322
Compensated Absences	248,987	253,310	(199,190)	303,107	168,940
<i>Total Governmental Activities</i>	<u>\$1,233,987</u>	<u>\$ 1,086,160</u>	<u>\$(658,851)</u>	<u>\$1,661,296</u>	<u>\$ 609,262</u>

Business-type Activities:	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Capital Lease (Bucket Truck)	\$ 170,281	\$ -	\$ (41,047)	\$ 129,234	\$ 42,046
Capital Lease (Sweeper)	52,552	-	(34,591)	17,961	17,961
Capital Lease (Recycling Cans)	251,261	-	(43,751)	207,510	44,405
Capital Lease (Vactor Truck)	50,534	-	(50,534)	-	-
Capital Lease (Ambulance)	49,061	-	(32,242)	16,819	16,819
Note Payable - Land	1,586,508	-	(317,301)	1,269,207	317,301
Total Debt	2,160,197	-	(519,466)	1,640,731	438,532
Compensated Absences	118,743	35,980	(23,749)	130,974	26,195
<i>Total Business-type Activities</i>	<u>\$2,278,940</u>	<u>\$ 35,980</u>	<u>\$(543,215)</u>	<u>\$1,771,705</u>	<u>\$464,727</u>

For the year ended June 30, 2013, \$32,838 in interest was charged to expenses in the Governmental Funds and \$143,674 was charged to expenses in the Proprietary Funds. No interest was capitalized for the year ended June 30, 2013, in Governmental or Business-type Activities.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

10. 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 12.03% (Tier 1) and 12.74% (Tier 2) of their annual covered salary. In the Local Governmental Noncontributory Retirement System Kaysville City is required to contribute 16.04% of their annual covered salary. In the Public Safety Retirement System, the City is required to contribute 33.65% for Tier 1 employees of covered salary to the noncontributory division and 21.94% for Tier 2 employees covered by a contributory 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, 2013, 2012 and 2011 were \$16,858, \$10,633, and \$6,853 respectively and for the Noncontributory Retirement System the contributions for June 30, 2013, 2012 and 2011 were \$485,241, \$409,994, and \$389,580 respectively. For the Public Safety Noncontributory Retirement System contributions for June 30, 2013, 2012 and 2011 were \$369,694, \$282,662, and \$263,908 respectively. For the Public Safety Contributory Retirement System contributions for June 30, 2013 and 2012 were \$4,357 and \$888 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, 2013 totaled \$76,610. The 401(k) plan has an elective deferral option. Employee contributions for the year ended June 30, 2013 totaled approximately \$83,930.

The Local Government Retirement System also offers a 401(k) plan for employees who are included in the noncontributory Tier 2 retirement program. The employer's contributions into this plan for the year ended June 30, 2013 totaled approximately \$1,840.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

11. 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.

12. INTERFUND TRANSACTIONS

Transfers In/Out

Transfers for the year ended June 30, 2013 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Ambulance Fund</u>	
General Fund	\$ -	\$ 315,000	\$ 165,000	\$ 480,000
Electric Utility Fund	265,000	-	-	265,000
Capital Projects Fund	-	107,000	-	107,000
Totals	\$ 265,000	\$ 422,000	\$ 165,000	\$ 852,000

The above transfers resulted from the normal course of the City's operations. 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.

13. 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, 2013**

14. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures over Budget:

During the fiscal year the City Council authorized the acquisition of a new fire apparatus through a lease purchase financing. This expenditure in excess of the total appropriation is due to a reporting requirement to record the total proceeds from the lease purchase financing and the associated expenditure in the Debt Service Fund.

Roadway improvements were made as part of the perpetual maintenance of the Cemetery. The expenditures were accounted for in the Cemetery Perpetual Care Fund and were in excess of the appropriated amount.

Utility Services to City Buildings & Facilities:

The City utility enterprise funds have provided services to City buildings and facilities as part of the overall operations of the City. The City will either charge City Departments for utility services or follow the notice and hearing requirements found in Utah Code 10-6-135.

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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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property Taxes - Current	\$ 1,227,000	\$ 1,227,000	\$ 1,280,606	\$ 53,606
Property Taxes - Redemptions	53,000	53,000	21,282	(31,718)
Property Taxes - Payments in Lieu	20,000	20,000	20,732	732
Motor Vehicle Fee in Lieu	145,000	145,000	123,860	(21,140)
Sales Tax	3,075,000	3,075,000	3,304,756	229,756
Utility License Tax	595,000	595,000	664,736	69,736
Energy Sales and Use Charge	1,195,000	1,195,000	1,178,319	(16,681)
	<u>6,310,000</u>	<u>6,310,000</u>	<u>6,594,291</u>	<u>284,291</u>
Licenses and Permits:				
Business Licenses	60,000	60,000	65,854	5,854
Building Permits	265,000	265,000	406,604	141,604
Building Permit Bonds Forfeitures	-	-	48,450	48,450
	<u>325,000</u>	<u>325,000</u>	<u>520,908</u>	<u>195,908</u>
Intergovernmental:				
Class "C" Road	850,000	850,000	876,086	26,086
State Beer Tax	18,000	18,000	16,893	(1,107)
State Grants	5,000	5,000	3,182	(1,818)
	<u>873,000</u>	<u>873,000</u>	<u>896,161</u>	<u>23,161</u>
Charges for Services:				
Administrative Charges	549,000	549,000	549,000	-
Zoning/ Plan Check	75,000	75,000	135,946	60,946
Maps and Publications	500	500	64	(436)
Fire Protection	145,000	145,000	150,387	5,387
Law Enforcement	120,000	120,000	139,594	19,594
Streets	2,500	2,500	16,210	13,710
Parks and Recreation	518,300	548,300	564,281	15,981
Facilities Maintenance	6,000	6,000	6,220	220
Cemetery Lots	60,000	60,000	57,600	(2,400)
Burial Fees	80,000	80,000	81,735	1,735
GIS/ Information System Services	138,000	138,000	138,000	-
Fleet Mgmt Services	72,000	72,000	78,000	6,000
Miscellaneous Charges	16,718	16,718	4,518	(12,200)
	<u>1,783,018</u>	<u>1,813,018</u>	<u>1,921,555</u>	<u>108,537</u>
Fines and Forfeitures	<u>101,000</u>	<u>101,000</u>	<u>98,625</u>	<u>(2,375)</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other Revenues:				
Interest and Dividend Earnings	40,000	40,000	39,067	(933)
Rents	16,000	16,000	17,025	1,025
Sale of Assets	-	7,500	13,529	6,029
Community Events	60,000	105,000	65,923	(39,077)
Cert Fees	2,500	2,500	1,730	(770)
Sundry	20,000	20,000	27,330	7,330
	<u>138,500</u>	<u>191,000</u>	<u>164,604</u>	<u>(26,396)</u>
Total Revenues	<u>9,530,518</u>	<u>9,613,018</u>	<u>10,196,144</u>	<u>583,126</u>
Expenditures:				
General Government:				
City Council	78,650	78,650	73,511	5,139
City Manager	161,250	161,250	157,404	3,846
Administrative Services	704,900	704,900	669,102	35,798
Information Services	347,872	347,872	328,179	19,693
Legal Services	145,000	240,000	237,457	2,543
Animal Control	52,000	52,000	47,452	4,548
Fleet Maintenance	259,600	259,600	251,836	7,764
Vehicle Replacement Program	125,000	132,500	132,492	8
	<u>1,874,272</u>	<u>1,976,772</u>	<u>1,897,433</u>	<u>79,339</u>
Public Safety:				
Police Department	2,964,223	2,964,223	2,962,083	2,140
Fire Department	535,500	535,500	484,944	50,556
	<u>3,499,723</u>	<u>3,499,723</u>	<u>3,447,027</u>	<u>52,696</u>
Community Development:				
Planning and Zoning	324,210	324,210	299,411	24,799
Code Enforcement	375,892	375,892	372,043	3,849
	<u>700,102</u>	<u>700,102</u>	<u>671,454</u>	<u>28,648</u>
Public Works:				
Public Works	802,069	1,322,069	1,236,319	85,750
Class "C" Roads	535,000	535,000	509,390	25,610
	<u>1,337,069</u>	<u>1,857,069</u>	<u>1,745,709</u>	<u>111,360</u>

(continued)

KAYSVILLE CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Parks, Recreation and Public Properties:				
Buildings	147,100	147,100	143,372	3,728
Parks	855,900	855,900	841,094	14,806
Recreation	737,352	767,352	765,411	1,941
Community Events	108,050	153,050	150,504	2,546
Cemetery	150,950	150,950	140,192	10,758
	<u>1,999,352</u>	<u>2,074,352</u>	<u>2,040,573</u>	<u>33,779</u>
 Total Expenditures	 <u>9,410,518</u>	 <u>10,108,018</u>	 <u>9,802,196</u>	 <u>305,822</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>120,000</u>	 <u>(495,000)</u>	 <u>393,948</u>	 <u>888,948</u>
 Other Financing Sources (Uses):				
Transfers (Out):				
Debt Service Fund	(315,000)	(315,000)	(315,000)	-
Power Fund	265,000	265,000	265,000	-
Ambulance Fund	(165,000)	(165,000)	(165,000)	-
Total Other Financing Sources (Uses)	<u>(215,000)</u>	<u>(215,000)</u>	<u>(215,000)</u>	<u>-</u>
 Net Change in Fund Balance	 <u>(95,000)</u>	 <u>(710,000)</u>	 <u>178,948</u>	 <u>888,948</u>
 Fund Balance - July 1	 <u>2,797,515</u>	 <u>2,797,515</u>	 <u>2,797,515</u>	 <u>-</u>
 Fund Balance - June 30	 <u>\$ 2,702,515</u>	 <u>\$ 2,087,515</u>	 <u>\$ 2,976,463</u>	 <u>\$ 888,948</u>

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KAYSVILLE CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

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 2013 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 for 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.

KAYSVILLE CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)
June 30, 2013

Summary of Action Required for Budget Changes

1. Transfers of unexpended appropriations from one expenditure account to another in the same department 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

Permanent Fund- Perpetual Cemetery

Permanent Fund- Library Endowment

KAYSVILLE CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 779	\$ 779
Total Revenues	<u>-</u>	<u>-</u>	<u>779</u>	<u>779</u>
EXPENDITURES:				
Debt Service:				
Road Revenue Bond Payment	315,000	315,000	312,838	2,162
Fire Truck Lease Purchase	-	-	832,850	(832,850)
Pioneer Park Payment	108,000	108,000	107,000	1,000
Total Expenditures	<u>423,000</u>	<u>423,000</u>	<u>1,252,688</u>	<u>(829,688)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(423,000)</u>	<u>(423,000)</u>	<u>(1,251,909)</u>	<u>(828,909)</u>
Other Financing Sources (Uses):				
Proceeds from Lease	-	-	832,850	832,850
Transfers In (Out):				
General Fund	315,000	315,000	315,000	-
Capital Projects Fund	108,000	108,000	107,000	(1,000)
Total Other Financing Sources (Uses)	<u>423,000</u>	<u>423,000</u>	<u>1,254,850</u>	<u>831,850</u>
Change in Fund Balance	<u>-</u>	<u>-</u>	<u>2,941</u>	<u>2,941</u>
Fund Balance at Beginning of Year	<u>202,292</u>	<u>202,292</u>	<u>202,292</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 202,292</u>	<u>\$ 202,292</u>	<u>\$ 205,233</u>	<u>\$ 2,941</u>

KAYSVILLE CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Park Development Impact Fees	\$ 205,000	205,000	\$ 238,140	\$ 33,140
Transportation Impact Fees	-	-	550,142	550,142
Public Safety Impact Fees	-	5,150	23,666	18,516
Donations	280,000	280,000	150,000	(130,000)
Interest Income	-	-	9,945	9,945
Total Revenues	485,000	490,150	971,893	481,743
EXPENDITURES:				
Capital Outlay:				
Heritage Park Improvements	485,000	485,000	442,915	42,085
Police Station	-	5,150	5,150	-
Rail Trail	-	3,000	2,299	701
Total Expenditures	485,000	493,150	450,364	42,786
Excess (Deficiency) of Revenues over Expenditures	-	(3,000)	521,529	524,529
Other Financing Sources (Uses):				
Transfers In (Out):				
Debt Service	(108,000)	(108,000)	(107,000)	1,000
Total Other Financing Srouces (Uses)	(108,000)	(108,000)	(107,000)	1,000
Change in Fund Balance	(108,000)	(111,000)	414,529	525,529
Fund Balance at Beginning of Year	1,673,088	1,673,088	1,673,088	-
Fund Balance at End of Year	\$ 1,565,088	\$ 1,562,088	\$ 2,087,617	\$ 525,529

KAYSVILLE CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PERMANENT FUND- PERPETUAL CEMETERY
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Perpetual Care Fee	\$ 50,000	50,000	\$ 56,665	\$ 6,665
Interest Income	15,000	15,000	10,219	(4,781)
Total Revenues	<u>65,000</u>	<u>65,000</u>	<u>66,884</u>	<u>1,884</u>
EXPENDITURES:				
Improvements	35,000	35,000	50,867	(15,867)
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>50,867</u>	<u>(15,867)</u>
 Change in Fund Balance	 30,000	 30,000	 16,017	 (13,983)
Fund Balance at Beginning of Year	<u>1,564,212</u>	<u>1,564,212</u>	<u>1,564,212</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,594,212</u>	<u>\$ 1,594,212</u>	<u>\$ 1,580,229</u>	<u>\$ (13,983)</u>

KAYSVILLE CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PERMANENT FUND- LIBRARY ENDOWMENT
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest Income	10,000	10,000	14,134	4,134
Total Revenues	10,000	10,000	14,134	4,134
EXPENDITURES:				
Improvements	10,000	10,000	-	10,000
Total Expenditures	10,000	10,000	-	10,000
Change in Fund Balance	-	-	14,134	14,134
Fund Balance at Beginning of Year	943,975	943,975	943,975	-
Fund Balance at End of Year	<u>\$ 943,975</u>	<u>\$ 943,975</u>	<u>\$ 958,109</u>	<u>\$ 14,134</u>

STATISTICAL SECTION



*Utah's
Hometown*



Arts & Music
Festival



Cold Cones, Cool Cars



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 City's overall financial health.

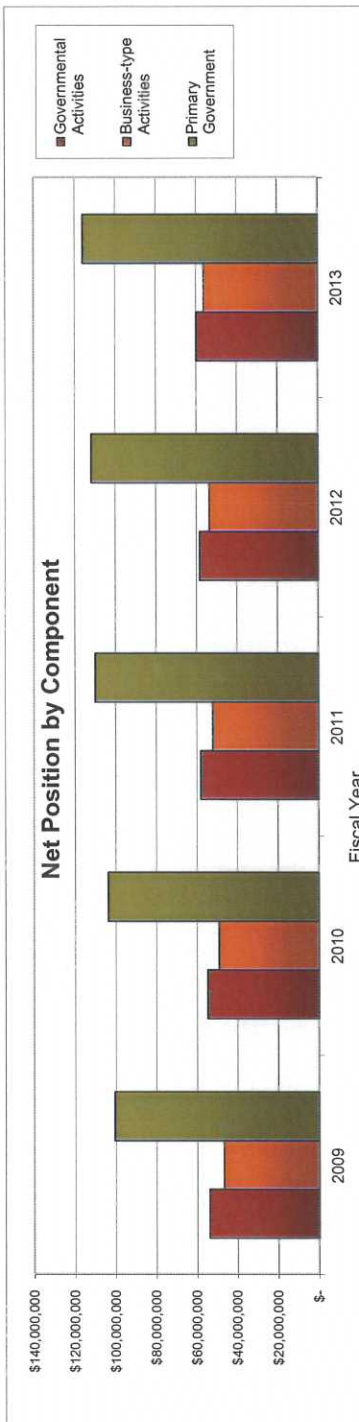
Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	73-78
Revenue Capacity <i>These schedules contain information to help the reader assess a primary city revenue source, property tax.</i>	79-87
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	88-90
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	91-93
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the actives it performs.</i>	94

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KAYSVILLE CITY CORPORATION
Table 1 - Net Position by Component
June 30, 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Investment in Capital Assets, Net of Related Debt	\$22,396,106	\$19,063,908	\$21,086,118	\$28,864,094	\$31,559,900	\$47,859,814	\$49,104,550	\$50,933,344	\$51,804,229	\$52,754,347
Restricted	2,004,450	2,683,646	4,093,648	3,996,861	3,408,975	4,119,488	4,234,362	4,650,873	4,125,429	5,051,383
Unrestricted	4,008,876	3,059,042	3,865,714	936,041	1,408,627	1,919,793	1,411,551	2,419,566	2,402,159	2,074,489
Total Governmental Activities Net Position	\$28,409,432	\$24,806,596	\$29,045,480	\$33,796,996	\$36,377,502	\$53,899,095	\$54,750,463	\$58,003,483	\$58,331,817	\$59,880,219
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	\$19,666,590	\$27,289,164	\$32,883,333	\$39,784,790	\$40,751,249	\$44,257,004	\$43,555,686	\$46,146,335	\$47,227,210	\$50,074,699
Restricted	2,472,805	1,816,441	706,473	640,345	55,149	96,379	131,574	180,861	211,341	6,781
Unrestricted	7,292,003	7,606,474	6,928,976	2,657,464	5,299,689	2,475,904	5,447,712	5,768,480	6,142,927	6,182,553
Total Business-type Activities Net Position	\$29,431,398	\$36,712,079	\$40,518,782	\$43,082,599	\$46,106,087	\$46,829,287	\$49,134,972	\$52,095,676	\$53,581,478	\$56,264,033
Primary Government										
Net Investment in Capital Assets	\$42,062,696	\$46,353,072	\$53,969,451	\$68,648,884	\$72,311,149	\$92,116,818	\$92,660,236	\$97,079,679	\$99,031,439	\$102,829,046
Restricted	4,477,255	4,500,087	4,800,121	4,637,206	3,464,124	4,215,867	4,365,936	4,831,434	4,336,770	5,058,164
Unrestricted	11,300,879	10,665,516	10,794,690	3,593,505	6,708,316	4,395,697	6,859,263	8,188,046	8,545,086	8,257,042
Total Primary Government Net Position	\$57,840,830	\$61,518,675	\$69,564,262	\$76,879,595	\$82,483,589	\$100,728,382	\$103,885,435	\$110,099,159	\$111,913,295	\$116,144,252

(Accrual Basis of Accounting)



KAYSVILLE CITY CORPORATION
Table 2 - Changes in Net Position
June 30, 2013

Expenses	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Government Activities:										
General Government	\$ 1,299,235	\$ 1,149,813	\$ 1,275,261	\$ 1,183,636	\$ 1,487,669	\$ 1,573,836	\$ 1,535,455	\$ 1,545,761	\$ 1,912,144	\$ 1,933,158
Public Safety - Police	1,597,383	1,683,710	1,813,474	2,027,634	2,193,793	2,104,881	2,235,372	2,213,269	2,640,849	2,955,768
Public Safety - Fire	320,968	348,039	445,331	450,318	527,139	531,620	446,057	483,156	423,978	540,842
Community Development	-	418,435	467,474	608,457	837,804	725,078	856,615	760,562	658,823	647,499
Public Works	2,415,623	2,245,723	1,615,171	2,119,382	2,227,389	1,746,346	3,234,262	2,964,516	2,699,309	3,090,467
Parks, Recreation and Public Properties	865,527	1,341,495	1,573,015	1,685,013	1,853,861	2,170,919	1,947,498	1,910,131	2,145,155	2,178,224
Perpetual Cemetery	71	-	-	-	78,348	36,000	63,770	-	-	50,867
Library Endowment	17,982	57,909	32,495	10,000	-	-	-	-	-	-
Special Revenue - Library	296,905	290,769	331,514	36,537	-	-	-	-	-	-
Interest on Long-Term Debt	149,014	129,459	105,831	83,286	62,965	92,886	78,069	343,327	327,537	7,003
Total Governmental Activities Expenses	6,962,708	7,665,352	7,659,566	8,204,263	9,268,968	9,041,566	10,397,038	10,220,722	10,807,795	11,404,828
Business-type Activities:										
Water	1,186,908	1,398,496	1,469,800	1,603,461	2,112,958	2,055,930	2,001,788	2,035,790	2,227,960	2,261,447
Sewer	1,222,847	1,274,505	1,324,522	1,391,445	1,486,306	1,675,055	1,771,084	1,736,004	1,743,293	1,881,148
Electric	8,374,719	8,992,356	10,717,294	10,818,203	12,057,762	12,558,805	12,357,551	12,665,025	12,225,173	12,962,870
Pressure Irrigation	562,112	594,054	777,596	893,148	933,041	1,001,318	1,060,124	1,072,481	1,105,317	1,022,122
Sanitation	1,116,790	1,154,365	1,181,929	1,132,110	1,157,707	1,166,979	1,203,823	1,376,902	1,535,860	1,646,992
Storm Water	-	254,468	727,455	468,750	812,161	927,250	1,080,850	1,140,057	1,080,937	1,253,443
Ambulance	402,705	381,463	453,756	465,678	449,019	572,672	517,513	565,430	570,158	519,544
Total Business-Type Activities Expenses	12,866,081	14,049,707	16,652,352	16,772,795	19,008,954	19,958,009	19,992,733	20,591,689	20,488,698	21,547,566
Total Primary Government Expenses	\$19,828,789	\$21,715,059	\$ 24,311,918	\$ 24,977,058	\$ 28,277,922	\$ 28,999,575	\$ 30,389,831	\$ 30,812,411	\$ 31,296,493	\$ 32,952,394

KAYSVILLE CITY CORPORATION
Table 2 - Changes in Net Position (Continued)
June 30, 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues										
Government Activities:										
Charges for Services										
General Government	\$ 1,053,252	\$ 510,135	\$ 504,503	\$ 519,390	\$ 613,771	\$ 647,500	\$ 648,277	\$ 647,686	\$ 760,056	\$ 765,064
Public Safety - Police	122,746	177,492	204,550	195,296	229,979	216,799	221,463	233,637	237,962	261,885
Public Safety - Fire	91,638	110,664	124,576	121,903	144,344	140,535	141,818	139,507	143,156	150,387
Community Development	-	151,202	233,892	194,717	419,546	301,483	375,149	602,391	410,431	656,854
Public Works	554,995	113,913	2,281,843	2,531,811	1,287,340	1,520,183	1,346,410	1,187,282	1,093,151	1,442,438
Parks, Recreation and Public Properties	717,687	826,766	1,184,753	1,064,075	837,388	790,532	835,546	930,176	889,793	965,001
Perpetual Cemetery	37,478	36,670	43,350	51,500	56,300	64,630	47,560	54,175	56,450	56,665
Special Revenue - Library	29,233	16,839	15,736	-	-	-	-	-	-	-
Operating Grants and Contributions	816,373	692,875	752,413	81,619	154,963	50,292	205,830	94,835	526,635	20,075
Capital Grants and Contributions	89,894	56,377	132,524	905,276	1,635,825	16,805,490	1,670,091	3,691,377	599,878	1,753,396
Total Governmental Activities Program Revenues	3,513,296	2,692,933	5,478,140	5,665,587	5,379,456	20,537,444	5,492,164	7,581,066	4,717,512	6,071,765
Business-type Activities:										
Charges for Services:										
Water	1,378,156	1,382,070	1,676,158	1,702,823	1,770,229	1,960,877	2,247,425	2,289,022	2,310,530	2,405,881
Sewer	1,284,538	1,331,382	1,386,456	1,455,293	1,506,782	1,733,153	1,763,771	1,794,049	1,821,529	1,843,022
Electric	9,625,388	9,809,300	11,069,202	11,257,963	12,574,279	12,177,583	11,877,444	12,189,118	12,810,922	13,894,122
Pressure Irrigation	555,018	585,736	781,165	908,199	969,994	1,054,672	1,080,784	1,079,514	1,101,257	1,110,690
Sanitation	1,195,552	1,252,689	1,284,796	1,243,106	1,218,953	1,260,996	1,286,007	1,429,094	1,564,996	1,622,292
Storm Water	-	57,788	720,480	740,061	938,853	973,123	991,059	1,013,729	1,075,823	1,050,462
Ambulance	252,648	259,723	342,506	327,783	428,495	430,491	414,505	388,818	326,368	458,305
Grants and Contributions	-	115,000	2,270,075	980,896	2,215,296	827,954	2,463,765	3,172,636	768,060	1,916,221
Total Business-Type Activities Program Revenues	14,291,300	14,793,688	19,530,838	18,616,124	21,622,881	20,418,849	22,124,760	23,355,980	21,779,485	24,300,995
Total Primary Government Program Revenues	\$17,804,596	\$17,486,621	\$ 25,008,978	\$ 24,281,711	\$ 27,002,337	\$ 40,956,293	\$ 27,616,924	\$ 30,937,046	\$ 26,496,997	\$ 30,372,760
Net (Expense) Revenue										
Governmental Activities	\$ (3,449,412)	\$ (4,972,419)	\$ (2,181,426)	\$ (2,538,676)	\$ (3,889,512)	\$ 11,495,878	\$ (4,904,934)	\$ (2,639,656)	\$ (6,090,283)	\$ (5,333,063)
Business-type Activities	1,425,219	743,981	2,878,486	1,843,329	2,613,927	460,840	2,132,027	2,764,291	1,290,787	2,753,429
Total Primary Government Net Expense	\$ (2,024,193)	\$ (4,228,438)	\$ 697,060	\$ (695,347)	\$ (1,275,585)	\$ 11,956,718	\$ (2,772,907)	\$ 124,635	\$ (4,799,496)	\$ (2,579,634)

KAYSVILLE CITY CORPORATION
Table 2 - Changes in Net Position (Continued)
June 30, 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property Taxes	\$ 1,389,145	\$ 1,403,854	\$ 1,514,768	\$ 1,059,034	\$ 1,246,815	\$ 1,308,424	\$ 1,400,530	\$ 1,429,796	\$ 1,423,405	\$ 1,446,480
Sales Taxes	2,210,436	2,373,991	2,720,052	3,166,266	3,249,441	2,971,247	2,744,689	2,865,286	3,109,348	3,304,756
Franchise Taxes	501,593	735,578	504,791	560,900	547,862	610,526	576,731	542,039	624,491	664,736
Energy Sales and Use Charge	-	434,427	861,158	811,194	1,059,820	1,046,355	995,454	1,047,797	1,220,618	1,178,319
Interest on Investments	133,957	267,654	433,803	430,623	278,111	173,831	82,802	86,925	81,760	74,144
Miscellaneous	52,260	66,523	185,738	85,632	287,969	115,332	106,096	95,833	123,995	113,030
Contributions	927,671	(4,189,921)	-	-	-	-	-	-	-	-
Transfers	650,214	(90,000)	200,000	470,000	(200,000)	(200,000)	(150,000)	(175,000)	(185,000)	100,000
Total governmental activities	5,865,276	1,002,106	6,420,310	6,583,649	6,470,018	6,025,715	5,756,302	5,892,676	6,418,617	6,881,465
Business-type Activities:										
Interest on investments	73,909	58,065	154,615	196,761	209,561	62,360	23,658	21,413	30,015	29,126
Contributions	427,139	5,986,984	-	-	-	-	-	-	-	-
Miscellaneous	100,482	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	485,904	401,651	973,602	993,727	-	-	-	-	-	-
Transfers	(650,214)	90,000	(200,000)	(470,000)	200,000	200,000	150,000	175,000	185,000	(100,000)
Total business-type activities	437,220	6,536,700	928,217	720,488	409,561	262,360	173,658	196,413	195,015	(70,874)
Total primary government	\$ 6,302,496	\$ 7,538,806	\$ 7,348,527	\$ 7,304,137	\$ 6,879,579	\$ 6,288,075	\$ 5,929,960	\$ 6,089,089	\$ 6,613,632	\$ 6,810,591
Change in Net Position										
Governmental activities	\$ 2,415,864	\$ (3,970,313)	\$ 4,238,884	\$ 4,044,973	\$ 2,580,506	\$ 17,521,593	\$ 851,368	\$ 3,253,020	\$ 328,334	\$ 1,548,402
Business-type activities	1,862,439	7,280,681	3,806,703	2,563,817	3,023,488	723,200	2,305,685	2,960,704	1,485,802	2,682,555
Total primary government	\$ 4,278,303	\$ 3,310,368	\$ 8,045,587	\$ 6,608,790	\$ 5,603,994	\$ 18,244,793	\$ 3,157,053	\$ 6,213,724	\$ 1,814,136	\$ 4,230,957

(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, 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted	-	-	-	-	-	-	-	254,530	381,608	762,561
Unassigned	-	-	-	-	-	-	-	1,998,405	2,415,907	2,213,902
Reserved	92,790	576,135	-	-	-	-	26,678	-	-	-
Unreserved	2,409,711	2,583,763	3,229,021	1,591,699	1,316,904	1,643,886	1,459,383	-	-	-
Total General Fund	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	2,976,463
Debt Service Fund										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	196,304	202,292	205,233
Reserved	49,159	223,293	1,061,822	884,865	784,865	684,865	158,200	-	-	-
Unreserved	145,373	(15,547)	211,732	168,771	173,944	185,812	32,872	-	-	-
Total Debt Service Fund	194,532	207,746	1,273,554	1,053,636	958,809	870,677	191,072	196,304	202,292	205,233
Capital Projects Fund										
Restricted	-	-	-	-	-	-	-	2,153,201	1,033,352	1,545,251
Assigned	-	-	-	-	-	-	-	710,334	639,736	542,366
Reserved	-	-	1,081,494	1,032,002	377,460	1,108,014	3,108,254	-	-	-
Unreserved	1,395,500	574,990	500,342	(651,483)	173,681	450,153	272,640	-	-	-
Total Capital Projects Fund	1,395,500	574,990	1,581,836	380,519	551,141	1,558,167	3,380,894	2,863,535	1,673,088	2,087,617
Library Special Revenue Fund										
Reserved	11,565	12,462	-	-	-	-	-	-	-	-
Unreserved	58,388	97,915	123,893	87,405	-	-	-	-	-	-
Total Library Special Revenue Fund	69,953	110,377	123,893	87,405	N/A	N/A	N/A	N/A	N/A	N/A
Cemetery Perpetual Care										
Nonspendable	-	-	-	-	-	-	-	-	-	927,126
Restricted	-	-	-	-	-	-	-	1,496,718	1,564,212	653,103
Reserved	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	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	653,103
Blood Library Endowment Fund										
Nonspendable	-	-	-	-	-	-	-	682,359	684,457	685,871
Restricted	-	-	-	-	-	-	-	240,630	259,518	272,238
Reserved	834,178	793,271	783,853	813,401	857,849	885,185	906,647	-	-	-
Total Blood Library Endowment Fund	834,178	793,271	783,853	813,401	857,849	885,185	906,647	922,989	943,975	958,109

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, 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 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	\$ 6,594,291
Licenses and Permits	479,696	556,267	775,483	593,434	327,165	249,940	318,626	518,582	327,420	520,908
Impact Fees	-	927,119	2,124,381	1,602,331	621,326	897,541	762,813	627,522	388,108	811,948
Intergovernmental	899,610	742,595	874,619	863,141	862,349	751,582	788,514	862,780	1,364,089	896,161
Charges for Services	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	1,978,220
Donations	-	-	-	-	-	-	-	-	-	150,000
Fines and Foreitures	67,306	82,680	73,455	78,472	92,278	102,394	105,932	99,690	102,500	98,625
Interest Income	-	-	-	430,623	278,111	173,831	82,802	86,925	81,760	74,144
Community Development	-	-	-	125,000	115,036	29,703	164,335	78,932	-	-
Block Grant	-	-	557,738	144,764	354,523	110,905	85,880	102,494	259,422	125,537
Miscellaneous	1,627,613	1,809,309	11,698,450	10,880,952	10,413,649	9,957,669	9,728,375	10,024,540	10,831,251	11,249,834
Total Revenues	8,944,905	10,414,639								
Expenditures										
General Government	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	1,897,433
Public Safety	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	4,279,877
Community Development	386,599	418,435	450,766	608,457	867,676	709,372	837,550	748,334	668,964	671,454
Public Works	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	1,745,709
Parks, Recreation &										
Properties	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	2,091,440
Library	296,905	289,325	330,378	36,537	-	-	-	-	-	-
Debt service:										
Principal	438,528	460,298	478,858	479,762	490,383	351,178	1,247,250	870,000	1,606,789	387,000
Interest & Fiscal Charges	149,014	129,459	105,831	83,286	62,704	92,886	78,071	76,327	47,487	32,838
Capital Projects	647,022	729,302	1,625,848	6,008,152	577,849	721,404	826,208	844,231	382,270	450,364
Total Expenditures	8,538,631	9,178,858	9,664,581	14,612,854	10,333,398	9,378,077	10,036,336	9,556,300	11,217,650	11,556,115
Excess (Deficiency) of Revenues over Expenditures	\$ 406,274	\$ 1,235,781	\$ 2,033,869	\$ (3,731,902)	\$ 80,251	\$ 579,592	\$ (307,961)	\$ 468,240	\$ (386,399)	\$ (306,281)
Other Financing Sources (Uses):										
Operating Transfers In	\$ 978,964	\$ 265,000	\$ 3,412,173	\$ 3,153,958	\$ 585,405	\$ 345,000	\$ 865,000	\$ 951,000	\$ 1,660,000	\$ 687,000
Operating Transfers Out	(328,750)	(355,000)	(3,212,173)	(2,565,950)	(785,405)	(545,000)	(1,015,000)	(1,126,000)	(1,825,000)	(587,000)
Capital Leases	-	-	-	340,000	-	-	-	-	-	832,850
Other Financing Sources	-	-	-	-	-	946,245	1,458,078	39,784	-	-
Total Other Financing Sources (Uses)	650,214	(90,000)	200,000	928,008	(200,000)	746,245	1,308,078	(135,216)	(165,000)	932,850
Net change in fund balances	\$ 1,056,488	\$ 1,145,781	\$ 2,233,869	\$ (2,803,894)	\$ (119,749)	\$ 1,325,837	\$ 1,000,117	\$ 333,024	\$ (551,399)	\$ 626,569
Debt service as a percentage of noncapital expenditures	7.45%	6.98%	7.27%	6.54%	5.67%	5.13%	14.39%	10.86%	15.27%	3.78%

(Modified Accrual Basis of Accounting)

KAYSVILLE CITY CORPORATION

Table 5 - Governmental Tax Revenues by Source

June 30, 2013

Fiscal Year	General Property Tax	Sales Tax	Utility License Tax	Energy Sales and Use Tax	Total Tax Revenue
2013	\$1,446,480	\$3,304,756	\$664,736	\$1,178,319	\$6,594,291
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

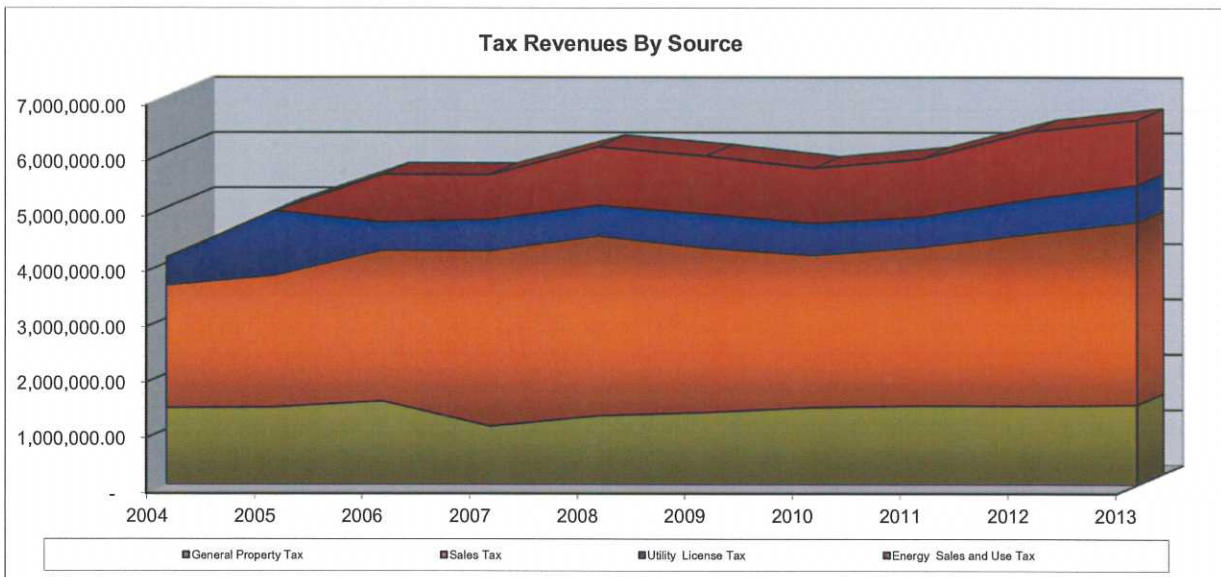
Notes:

(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 2004-2005)

(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



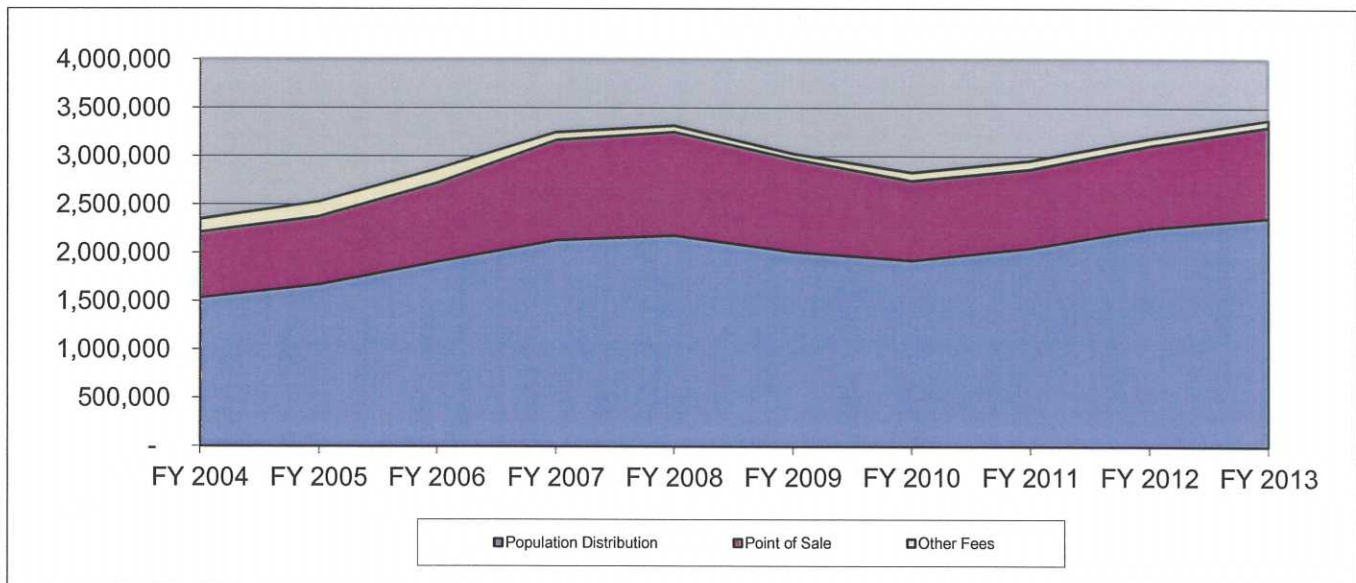
KAYSVILLE CITY CORPORATION

Table 6 - Sales Tax Revenue Trends

June 30, 2013

	<u>Population Distribution</u>	<u>Point of Sale</u>	<u>Administrative Fees</u>	<u>Total Distribution</u>
FY 2013	\$2,363,965	\$1,013,725	(\$72,934)	\$3,304,756
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

Note: Administrative Fees are charged by the Utah State Tax Commission for the collection and distribution of Sales Tax.



KAYSVILLE CITY CORPORATION

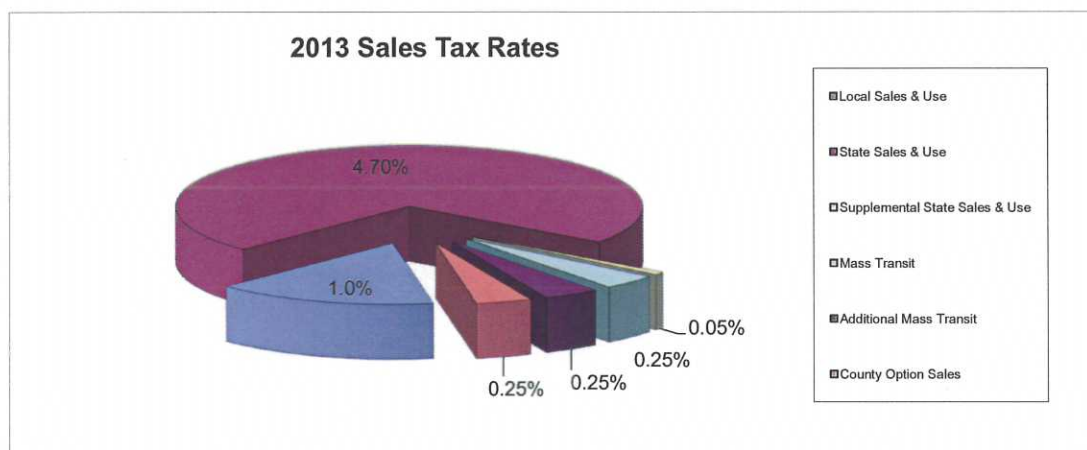
Table 7- Sales Tax Rates and Overlapping Governments

June 30, 2013

	Local Sales & Use	State Sales & Use	Supplemental State Sales & Use	Mass Transit	Additional Mass Transit	County Option Sales	Total Sales Tax Rate
FY 2013	1.0%	4.70%	0.05%	0.25%	0.25%	0.25%	6.50%
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%

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

Source: Utah State Tax Commission- Sales Tax Division



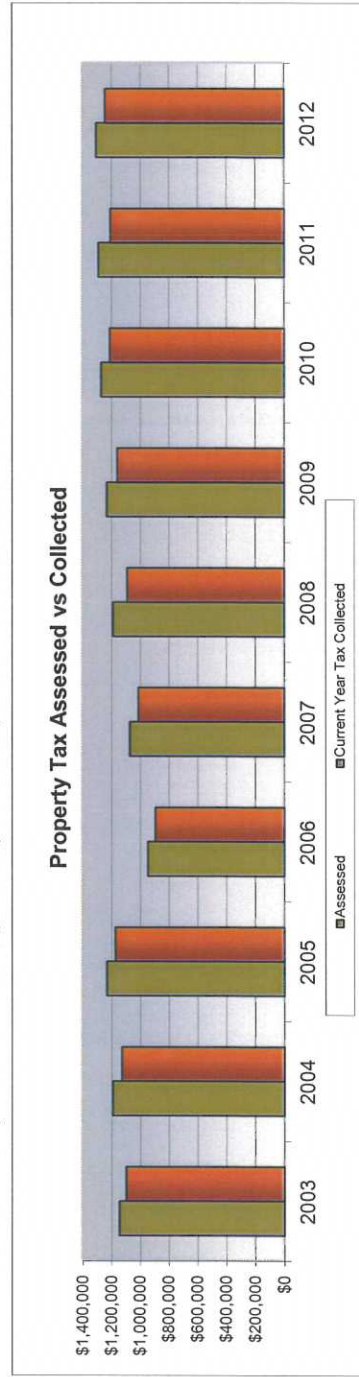
KAYSVILLE CITY CORPORATION
Table 8 - Property Tax Levies and Collections
June 30, 2013

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 & Interest Collected in Current Year	Total Tax Collections
2012	\$1,271,684,680	0.001028	\$1,307,523	\$1,244,794	95.20%	\$51,237	\$1,296,031
2011	\$1,249,499,645	0.001035	\$1,291,482	\$1,207,193	93.47%	\$50,949	\$1,258,142
2010	\$1,240,131,710	0.000987	\$1,273,553	\$1,212,592	95.20%	\$82,001	\$1,294,593
2009	\$1,361,717,087	0.000907	\$1,232,460	\$1,161,304	94.20%	\$1,978	\$1,163,282
2008	\$1,384,658,738	0.000829	\$1,189,004	\$1,092,021	91.80%	\$36,121	\$1,128,142
2007	\$1,127,214,832	0.000925	\$1,073,872	\$1,013,619	94.40%	\$34,389	\$1,048,008
2006	\$904,985,329	0.001004	\$948,078	\$895,885	94.50%	\$45,559	\$941,444
2005	\$810,835,328	0.001519	\$1,233,637	\$1,174,690	95.20%	\$104,486	\$1,279,176
2004	\$744,075,323	0.001600	\$1,191,121	\$1,129,601	94.84%	\$48,904	\$1,178,505
2003	\$704,941,354	0.001626	\$1,145,936	\$1,099,725	95.97%	\$49,621	\$1,149,346

Notes:

- (1) Information is based on a calendar year - 2012 is the most recent year
- (2) Library funding was transferred to county during 2006
- (3) All taxable property is assessed and taxed on the basis of its fair market value. Utah law requires that the fair market value of property is assessed by the County Assessor, using a comparable sales or a cost appraisal method, excluding expenses related to property sales transactions. For tax purposes, the fair market value of primary residential property is reduced by 45% under present law. Taxable value is net of Redevelopment Agency value.

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



KAYSVILLE CITY CORPORATION**Table 9 - Taxable and Estimated Market Value of Property
June 30, 2013**

Calendar Year	Estimated Market Value	Taxable Value	Ratio of Total Taxable Value to Market Value
2012	\$2,224,006,528	\$1,271,684,680	57.18%
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%

Notes: (1) Information is based on a calendar year - 2012 is the most recent year
(2) Does not include fee-in-lieu property

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

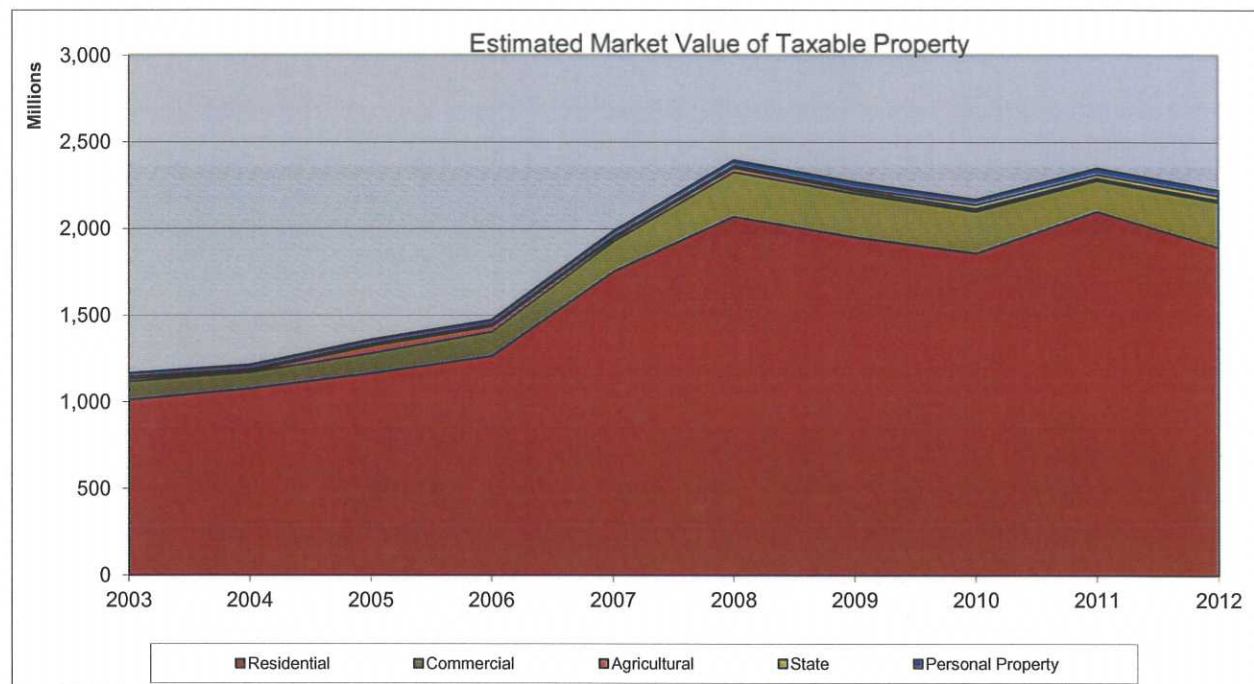
KAYSVILLE CITY CORPORATION

Table 10 - Estimated Market Value of Taxable Property
June 30, 2013

Calendar Year	Estimated Market Value	Residential	Commercial	Agricultural	State	Personal Property
2012	\$2,224,006,528	\$1,891,810,286	\$261,864,575	\$12,790,707	\$24,544,460	\$32,996,500
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

Notes: (1) Information is based on a calendar year - 2012 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, 2013

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
2012	0.001028	0.008941	0.002391	0.000215	0.000105	0.000396	Not Available	0.000168	0.000115	0.000237	0.013596
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

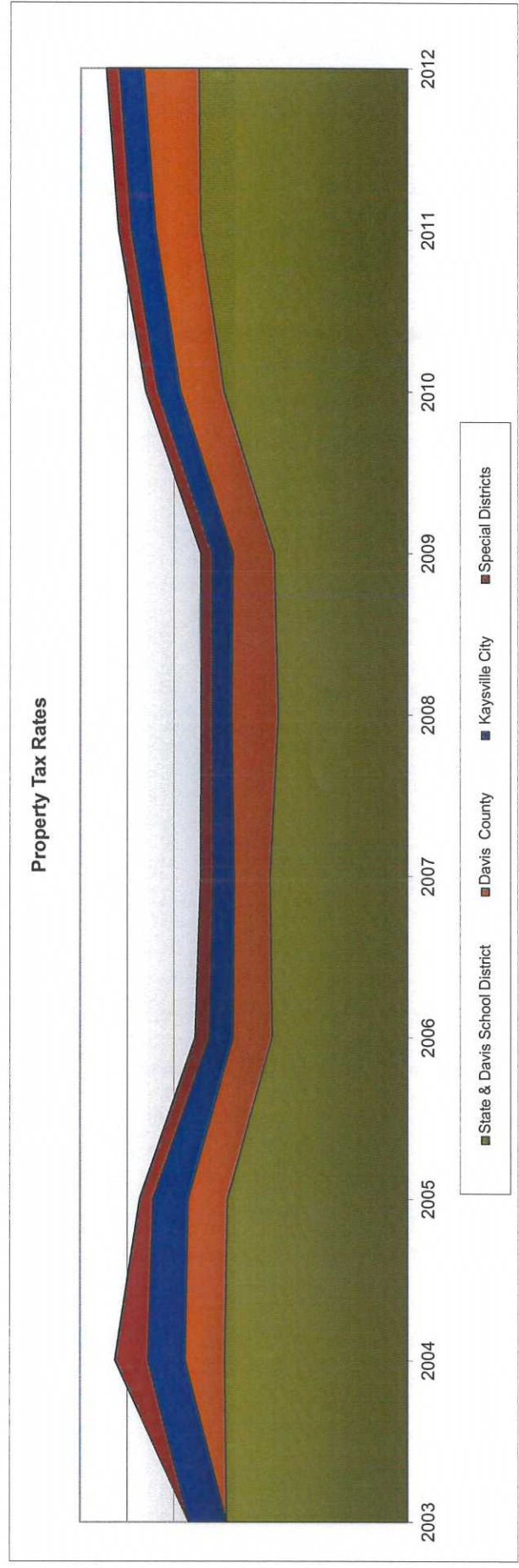
Notes:

(1) Information is based on a calendar year - 2012 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 part of the County Library system

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



KAYSVILLE CITY CORPORATION
Table 12 - Principal Property Tax Payers with Comparison
June 30, 2013

Taxpayer	Type of Business	December 31, 2012 Taxable Valuation			December 31, 2002 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	\$6,215,283	1	0.49%			
KBP Office Group & Warehouse	Wholesale Distribution	\$5,278,992	2	0.42%			
JB Journey, LLC- Blaine Jensen	Recreational Sales	\$4,514,535	3	0.36%	\$4,575,000	1	0.67%
Zions First National Bank	Bank	\$4,254,462	4	0.33%			
Associated Fresh Markets, Inc	Grocery Store	\$4,064,927	5	0.32%			
M2Properties Inc	Real Estate	\$3,980,000	6	0.31%			
Bates Sportsplex, LLC	Tax Software Provider	\$3,945,000	7	0.31%			
Access Park LC	Investment Properties	\$3,825,000	8	0.30%			
Bowman Investment Company LTC	Investment Properties	\$3,751,714	9	0.30%	\$2,991,480	6	0.44%
Park Place I, LC	Investment Properties	\$3,575,621	10	0.28%			
Qwest Communications	Communications				\$4,260,391	2	0.63%
HCP Utah LLC	Distribution Warehouse				\$3,206,880	3	0.47%
Albertson's	Grocery				\$3,898,794	4	0.57%
Parkside Investments	Real Estate				\$3,095,650	5	0.46%
Kaysville Business Park Properties	Real Estate				\$2,900,000	7	0.43%
Questar Gas	Natural Gas Distribution				\$2,862,889	8	0.42%
Kaysville Real Estate LLC	Real Estate				\$2,449,630	9	0.36%
Keith & Julie Romney	Shopping Center				\$2,309,360	10	0.34%
		\$43,405,534		3.19%	\$ 32,550,074		8.24%

Source: Davis County Auditor / Kaysville City Finance Department

KAYSVILLE CITY CORPORATION

Table 13 - Property Value of Construction in Kaysville
June 30, 2013

Year	Commercial Construction Number of Permits	Estimated Value	Residential Construction Number of Permits	Estimated Value	Estimated Increase of Property Value
2012	21	\$5,875,497	240	\$43,265,075	\$49,140,572
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

Notes: (1) Number of Permits includes all permits including remodels and additions
Based on Calendar Year - 2012 - 131 Single Family Homes

Source: Davis County Department of Community and Economic Development
2012 Construction Monitor

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

June 30, 2013

Taxable Value	\$1,271,684,680
Estimated Market Value	\$2,224,006,528
Debt Limit - Four Percent of Market Value	\$88,960,261
Less: Outstanding General Obligation Bonds	\$0
Lease Revenue Bonded Debt	\$2,998,920
Legal Debt Margin - Additional Debt Capacity	\$85,961,341

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, 2013

Entity	2012 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	\$1,271,684,680	\$1,271,684,680	100.00%	\$0	\$0
Overlapping:					
Davis County	\$15,680,706,811	\$1,271,684,680	8.11%	\$683,660,670	\$55,443,980
Davis County School District	\$15,801,517,185	\$1,271,684,680	8.05%	\$419,175,000	\$33,734,636
State of Utah	\$191,694,668,745	\$1,271,684,680	0.66%	\$3,225,435,000	\$21,397,237
Weber Basin Water District	\$41,509,981,607	\$1,271,684,680	3.06%	\$26,749,898	\$819,500
		Total - Overlapping General Obligation Debt		\$111,395,353	
		Total - Direct and Overlapping General Obligation Debt			\$111,395,353

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, 2013

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					
2013	\$0	\$598,000	\$0	\$760,189	\$0	\$1,269,207	\$371,524	\$2,998,920	Not Available	Not Available	\$105	
2012	\$0	\$885,000	\$100,000	\$0	\$0	\$1,586,508	\$573,689	\$3,145,197	Not Available	Not Available	\$112	
2011	\$0	\$1,165,000	\$1,386,955	\$0	\$0	\$1,903,809	\$264,636	\$4,720,400	0.6124%	\$770,749,022	\$173	
2010	\$0	\$1,635,000	\$1,786,955	\$90,479	\$0	\$2,221,110	\$372,489	\$6,106,033	0.8600%	\$709,966,722	\$227	
2009	\$0	\$398,000	\$2,839,205	\$177,202	\$0	\$2,538,411	\$474,516	\$6,427,334	0.9678%	\$664,114,615	\$246	
2008	\$0	\$585,000	\$1,216,428	\$260,326	\$0	\$2,855,712	\$229,517	\$5,146,983	0.7669%	\$671,143,224	\$203	
2007	\$0	\$764,000	\$777,552	\$339,999	\$0	\$3,173,010	\$22,392	\$5,076,953	0.8090%	\$627,528,773	\$206	
2006	\$0	\$940,000	\$1,061,820	\$19,494	\$0	\$0	\$89,244	\$2,110,558	0.3941%	\$535,545,017	\$88	
2005	\$0	\$1,108,000	\$1,332,552	\$59,620	\$0	\$0	\$153,308	\$2,653,480	0.5534%	\$479,444,976	\$114	
2004	\$0	\$1,273,000	\$1,590,392	\$97,078	\$0	\$3,200	\$214,700	\$3,178,370	0.7036%	\$451,715,391	\$141	

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 2012 and 2013 - FY 2013

KAYSVILLE CITY CORPORATION
Table 17 - Miscellaneous Statistical Data - Insurance Summary
June 30, 2013

Coverage	Company	Term	Limits	Deductible
Property	Travelers	10/01/2012 - 9/30/2013	Scheduled at Value	\$10,000
General Liability	Travelers	10/01/2012 - 9/30/2013	\$1,000,000 / \$2,000,000	\$10,000
Law Enforcement	Travelers	10/01/2012 - 9/30/2013	\$1,000,000/ \$1,000,000	\$10,000
Public Officials Management	Travelers	10/01/2012 - 9/30/2013	\$1,000,000/ \$2,000,000	\$5,000
Employment Practices	Travelers	10/01/2012 - 9/30/2013	\$5,000,000/ \$5,000,000	\$10,000
Employee Benefits	Travelers	10/01/2012 - 9/30/2013	\$1,000,000 / \$3,000,000	\$1,000
Automobile - Physical Damage	Travelers	10/01/2012 - 9/30/2013	Schedule	\$1,000 - Comp & Coll.
Automobile Liability	Travelers	10/01/2012 - 9/30/2013	\$1,000,000	\$5,000
Inland Marine	Travelers	10/01/2012 - 9/30/2013	Scheduled at Value	\$10,000
Cyber Liability	Travelers	10/01/2012 - 9/30/2013	\$1,000,000	\$5,000
Crime	Travelers	10/01/2012 - 9/30/2013	\$250,000	\$1,000
ID Fraud	Travelers	10/01/2012 - 9/30/2013	\$25,000 per employee	---
Custom Excess Liability	Travelers	10/01/2012 - 9/30/2013	\$10,000,000	\$10,000
Treasurer Bond	Liberty Mutual	10/01/2012 - 9/30/2013	\$1,250,000	\$0
Deputy Treasurer Bond	Liberty Mutual	10/01/2012 - 9/30/2013	\$1,250,000	\$0

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

June 30, 2013

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2013	28,683	Not Available	Not Available	4.6%
2012	27,300	Not Available	Not Available	5.3%
2011	26,885	\$770,749,022	28,668.37	5.6%
2010	26,102	\$709,966,722	27,199.71	6.2%
2009	25,342	\$664,114,615	26,206.09	5.9%
2008	24,604	\$671,143,224	27,277.81	3.3%
2007	23,888	\$627,528,773	26,269.62	2.6%
2006	23,193	\$535,545,017	23,090.80	2.9%
2005	22,463	\$479,444,976	21,343.76	4.0%
2004	21,915	\$451,715,391	20,612.16	4.7%

KAYSVILLE CITY CORPORATION

Table 19 - Population Growth

June 30, 2013

Fiscal Year	Population	Increase	Percentage Increase
2013	28,683	700	2.50%
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

March 15, 1868

COMPLIANCE SECTION



*Utah's
Hometown*

Christmas
Tree Lighting
&
Electric Parade



New Year's Eve
Celebration



Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of Kaysville City Corporation, Utah ("the City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 30, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be

material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Responses as items 13-1 and 13-2.

Management's Responses to Findings

Management's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 30, 2013

STATE COMPLIANCE AUDIT SECTION

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE *STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE*

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

Report on Compliance

We have audited the Kaysville City Corporation's ("the City") compliance with the general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

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

Cash Management	Government Records Access
Budgetary Compliance	Management Act
Fund Balance	Conflicts of Interest
Impact Fees	Nepotism
Utah Retirement Systems Compliance	Utah Public Finance Website
Transfers from Utility Enterprise Funds	Open and Public Meetings Act

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

B & C Road Funds (UDOT)

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the 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 of the City's compliance with those requirements.

Opinion

In our opinion, Kaysville City Corporation, 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 and Responses as items 13-1 and 13-2.

Report on Internal Control Over Compliance

Management of the 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 the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 compliance requirement 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 in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Management's Responses to Findings

Management's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Management's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of This Report

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

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 30, 2013

KAYSVILLE CITY CORPORATION
Schedule of Findings and Responses
Year Ended June 30, 2013

State Legal Compliance Finding

Requirement/Program

Current Year Findings

13-1 Budgetary Compliance

Finding: State law, *Utah Code 10-6-123*, requires that officers and employees of an entity shall not incur expenditures in excess of the total appropriation for any department or fund. For the year ended June 30, 2013, expenditures exceeded budgeted amounts in the following funds:

<u>Fund</u>	<u>Department/Category</u>	<u>Amount Over Budget</u>
Debt Service	Total expenditures	\$828,688
Permanent - Perpetual Cemetery	Total expenditures	\$15,867

Recommendation: The City should monitor the status over expenditures as compared to the budget through the year, and amend the budget as necessary to ensure compliance with State Code.

Management's Response: During the fiscal year, the City Council authorized the acquisition of a new fire apparatus through a lease purchase financing. This expenditure in excess of the total appropriation is due to a reporting requirement to record the total proceeds from the lease purchase financing and the associated expenditure in the Debt Service Fund.

Roadway improvements were made as part of the perpetual maintenance of the Cemetery. The expenditures were accounted for in the Cemetery Perpetual Care Fund and were in excess of the appropriated amount.

The City agrees with this recommendation and will take the necessary steps to ensure department expenditures do not exceed budgets as appropriated.

KAYSVILLE CITY CORPORATION
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2013

13-2 Utility Services to

Governmental
Departments

Finding: The City does not charge City departments for utility services used. Not charging a City department for utilities used is in substance a non-cash transfer to another fund without following the notice and hearing requirements found in *Utah Code 10-6-135*.

Recommendation: We recommend the City bill City departments for utility services at the approved utility rates or follow the notice and hearing requirements outlined in *Utah Code 10-6-135*.

Management's Response: City utility enterprise funds have provided utility services to City buildings and facilities as part of the overall operations of the City. The City agrees with the recommendation to charge City departments for utility services or follow the notice and hearing requirements found in *Utah Code 10-6-135*.