



**Kaysville
City**

**KAYSVILLE CITY
STATE OF UTAH**

Settled in 1850

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**YEAR ENDED
JUNE 30, 2020**

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

Comprehensive
Annual Financial Report

Year Ended June 30, 2020

Mayor: Katie Wittt

Council Members: Michelle Barber
Mike Blackham
Tamara Tran
John S. Adams
Andrea Lortz

City Manager: Shayne Scott

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, 2020**

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INTRODUCTORY SECTION



Utah's Hometown



SETTLED IN 1850

November 23, 2020

Mayor Katie Witt
Members of the City Council
and Citizens of Kaysville City:

The Comprehensive Annual Financial Report (CAFR) of Kaysville City for the Fiscal Year 2020 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, management's discussion and analysis, basic financial statements and required supplemental information. Also included are individual fund statements.
3. The **Statistical Section** presents several tables depicting the financial history of the City and demographic and other useful information. This information is presented to assist in obtaining an understanding of the City.
4. **Compliance Section** includes the additional financial statements, supplemental schedules, independent auditors' 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, HBME, P.C. has completed this year's independent audit. HBME, P.C. has also provided technical assistance in the preparation of this report. We appreciate the assistance they have provided. The aim of the audit involved



SETTLED IN 1850

examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Kaysville City's financial statements for the fiscal year ended June 30, 2020, 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, 2019. This is the twenty fourth 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.

Shayne Scott
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 34,095 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 residential community. The build-out population is estimated at approximately forty-two thousand within the next twenty 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 5.3%. 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. The City continues to plan to meet future financial obligations as part of our budgeting and long term projections.

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.

Municipal Building Authority - The municipal building authority is used to account for the construction and finance of new city buildings.

Redevelopment Agency – The redevelopment agency is used to account for the redevelopment of project areas throughout the City.

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:

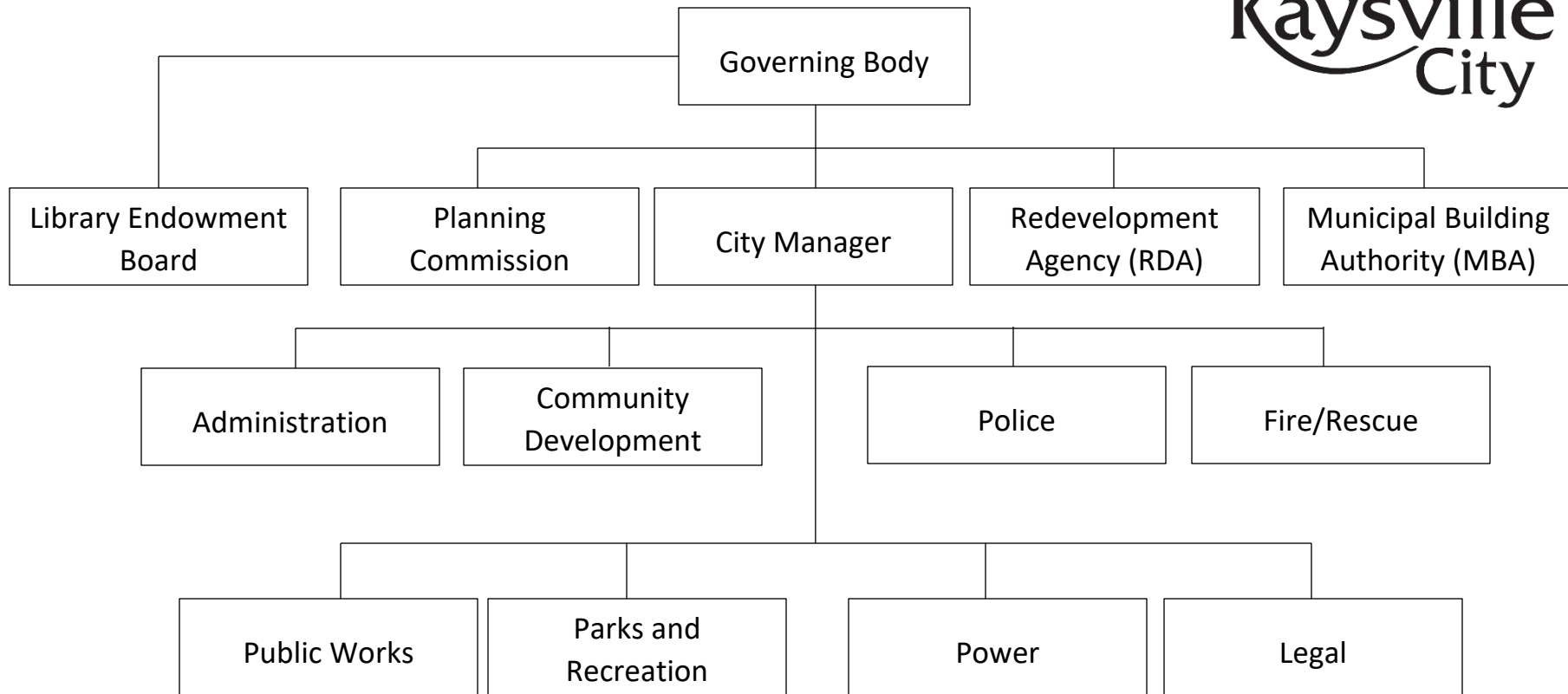
<u>Description</u>	<u>Fund Type</u>
General Fund	General Fund
Capital Projects Fund	Capital Projects Fund
Debt Service Fund	Debt Service Fund
Municipal Building Authority	Special Revenue Fund
Redevelopment Agency	Special Revenue Fund
Water Fund	Enterprise Fund
Sewer Fund	Enterprise Fund
Storm Water Fund	Enterprise Fund
Pressure Irrigation Fund	Enterprise Fund
Electric Fund	Enterprise Fund
Sanitation Fund	Enterprise Fund
Road Utility 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
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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, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



*Utah's
Hometown*

INDEPENDENT AUDITORS' REPORT



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
ACCOUNTANTS**

E. LYNN HANSEN, CPA
CLARKE R. BRADSHAW, CPA
GARY E. MALMROSE, CPA
EDWIN L. ERICKSON, CPA
MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
SHAWN F. MARTIN, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
Kaysville City Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of Kaysville City Corporation (the City), as of and for the year ended June 30, 2020, 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kaysville City Corporation, as of June 30, 2020, 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 on pages 13-25, budgetary comparison information on pages 75-78, and pension schedules on pages 80-88 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, 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 November 23, 2020 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.

HBME, LLC

November 23, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The following is a discussion and analysis of Kaysville City's (the City) finances for the fiscal year ended June 30, 2020. 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 the City.

Financial Highlights

Government Wide

- The City's total net position increased by \$107,871 or 0.07% over the prior year. Net position of governmental activities increased by \$2,259,710 or 9.78%. Net position of business-type activities decreased by \$2,151,839 or 1.65%.
- The City's total net position is 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 \$153,644,620, \$125,596,745 (81.74%) includes investments in capital assets; \$9,934,526 (6.47%) in restricted uses and \$18,113,349 (11.79%) in unrestricted uses and available to meet City obligations.
- The City's restricted net position of \$9,934,526 increased by 28.12% from last year.
- The City's unrestricted net position of \$18,113,349, decreased by 4.61% from the prior year.

Fund Level

- The fund balances in governmental funds had an increase of \$2,448,630 from \$9,837,625 to \$12,286,255.
- The proprietary funds had an overall net loss before transfers and contributions of \$3,873,319.

Long-Term Debt

- Overall, the City's long-term liabilities increased, excluding net pension liability, in the amount of \$3,249,149 over the prior year. As of June 30, 2020, the long-term liabilities balance for governmental activities is \$10,710,123 and \$940,453 for business-type activities. The majority of the governmental increase is due to the \$4,028,000 bond issued for the remodel of the City hall. During the year the City also refinanced the police station bond to a lower interest rate.

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 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, 2020**

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 outflows and inflows 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 result in cash flows in future fiscal periods.

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).

The government-wide financial statements include not only the City (the primary government), but also two legally separate component units, the Redevelopment Agency of Kaysville City and Municipal Building Authority, both of which the City is financially accountable. Financial information for these blended component units are presented with the financial statements of the City.

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 are 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources. The City maintains seven individual governmental funds. Information is presented separately in the governmental funds statements for the General Fund and the other major governmental funds. The nonmajor funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements immediately following the Notes to the RSI. Major governmental funds include a general fund, a redevelopment agency (component unit), and a municipal building authority (component unit). Nonmajor governmental funds include a debt service fund, a capital projects fund, and two permanent funds. The two permanent funds include a cemetery perpetual care fund and a library endowment fund. These two permanent 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. The City maintains eight individual proprietary funds. Similar to the governmental funds presentation, information is presented separately

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

in the proprietary funds statements for each major proprietary fund. The nonmajor funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements immediately following the Notes to the RSI. Major proprietary funds include a water fund, an electric fund, a storm water fund, a road fund, and an ambulance fund. Nonmajor proprietary funds include a sewer fund, a pressure irrigation fund, and a sanitation fund.

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.

Required Supplementary Information

The Government Accounting Standards Board (GASB) released Statement No. 68, Accounting and Financial Reporting for Pensions in June of 2012. The scope of this statement addresses accounting and financial reporting for pension that are provided to the employees of state and local governmental employers through pension plans that are administered through trust. This statement is an amendment of GASB Statement No. 27.

The included required supplementary information (RSI) details the City's proportionate share of the net pension liability or asset as well as the City's pension contributions in relation to covered employee payroll.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information. The combining statements, mentioned earlier, in connection with nonmajor funds are presented immediately after the notes to the RSI. Budget comparisons for governmental funds other than the General Fund and the Redevelopment Agency special revenue fund are also included.

KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Financial Analysis of Government-wide Statements

Net Position

Kaysville City's Net Position is as follows:

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Assets						
Current and Other Assets	\$15,868,589	\$19,163,395	\$23,321,099	\$20,982,176	\$39,189,688	\$40,145,571
Capital Assets	21,779,956	25,342,119	111,274,819	110,469,545	133,054,775	135,811,664
Total Assets	\$37,648,545	\$44,505,514	134,595,918	131,451,721	\$172,244,463	\$175,957,235
Deferred Outflow of Resources	1,807,014	853,024	832,653	408,390	2,639,667	1,261,414
Liabilities						
Current Liabilities	\$3,514,075	\$4,560,244	\$3,134,542	\$2,188,930	\$6,648,617	\$6,749,174
Noncurrent Liabilities	9,158,836	10,710,123	1,788,515	940,453	10,947,351	11,650,576
Total Liabilities	\$12,672,911	\$15,270,367	4,923,057	3,129,383	\$17,595,968	\$18,399,750
Deferred Inflows of Resources	3,680,895	4,726,708	70,518	447,571	3,751,413	5,174,279
Net Position						
Investments in Capital (net)	\$15,859,194	\$15,418,558	\$110,935,762	\$110,178,187	\$126,794,956	\$125,596,745
Restricted	4,391,242	7,623,341	2,777,780	2,311,185	7,754,132	9,934,526
Unrestricted	2,851,317	2,319,564	16,721,454	15,793,785	18,987,661	18,113,349
Total Net Position	\$23,101,753	\$25,361,463	\$130,434,996	\$128,283,157	\$153,536,749	\$153,644,620

Changes in Net Position:

The City's combined net position increased over the prior year by \$107,871 (0.07%). 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, which is available for ongoing obligations, decreased by \$874,312. Overall, liabilities increased by \$803,782.

Governmental and Business-Type Activities

The tables on the following page 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, 2020

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Revenues						
General Revenues						
Property Tax	\$3,536,836	\$3,709,251	\$0	\$0	\$3,536,836	\$3,709,251
Sales Tax	\$4,873,747	\$5,581,445	\$0	\$0	\$4,873,747	\$5,581,445
Other Taxes	\$1,791,616	\$1,985,638	\$0	\$0	\$1,791,616	\$1,985,638
Interest and Investment	\$226,397	\$289,555	\$183,185	\$300,618	\$409,582	\$590,173
Operating Grants	\$19,079	\$1,100,618	\$0	\$0	\$19,079	\$1,100,618
Intergovernmental	\$163,929	\$415,709	\$0	\$0	\$163,929	\$415,709
Capital Grants & Contributions	\$391,739	\$97,548	\$4,024,933	\$3,844,368	\$4,416,672	\$5,092,282
Charges for Services	\$3,852,780	\$4,217,224	\$28,597,003	\$27,728,751	\$32,152,704	\$30,795,609
Disposition of Asset	\$33,166	\$44,655	\$0	\$13,653	\$52,041	\$58,308
Miscellaneous	\$52,041	\$58,065	\$77,837	\$94,640	\$374,916	\$152,705
Total Revenues	\$14,941,330	\$17,499,708	\$32,882,958	\$31,982,030	\$47,824,288	\$49,481,738
Expenses						
Governmental:						
General Government	\$3,132,685	\$2,504,558	\$0	\$0	\$3,132,685	\$2,504,558
Police	\$4,643,415	\$4,942,482	\$0	\$0	\$4,643,415	\$4,942,482
Fire	\$1,076,170	\$1,365,305	\$0	\$0	\$1,076,170	\$1,365,305
Community Development	\$875,965	\$1,035,615	\$0	\$0	\$875,965	\$1,035,615
Public Works	\$1,214,306	\$962,291	\$0	\$0	\$1,214,306	\$962,291
Parks, Recreation & Public Properties	\$3,004,775	\$2,610,749	\$0	\$0	\$3,004,775	\$2,610,749
Nondepartmental	\$0	\$1,113,823	\$0	\$0	\$0	\$1,113,823
Interest on Long Term Debt	\$239,382	\$334,175	\$0	\$0	\$239,382	\$334,175
Business-Type:						
Water	\$0	\$0	\$4,169,497	\$3,520,163	\$4,169,497	\$3,520,163
Sewer	\$0	\$0	\$2,293,722	\$2,674,245	\$2,293,722	\$2,674,245
Electric	\$0	\$0	\$14,734,493	\$15,489,395	\$14,734,493	\$15,489,395
Pressure Irrigation	\$0	\$0	\$1,262,153	\$1,284,053	\$1,262,153	\$1,284,053
Road Utility Fund	\$0	\$0	\$4,106,071	\$6,538,721	\$4,106,071	\$6,538,721
Sanitation	\$0	\$0	\$1,958,416	\$2,257,050	\$1,958,416	\$2,257,050
Storm Water	\$0	\$0	\$1,739,308	\$1,866,836	\$1,739,308	\$1,866,836
Ambulance	\$0	\$0	\$980,363	\$874,406	\$980,363	\$874,406
Total Expenses	\$14,186,698	\$14,868,998	\$31,244,023	\$34,504,869	\$45,430,721	\$49,373,867
Increase in net position before transfers	\$754,632	\$2,630,710	\$1,638,935	(\$2,522,839)	\$2,393,567	\$107,871
Transfers	(\$64,443,901)	(\$371,000)	\$64,443,901	\$371,000	(\$0)	(\$0)
Increase (decrease) in net position	(\$63,689,269)	\$2,259,710	\$66,082,836	(\$2,151,839)	\$2,393,567	\$107,871
Net Position- Beginning of Fiscal Year	\$86,791,022	\$23,101,753	\$64,352,160	\$130,434,996	\$151,143,182	\$153,536,749
Net Position - Ending of Fiscal Year	<u>\$23,101,753</u>	<u>\$25,361,463</u>	<u>\$130,434,996</u>	<u>\$128,283,157</u>	<u>\$153,536,749</u>	<u>\$153,644,620</u>

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Capital Assets

The City's investment in capital assets for its governmental activities and business-type activities at June 30, 2020 is \$135,718,591 (net of accumulated depreciation). This is a net increase of \$3,463,139.

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Land	\$5,325,902	\$5,325,902	\$22,543,881	\$22,963,561	\$27,869,783	\$28,289,463
Stock (Water)	\$0	\$0	\$4,628,990	\$4,637,990	\$4,628,990	\$4,637,990
Construction in Progress	\$0	\$4,046,453	\$0	\$0	\$0	\$4,046,453
Infrastructure	\$3,368,595	\$3,424,755	\$81,700,579	\$80,976,763	\$85,069,174	\$84,401,518
Building	\$8,164,224	\$7,989,607	\$392,064	\$437,620	\$8,556,288	\$8,427,228
Improvements	\$2,637,527	\$2,443,908	\$24,794	\$96,125	\$2,662,321	\$2,540,033
Vehicles	\$1,826,297	\$1,633,416	\$458,362	\$480,020	\$2,284,659	\$2,113,437
Equipment	\$457,411	\$413,570	\$726,826	\$848,896	\$1,184,236	\$1,262,467
Net of Accum Depreciation	<u>\$21,779,956</u>	<u>\$25,277,611</u>	<u>\$110,475,496</u>	<u>\$110,440,975</u>	<u>\$132,255,452</u>	<u>\$135,718,591</u>

Additional information on the City's capital assets can be found in note 5 on pages 52-54 of this report.

Long Term Debt / Liabilities

Overall, the City had a net increase in long term liabilities, excluding compensated absences, in the amount of \$3,487,891. The 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.

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Bond Payable- Pioneer Park	\$1,150,000	\$968,000	\$0	\$0	\$1,150,000	\$968,000
Bond Payable- Police Station	\$4,002,000	\$3,788,000	\$0	\$0	\$4,002,000	\$3,788,000
Bond Payable- City Hall	\$0	\$4,028,000	\$0	\$0	\$0	\$4,028,000
Equipment Lease (Mower)	\$0	\$74,003	\$0	\$0	\$0	\$74,003
Equipment Lease (Fire Truck)	\$768,762	\$637,767	\$0	\$0	\$768,762	\$637,767
Equipment Lease (Ambulances)	\$0	\$0	\$87,117	\$0	\$87,117	\$0
	<u>\$5,920,762</u>	<u>\$9,495,770</u>	<u>\$87,117</u>	<u>\$0</u>	<u>\$6,007,879</u>	<u>\$9,495,770</u>

Additional information on the City's long-term debt can be found in notes 7, 8, & 9 on pages 55-58 of this report.

KAYSVILLE CITY, UTAH MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

Analysis of Financial Funds

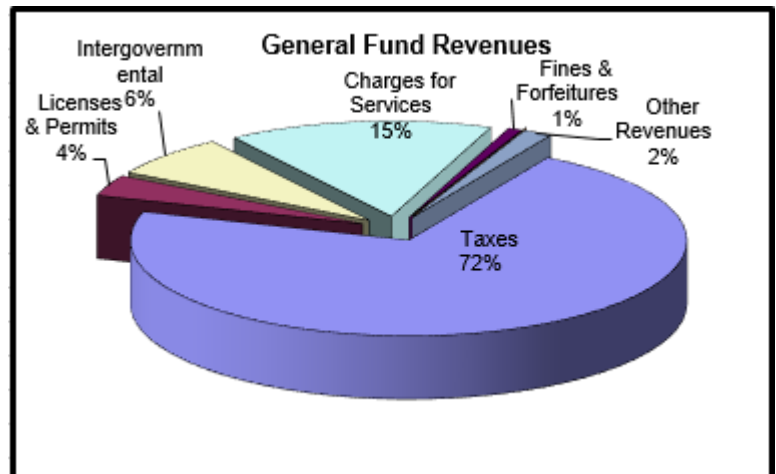
Governmental Funds

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, redevelopment agency (component unit), municipal building authority (component unit) and permanent funds for cemetery perpetual care and library endowment. The tables below and accompanying graphs depict the revenues and expenditures during the fiscal year 2020 and a comparison to fiscal year 2019.

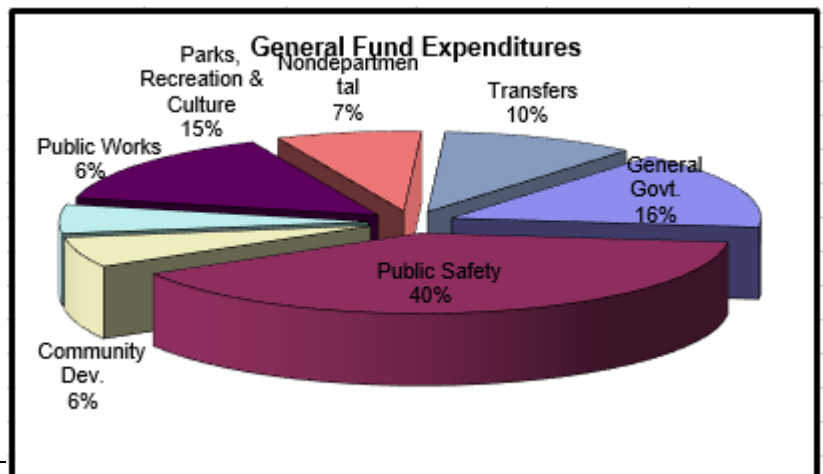
Governmental Funds

General Fund

Revenues:	
Taxes	\$11,129,009
Licenses and Permits	\$552,403
Intergovernmental	\$1,103,263
Charges for Services	\$2,395,144
Fines and Forfeitures	\$127,477
Other Revenues	\$262,621
	<u>\$15,569,914</u>



Expenditures:	
General Govt.	\$2,386,208
Public Safety	\$6,041,744
Community Dev.	\$927,284
Public Works	\$884,481
Parks, Recreation, & Culture	\$2,256,581
Nondepartmental	\$1,154,823
Transfers	\$1,549,000
	<u>\$15,200,121</u>



**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

General Fund Revenues	FY 2019	FY 2020	Increase/ (Decrease)	Percentage Change
Taxes	\$10,067,351	\$11,129,009	\$1,061,658	10.55%
Licenses and Permits	\$570,617	\$552,403	(\$18,214)	(3.19%)
Intergovernmental	\$163,929	\$1,103,263	\$939,334	573.01%
Service Charges	\$2,725,548	\$2,395,144	(\$330,404)	(12.12%)
Fines and Forfeitures	\$161,715	\$127,474	(\$34,241)	(21.17%)
Other Revenues	\$240,643	\$262,621	\$21,978	9.13%
	<u>\$13,929,803</u>	<u>\$15,569,914</u>	<u>\$1,640,111</u>	<u>11.77%</u>
General Fund Expenditures				
General Government	\$2,612,447	\$2,386,208	(\$226,239)	(8.66%)
Public Safety	\$5,139,543	\$6,041,744	\$902,201	17.55%
Community Development	\$834,123	\$927,284	\$93,161	11.17%
Public Works	\$973,433	\$884,481	(\$88,952)	(9.14%)
Parks, Recreation & Culture	\$2,482,624	\$2,256,581	(\$226,043)	(9.11%)
Nondepartmental	\$0	\$1,154,823	\$1,154,823	100%
Transfers (net)	\$3,628,212	\$1,549,000	(\$1,733,984)	(52.82%)
	<u>\$15,670,382</u>	<u>\$15,200,121</u>	<u>\$244,760</u>	<u>1.60%</u>

General fund revenues for fiscal year 2020 totaled \$15,569,914. This represents an increase of approximately 11.77% from fiscal year 2019.

General fund expenditures for fiscal year 2020 total \$15,200,121. This is an decrease of 3.00% over fiscal year 2019 of \$15,670,382.

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Capital Projects Fund

The Capital Projects Fund is used to account for major capital projects during the fiscal year 2020. Each year the City transfers part of the parks impact fees to the Debt Service Fund to make the payment on the debt relating to Pioneer Park. The revenues and expenditures compared to the previous year are illustrated as follows:

Capital Projects Fund	FY 2019	FY 2020
Revenue:		
Impact Fees	\$282,380	\$375,470
Interest	13,292	19,847
Proceeds from Lease	837,865	94,311
Intergovernmental	0	35,000
Donations	0	97,548
	<u>\$1,133,537</u>	<u>\$622,176</u>
Expenditures:		
Capital Lease	\$0	\$94,311
Fiber Project	40,932	161,617
Playground	9,065	0
Fire Truck	837,865	0
200 N Bridge	136,099	228,789
Pioneer Park	438,146	173,942
Rail Trail	157,636	0
City Hall Improvements	260,776	0
Other	0	8,136
Main Street & Sidewalk at Nichols Rd	38,588	0
	<u>1,919,107</u>	<u>666,795</u>

Debt Service Fund

The Debt Service Fund is used to account for the payment of the fire truck lease, the parks wide area mower lease, and the construction of Pioneer Park.

Debt Service Fund	FY 2019	FY 2020
Revenue:		
Transfers	\$396,000	\$386,000
Other		1,024
Interest	0	3,921
	<u>\$396,000</u>	<u>\$390,945</u>
Expenditures:		
Fire Truck Lease	\$148,687	\$152,301
Pioneer Park Bond	207,876	207,587
Parks Wide Area Mower Lease	16,841	20,308
	<u>\$373,404</u>	<u>\$380,196</u>

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Kaysville Redevelopment Agency

The Kaysville Redevelopment Agency Fund (RDA) is used to account for economic development activities in the City. The RDA is considered a blended component unit of the City.

Kaysville Redevelopment Agency	FY 2019	FY 2020
Revenue:		
Interest	\$ 8,751	\$ 18,647
Property Taxes	134,848	147,325
Sundry	25,000	0
	<u>\$ 168,599</u>	<u>\$ 165,972</u>
Expenditures:		
Professional Services	\$ 1,000	\$ 0
Community Development	0	83,269
Debt Service:		
Interest related to Long Term Debt	88,474	11,678
	<u>\$ 89,474</u>	<u>\$ 94,947</u>

Kaysville Municipal Building Authority

The City used the Kaysville Municipal Building Authority (MBA) for all expenditures for the police station bond payments. The MBA is considered a blended component unit of the City.

Kaysville Municipal Building Authority	FY 2019	FY 2020
Revenue:		
Transfers	\$390,000	\$1,000,000
Lease Revenues	0	750,000
Proceeds from Long Term Debt	0	8,140,000
Interest	404	2,604
	<u>\$390,404</u>	<u>\$9,892,604</u>
Debt Service:		
Police Station Bond Principal	\$279,000	\$4,326,000
Capital Outlay	0	3,458,335
Other	0	74
Interest Expense	\$106,823	272,200
	<u>\$385,823</u>	<u>\$8,056,609</u>

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, the fund balance is \$2,049,732. 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 \$689,888 with the total fund balance of \$716,388. This fund will continue to be used to augment the collection held at the Kaysville Branch 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 \$28,906,357. This is an increase of 3.53% over the prior year of \$27,921,697. During the year, the City continued to install electronically read meters throughout the City in the Water and Electric funds. The remaining increases are attributable to the increased cost to supply these services. Operating expenses totaled \$34,218,244. This is an increase of approximately 10.58%. 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.

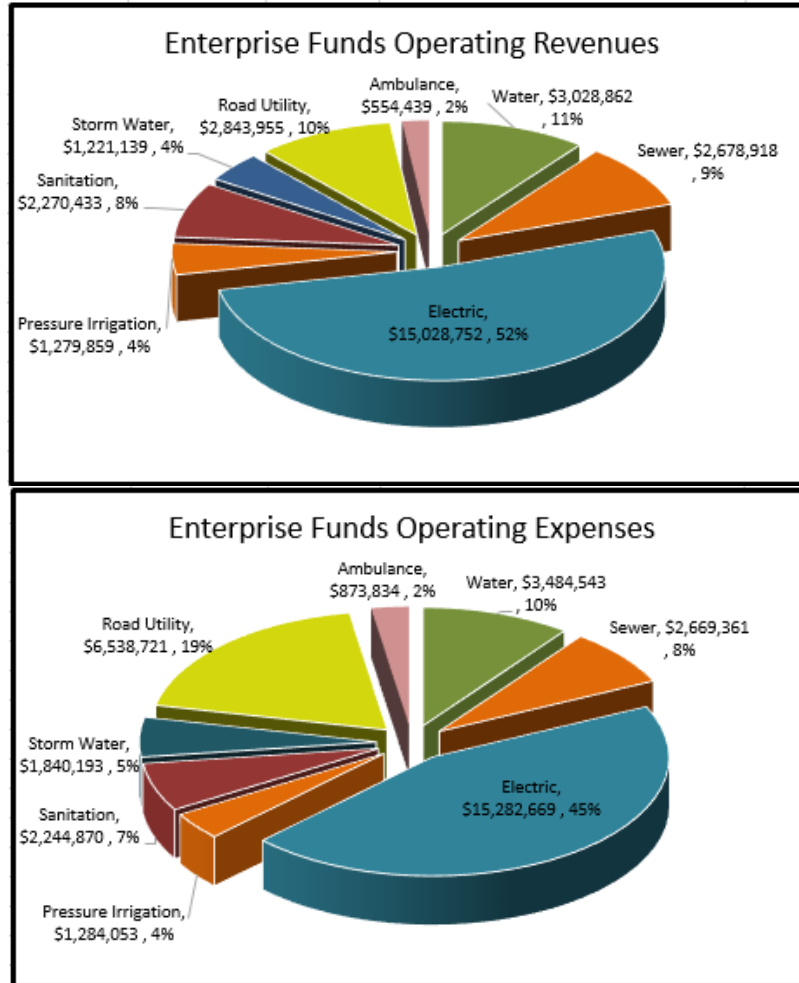
KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

The following table and accompanying charts show the operations for fiscal year 2020.

Proprietary Funds	Water	Sewer	Electric	Pressure Irrigation	Sanitation	Storm Water	Road Utility	Ambulance	Total
Operating Revenues	\$3,028,862	\$2,678,918	\$15,028,752	\$1,279,859	\$2,270,433	\$1,221,139	\$2,843,955	\$554,439	\$28,906,357
Operating Expenses	\$3,484,543	\$2,669,361	\$15,282,669	\$1,284,053	\$2,244,870	\$1,840,193	\$6,538,721	\$873,834	\$34,218,244
Operating Income	(\$455,681)	\$9,557	(\$253,917)	(\$4,194)	\$25,563	(\$619,054)	(\$3,694,766)	(\$319,395)	(\$5,311,887)
Non Operating Revenues/ (Expenses)	\$164,291	\$14,280	\$922,304	\$1,931	\$24,023	\$34,027	\$273,086	\$4,626	\$1,438,568
Income/ (Loss) Before Transfers	(\$291,390)	\$23,837	\$668,387	(\$2,263)	\$49,586	(\$585,027)	(\$3,421,680)	(\$314,769)	(\$3,873,319)
Transfer In/(Out)	(\$35,620)	(\$4,884)	(\$206,726)	\$0	(\$12,180)	(\$26,643)	\$0	\$371,000	\$84,947
Income / (Loss) before contributions	\$327,010	\$18,953	\$461,661	(\$2,263)	\$37,406	(\$611,670)	(\$3,421,680)	\$56,231	(\$3,788,372)

**KAYSVILLE CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The Proprietary Funds are segmented and illustrated below:



Conclusion and Economic Factors and Next Year's Budget and Rates

The outlook for Kaysville City remains positive. Though the unemployment rate increased during the year to 5.3%, unemployment remains well below the national average. The City's main sources of income have remained constant. Sales tax revenues have continued to experience a slight growth for the coming year. Property taxes have stayed constant. Existing revenues have been able to continue to meet the expenditures anticipated. The challenge, of course, will be to continue to provide the critical services to a growing, primarily residential population. However, the economic outlook of Kaysville City is very positive and stable. Additional information is provided in the statistical section.

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

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

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Fund Financial Statements

KAYSVILLE CITY CORPORATION, UTAH
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,656,986	\$ 14,562,889	18,219,875
Cash Restricted	773,480	2,311,185	3,084,665
Investments	9,533,765	-	9,533,765
Investments, restricted	263,924	-	263,924
Accounts Receivable (Net)	4,861,129	2,811,213	7,672,342
Internal Balances	74,111	(74,111)	-
Inventory	-	1,371,000	1,371,000
Total Current Assets	<u>19,163,395</u>	<u>20,982,176</u>	<u>40,145,571</u>
Noncurrent Assets:			
Capital Assets:			
Land	5,325,902	22,963,561	28,289,463
Construction in progress	4,046,453	-	4,046,453
Water Stock	-	4,637,990	4,637,990
Net Depreciable Capital Assets	15,905,256	82,839,424	98,744,680
Net Pension Asset	64,508	28,570	93,078
Total Noncurrent Assets	<u>25,342,119</u>	<u>110,469,545</u>	<u>135,811,664</u>
Total assets	<u>44,505,514</u>	<u>131,451,721</u>	<u>175,957,235</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	<u>853,024</u>	<u>408,390</u>	<u>1,261,414</u>
Total deferred outflows of resources	<u>853,024</u>	<u>408,390</u>	<u>1,261,414</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	922,486	1,828,711	2,751,197
Accrued Liabilities	725,990	-	725,990
Deposits	1,588,306	149,990	1,738,296
Accrued Interest	33,829	-	33,829
Noncurrent Liabilities Due Within One Year	1,289,633	210,229	1,499,862
Total Current Liabilities	<u>4,560,244</u>	<u>2,188,930</u>	<u>6,749,174</u>
Noncurrent Liabilities			
Due In More Than One Year	8,705,381	52,559	8,757,940
Net Pension Liability	2,004,742	887,894	2,892,636
Total Noncurrent Liabilities	<u>10,710,123</u>	<u>940,453</u>	<u>11,650,576</u>
Total liabilities	<u>15,270,367</u>	<u>3,129,383</u>	<u>18,399,750</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue-property taxes	3,640,358	-	3,640,358
Deferred Inflows Related to Pensions	<u>1,086,350</u>	<u>447,571</u>	<u>1,533,921</u>
Total deferred inflows of resources	<u>4,726,708</u>	<u>447,571</u>	<u>5,174,279</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	15,418,558	110,178,187	125,596,745
Restricted for:			
Power Impact Fees	-	1,398,037	1,398,037
Water Impact Fees	-	913,148	913,148
CARES Act Grant	694,792	-	694,792
Perpetual Cemetery:			
Expendable	667,651		667,651
Nonexpendable	1,382,081	-	1,382,081
Library Endowment:			
Expendable	26,500	-	26,500
Nonexpendable	689,888	-	689,888
Capital Projects	1,540,344	-	1,540,344
Debt Service	72,455	-	72,455
Municipal Building Authority	1,840,672		1,840,672
Redevelopment Agency	536,263		536,263
Park Impact Fees	85,966	-	85,966
Public Safety Impact Fees	33,293		33,293
Fire Impact Fees	38,114		38,114
Beer Tax Reserves	15,322		15,322
Unrestricted	<u>2,319,564</u>	<u>15,793,785</u>	<u>18,113,349</u>
Total net position	<u>\$ 25,361,463</u>	<u>\$ 128,283,157</u>	<u>\$ 153,644,620</u>

The accompanying notes are an integral part of these financial statements.

KAYSVILLE CITY CORPORATION, UTAH
Statement of Activities
For the Year Ended June 30, 2020

	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 2,504,558	\$ 1,125,000	\$ 717,932	\$ -	\$ (661,626)		\$ (661,626)
Public safety:							
Police	4,942,482	301,725	302,412	-	(4,338,345)		(4,338,345)
Fire	1,365,305	257,149	77,093	75,080	(955,983)		(955,983)
Community development	1,035,615	696,268	-	-	(339,347)		(339,347)
Public works	962,291	23,546	-	-	(938,745)		(938,745)
Parks, recreation, and culture	2,610,749	777,483	3,181	438,177	(1,391,908)		(1,391,908)
Nondepartmental	1,113,823	1,036,053	-	-	(77,770)		(77,770)
Interest on long-term debt	334,175	-	-	-	(334,175)		(334,175)
Total governmental activities	14,868,998	4,217,224	1,100,618	513,257	(9,037,899)		(9,037,899)
Business-type activities							
Water	3,520,163	3,057,567	-	513,215		\$ 50,619	50,619
Electric	15,489,395	15,516,030	-	272,285		298,920	298,920
Storm Water	1,866,836	1,221,139	-	347,254		(298,443)	(298,443)
Road Utility	6,538,721	1,150,366	-	2,702,614		(2,685,741)	(2,685,741)
Ambulance	874,406	554,439	-	-		(319,967)	(319,967)
Sewer	2,674,245	2,678,918	-	-		4,673	4,673
Pressure Irrigation	1,284,053	1,279,859	-	9,000		4,806	4,806
Sanitation	2,257,050	2,270,433	-	-		13,383	13,383
Total business-type activities	34,504,869	27,728,751	-	3,844,368		(2,931,750)	(2,931,750)
General Revenues:							
Taxes							
Sales					5,581,445	-	5,581,445
Property					3,709,251	-	3,709,251
Energy sales and use charge					1,140,205	-	1,140,205
Franchise					579,668	-	579,668
Motor vehicle					265,765	-	265,765
Interest and investment earnings					289,555	300,618	590,173
Gain on sale of assets					44,655	13,653	58,308
Miscellaneous					58,065	94,640	152,705
Transfers - net					(371,000)	371,000	-
Total general revenue and transfers					11,297,609	779,911	12,077,520
Change in net position					2,259,710	(2,151,839)	107,871
Net position - beginning					23,101,753	130,434,996	153,536,749
Net position - ending					\$ 25,361,463	\$ 128,283,157	\$ 153,644,620

The accompanying notes are an integral part of these financial statements.

KAYSVILLE CITY CORPORATION, UTAH
Balance Sheet – Governmental Funds
June 30, 2020

		<u>Special Revenue</u>			
	<u>General</u>	<u>Redevelopment</u>	<u>Municipal</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Agency</u>	<u>Building</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Authority</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 408,180	\$ 536,263	\$ -	\$ 2,712,543	\$ 3,656,986
Cash and cash equivalents, restricted	-	-	295,545	477,935	773,480
Investments	8,370,574	-	-	1,163,191	9,533,765
Investments, restricted	-	-	-	263,924	263,924
Accounts receivable	4,861,129	-	-	-	4,861,129
Due from other funds	74,111	-	2,040,801	-	2,114,912
Total assets	\$ 13,713,994	\$ 536,263	\$ 2,336,346	\$ 4,617,593	\$ 21,204,196
<u>LIABILITIES</u>					
Accounts payable	\$ 370,982	\$ -	\$ 495,674	\$ 55,830	\$ 922,486
Due to other funds	2,040,801	-	-	-	2,040,801
Accrued liabilities	725,990	-	-	-	725,990
Developer and other deposits	1,562,835	-	-	25,471	1,588,306
Total liabilities	4,700,608	-	495,674	81,301	5,277,583
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue-property taxes	3,640,358	-	-	-	3,640,358
Total deferred inflows of resources	3,640,358	-	-	-	3,640,358
<u>FUND BALANCES</u>					
Non-Spendable:					
Library Endowment	-	-	-	689,888	689,888
Cemetery Perpetual Care	-	-	-	1,382,081	1,382,081
Restricted for:					
Capital Projects	-	-	-	1,540,344	1,540,344
Park Impact Fees	-	-	-	753,617	753,617
Public Safety Impact Fees				33,293	33,293
Fire Impact Fees				38,114	38,114
Library Purposes				26,500	26,500
Beer Tax Funds	15,322	-	-	-	15,322
CARES Act Grant	694,792	-	-	-	694,792
Municipal Building Authority	-	-	1,840,672	-	1,840,672
Assigned:					
Redevelopment	-	536,263	-	-	536,263
Debt Service	-	-	-	72,455	72,455
Unassigned	4,662,914	-	-	-	4,662,914
Total fund balances	5,373,028	536,263	1,840,672	4,536,292	12,286,255
Total liabilities, deferred inflows of resources and fund balances	\$ 13,713,994	\$ 536,263	\$ 2,336,346	\$ 4,617,593	\$ 21,204,196

The accompanying notes are an integral part of these financial statements.

KAYSVILLE CITY CORPORATION, UTAH
Reconciliation to the Balance Sheet – Governmental Funds
To the Statement of Net Position
June 30, 2020

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

Total fund balances for governmental funds	\$ 12,286,255
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land	\$ 5,325,902	
Work in Progress	4,046,453	
Infrastructure, net	3,424,755	
Buildings, net	7,989,607	
Improvements, net	2,443,908	
Vehicles, net	1,633,416	
Equipment, net	413,570	25,277,611

Pension accruals are not reported as fund liabilities because they are not payable in the current period and, therefore, are not reported as fund liabilities. All Accruals are reported in the statement of net position. Balances at year end are:

Net pension asset	64,508	
Deferred pension outflow of resources	853,024	
Net pension liability	(2,004,742)	
Deferred pension inflow of resources	(1,086,350)	(2,173,560)

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 position. Balances at year-end are:

Bonds payable	(8,784,000)	
Capital leases payable	(711,770)	
Accrued interest payable	(33,829)	
Compensated absences	(499,244)	(10,028,843)

Net position of governmental activities	\$ 25,361,463
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KAYSVILLE CITY CORPORATION, UTAH
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue				
	General Fund	Redevelopment Agency	Municipal Building Authority	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES</u>					
Taxes	\$ 11,129,009	\$ 147,325	\$ -	\$ -	\$ 11,276,334
Licenses and Permits	552,403	-	-	-	552,403
Impact Fees	-	-	-	375,470	375,470
Intergovernmental	1,103,263	-	-	35,000	1,138,263
Charges for Services	2,395,144	-	-	80,775	2,475,919
Fines and Forfeitures	127,474	-	-	-	127,474
Lease and rent revenue	25,375	-	750,000	-	775,375
Interest Income	180,508	18,647	2,604	87,796	289,555
Donations	2,594	-	-	97,548	100,142
Miscellaneous	54,144	-	-	3,921	58,065
Total revenues	15,569,914	165,972	752,604	680,510	17,169,000
<u>EXPENDITURES</u>					
Current:					
General Government	2,386,208	-	-	-	2,386,208
Public Safety	6,041,744	-	-	-	6,041,744
Community Development	927,284	83,269	74	-	1,010,627
Public Works	884,481	-	-	-	884,481
Parks, Recreation and Public Properties	2,256,581	-	-	64,721	2,321,302
Nondepartmental	1,113,823	-	-	-	1,113,823
Debt Service:					
Principal	-	-	4,326,000	333,303	4,659,303
Interest and Fiscal Charges	-	11,678	272,200	46,893	330,771
Capital Outlay	41,000	-	3,458,335	666,795	4,166,130
Total expenditures	13,651,121	94,947	8,056,609	1,111,712	22,914,389
Excess (deficiency) of revenues over (under) expenditures	1,918,793	71,025	(7,304,005)	(431,202)	(5,745,389)
<u>OTHER FINANCING SOURCES (USES)</u>					
Sale of Capital Assets	44,655	-	-	-	44,655
Proceeds from long-term debt	-	-	8,140,000	94,311	8,234,311
Non-reciprocal utility transfers in	286,053	-	-	-	286,053
Transfers In	-	-	1,000,000	386,000	1,386,000
Transfers Out	(1,549,000)	-	-	(208,000)	(1,757,000)
Total other financing sources (uses)	(1,218,292)	-	9,140,000	272,311	8,194,019
Net change in fund balances	700,501	71,025	1,835,995	(158,891)	2,448,630
Fund balances, beginning	4,672,527	465,238	4,677	4,695,183	9,837,625
Fund balances, ending	\$ 5,373,028	\$ 536,263	\$ 1,840,672	\$ 4,536,292	\$ 12,286,255

KAYSVILLE CITY CORPORATION, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances for governmental funds	\$ 2,448,630
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Governmental funds report bonds issued throughout the year as income. However, in the statement of activities there is no effect.	(8,234,311)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of \$4,000 or more are capitalized and the cost is allocated over the asset's estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay	\$ 4,545,140	
Depreciation expense	(1,047,485)	3,497,655

The issuance of long-term debt (bonds, and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither type of transaction, however, has any effect on net position. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Payments on bond principal	4,508,000	
Payments on capital leases	151,303	4,659,303

Expenses are recognized in the governmental funds when paid or due; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due. These adjustments reflect the changes due to accrued interest on long-term debt, compensated absences, and pension benefits.

Interest expense	(3,404)	
Compensated absences	(58,608)	
Pension benefits	(49,555)	(111,567)

Change in net position of governmental activities	\$ 2,259,710
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KAYSVILLE CITY CORPORATION, UTAH
Statement of Net Position – Proprietary Funds
June 30, 2020

	Business-type Activities - Enterprise Funds						
						Total Nonmajor Enterprise Funds	Total
	Water	Electric	Storm Water	Road	Ambulance		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 2,249,834	\$ 6,624,421	\$ 1,982,320	\$ 1,363,779	\$ 6,675	\$ 2,335,860	\$ 14,562,889
Cash and cash equivalents, restricted	913,148	1,398,037	-	-	-	-	2,311,185
Accounts receivable, net	275,484	1,249,259	100,618	497,187	153,019	535,646	2,811,213
Inventory	370,200	1,000,800	-	-	-	-	1,371,000
Total current assets	3,808,666	10,272,517	2,082,938	1,860,966	159,694	2,871,506	21,056,287
Noncurrent assets:							
Capital assets:							
Land	120,094	1,004,307	-	21,822,838	-	16,322	22,963,561
Water stock	916,140	-	-	-	-	3,721,850	4,637,990
Net depreciable capital assets	15,175,374	16,275,451	11,757,538	39,073,335	249,770	307,956	82,839,424
Net capital assets	16,211,608	17,279,758	11,757,538	60,896,173	249,770	4,046,128	110,440,975
Other assets:							
Net pension asset	6,433	14,475	3,217	536	3,909	-	28,570
Total noncurrent assets	16,218,041	17,294,233	11,760,755	60,896,709	253,679	4,046,128	110,469,545
Total assets	20,026,707	27,566,750	13,843,693	62,757,675	413,373	6,917,634	131,525,832
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	94,235	212,027	47,117	7,853	47,158	-	408,390
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 41,685	\$ 1,113,082	\$ 4,338	\$ 130,080	\$ 12,102	\$ 527,424	\$ 1,828,711
Deposits	20,423	129,567	-	-	-	-	149,990
Due to other funds	-	74,111	-	-	-	-	74,111
Due within one year	43,656	88,206	25,315	14,702	38,350	-	210,229
Total current liabilities	105,764	1,404,966	29,653	144,782	50,452	527,424	2,263,041
Noncurrent liabilities:							
Due in more than one year	10,914	22,052	6,330	3,676	9,587	-	52,559
Net pension liability	199,934	449,852	99,967	16,661	121,480	-	887,894
Total noncurrent liabilities	210,848	471,904	106,297	20,337	131,067	-	940,453
Total liabilities	316,612	1,876,870	135,950	165,119	181,519	527,424	3,203,494
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	98,287	221,146	49,144	8,191	70,803	-	447,571
NET POSITION							
Net investment in capital assets	16,157,038	17,169,500	11,725,893	60,877,795	201,833	4,046,128	110,178,187
Restricted for impact fees	913,148	1,398,037	-	-	-	-	2,311,185
Unrestricted	2,635,857	7,113,224	1,979,823	1,714,423	6,376	2,344,082	15,793,785
Total net position	\$ 19,706,043	\$ 25,680,761	\$ 13,705,716	\$ 62,592,218	\$ 208,209	\$ 6,390,210	\$ 128,283,157
Total liabilities and net position	\$ 20,120,942	\$ 27,778,777	\$ 13,890,810	\$ 62,765,528	\$ 460,531	\$ 6,917,634	\$ 131,934,222

KAYSVILLE CITY CORPORATION, UTAH
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds						
	Water	Electric	Storm Water	Road	Ambulance	Total Nonmajor Enterprise Funds	Total
<u>OPERATING REVENUES</u>							
Sales and charges for services	\$ 2,993,242	\$ 14,822,026	\$ 1,194,496	\$ 1,150,366	\$ 554,439	\$ 6,212,146	\$ 26,926,715
Intergovernmental (Class C Road funds)	-	-	-	1,693,589	-	-	1,693,589
Charges for services (non-reciprocal)	35,620	206,726	26,643	-	-	17,064	286,053
Total operating revenues	3,028,862	15,028,752	1,221,139	2,843,955	554,439	6,229,210	28,906,357
<u>OPERATING EXPENSES</u>							
Personnel services	867,954	1,779,337	455,732	38,978	548,995	51,513	3,742,509
Contractual services	77,549	356,881	83,428	-	77,954	2,738	598,550
Administrative charges from General Fund	170,000	200,000	67,500	67,500	-	240,000	745,000
Interfund services	103,000	180,500	73,500	-	18,000	5,000	380,000
Purchase water/treatment/power/refuse	641,234	9,012,295	-	-	-	5,789,636	15,443,165
Maintenance and operations	790,114	723,278	503,099	4,376,297	152,751	26,811	6,572,350
Meter system upgrade	213,719	1,355,664	-	-	-	-	1,569,383
Energy sales and use tax charge	-	751,641	-	-	-	-	751,641
Depreciation	620,973	923,073	656,934	2,055,946	76,134	82,586	4,415,646
Total operating expenses	3,484,543	15,282,669	1,840,193	6,538,721	873,834	6,198,284	34,218,244
Operating income (loss)	(455,681)	(253,917)	(619,054)	(3,694,766)	(319,395)	30,926	(5,311,887)
<u>NONOPERATING REVENUES (EXPENSES)</u>							
Connection fees	28,705	9,237	-	-	-	-	37,942
Extension fees	-	478,041	-	-	-	-	478,041
Impact fees	72,828	272,285	-	169,133	-	-	514,246
Interest income	53,103	148,159	34,027	25,095	-	40,234	300,618
Interest and fiscal expenses	-	-	-	-	(572)	-	(572)
Gain on sale of assets	8,455	-	-	-	5,198	-	13,653
Miscellaneous	1,200	14,582	-	78,858	-	-	94,640
Total nonoperating revenues (expenses)	164,291	922,304	34,027	273,086	4,626	40,234	1,438,568
Income (loss) before contributions and transfers	(291,390)	668,387	(585,027)	(3,421,680)	(314,769)	71,160	(3,873,319)
Capital contributions	440,387	-	347,254	839,892	-	9,000	1,636,533
Transfers in	-	-	-	-	371,000	-	371,000
Non-reciprocal utility service	(35,620)	(206,726)	(26,643)	-	-	(17,064)	(286,053)
Change in net position	113,377	461,661	(264,416)	(2,581,788)	56,231	63,096	(2,151,839)
Total net position, beginning	19,592,666	25,219,100	13,970,132	65,174,006	151,978	6,327,114	130,434,996
Total net position, ending	\$ 19,706,043	\$ 25,680,761	\$ 13,705,716	\$ 62,592,218	\$ 208,209	\$ 6,390,210	\$ 128,283,157

The accompanying notes are an integral part of these financial statements.

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KAYSVILLE CITY CORPORATION, UTAH
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2020

Business-type Activities - Enterprise Funds						
	Water	Electric	Storm Water	Road	Ambulance	Total Nonmajor Enterprise Funds
Cash flows from operating activities						Total
Receipts from customers and users	\$ 2,989,947	\$ 14,648,482	\$ 1,193,796	\$ 2,751,584	\$ 573,385	\$ 6,151,918
Payments to suppliers	(1,921,210)	(11,475,973)	(660,459)	(4,545,254)	(258,707)	(5,770,747)
Payments to employees	(861,071)	(1,786,846)	(457,547)	(74,207)	(577,966)	(51,513)
Payments for interfund services	(273,000)	(380,500)	(141,000)	(67,500)	(18,000)	(245,000)
Net cash provided (used) by operating activities	(65,334)	1,005,163	(65,210)	(1,935,377)	(281,288)	84,658
Cash flows from noncapital financing activities						
Cash received from other funds	-	74,111	-	-	-	-
Cash paid to other funds	-	(64,246)	-	-	-	-
Transfers (to) from other funds	-	-	-	-	371,000	-
Net cash provided (used) by noncapital financing activities	-	9,865	-	-	371,000	-
Cash flows from capital and related financing activities						
Impact, extension, and other fees	102,733	774,145	-	247,991	-	-
Aquisition of capital assets	(471,595)	(1,198,506)	(220,243)	(34,226)	-	(20,699)
Proceeds from sales of capital assets	8,455	-	-	-	5,198	-
Principal paid on long-term debt	-	-	-	-	(87,117)	-
Interest paid on capital debt	-	-	-	-	(1,143)	-
Net cash provided (used) by capital and related financing activities	(360,407)	(424,361)	(220,243)	213,765	(83,062)	(20,699)
Cash flows from investing activities						
Interest received	53,103	148,159	34,027	25,095	-	40,234
Net cash provided by investing activities	53,103	148,159	34,027	25,095	-	40,234
Net increase (decrease) in cash and cash equivalents	(372,638)	738,826	(251,426)	(1,696,517)	6,650	104,193
Cash and cash equivalents, beginning of year	3,535,620	7,283,632	2,233,746	3,060,296	25	2,231,667
Cash and cash equivalents, end of year	\$ 3,162,982	\$ 8,022,458	\$ 1,982,320	\$ 1,363,779	\$ 6,675	\$ 2,335,860
Unrestricted cash	\$ 2,249,834	\$ 6,624,421	\$ 1,982,320	\$ 1,363,779	\$ 6,675	\$ 2,335,860
Restricted cash	913,148	1,398,037	-	-	-	-
Total cash and cash equivalents	\$ 3,162,982	\$ 8,022,458	\$ 1,982,320	\$ 1,363,779	\$ 6,675	\$ 2,335,860

(Continued)

KAYSVILLE CITY CORPORATION, UTAH
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds					Total Nonmajor Enterprise Funds	Total
	Water	Electric	Storm Water	Road	Ambulance		
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ (455,681)	\$ (253,917)	\$ (619,054)	\$ (3,694,766)	\$ (319,395)	\$ 30,926	\$ (5,311,887)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	620,973	923,073	656,934	2,055,946	76,134	82,586	4,415,646
Net pension adjustment	4,612	(11,546)	(6,463)	(36,140)	(27,952)	-	(77,489)
Non-reciprocal utility services	(35,620)	(206,726)	(26,643)	-	-	(17,064)	(286,053)
Changes in assets and liabilities:							
Accounts receivable	(8,395)	(193,106)	(700)	(92,371)	18,946	(60,228)	(335,854)
Inventory	(64,200)	1,258,200	-	-	-	-	1,194,000
Accounts payable	(134,394)	(534,414)	(73,932)	(168,957)	(28,002)	48,438	(891,261)
Deposits	5,100	19,562	-	-	-	-	24,662
Compensated absences	2,271	4,037	4,648	911	(1,019)	-	10,848
Net cash provided (used) by operating activities	<u>\$ (65,334)</u>	<u>\$ 1,005,163</u>	<u>\$ (65,210)</u>	<u>\$ (1,935,377)</u>	<u>\$ (281,288)</u>	<u>\$ 84,658</u>	<u>\$ (1,257,388)</u>
Noncash investing, capital and financing activities							
Capital contributions - developers	\$ 440,387	\$ -	\$ 347,254	\$ 839,892	\$ -	\$ -	\$ 1,627,533

The accompanying notes are an integral part of these financial statements.

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**NOTES TO
BASIC FINANCIAL STATEMENTS**

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Kaysville City (the City) was settled in 1850 and on March 15, 1968 was incorporated. The City 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 in the United States (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in U.S. 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 (MBA) and the Redevelopment Agency of Kaysville City (RDA) are blended component units of the City. The MBA and RDA are governed by a board comprised of members of the City Council and financially dependent upon City government. In conformity with U.S. GAAP, the financial statements have been included in the financial reporting entity as blended component units. Since the MBA and RDA are included in these financial statements as special revenue funds, separate financial statements are not issued.

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. Governmental 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 function. 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 functions.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 function 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 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 of the City.

Municipal Building Authority Fund accounts for the construction and finance of new City buildings.

Redevelopment Agency Fund accounts for the redevelopment of project areas throughout 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, beginning on page 33.

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

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City has a total of fifteen funds, including seven governmental funds and eight proprietary funds. Three of the governmental funds and five of the proprietary funds are reported as major in the fund financial statements.

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, Deferred Inflows and Outflows of Resources and Equity

Deposits and Investments

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

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 noncurrent 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 of the City are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally 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 acquisition value.

Capital assets, 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 as projects are constructed. Interest incurred during the construction phase 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, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Capital assets 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) including additions to and deductions from URS's fiduciary net position, have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows and Outflows of Resources

In addition to liabilities, the Statement of Net 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. Deferred outflows of resources represent a consumption 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. The City's Governmental Activities and enterprise funds also report deferred outflows and inflows relating to pensions maintained by the Utah Retirement Systems Pension Plan (URS).

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

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows and Outflows of Resources (continued)

payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Long-term Liabilities

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

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as *other 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

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provide reporting categories for fund balance in governmental funds. 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 through an ordinance or resolution.
- d. Assigned fund balance – Fund balances are reported as assigned when the City Council 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.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity (continued)

- e. Unassigned fund balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

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

Government-wide Statements

Equity is classified as net 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 nonoperating 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 & Active Transportation - all unexpended Class “C” Road and Active Transportation payments at the end of the fiscal year are restricted by state law to be appropriated in the following budget year.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Net Position (continued)

Beer Tax - 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.

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.

Fire Impact Fees – a fire 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 fire services. Accordingly, net position has been restricted.

CARES Act Grant – a grant was provided to all Cities to help with the additional expenses that Cities were incurring during the COVID 19 pandemic. The grant is limited by federal law. The City has spent a portion of these funds, but has restricted any portion of those monies that were not spent so it can be spent accordingly.

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.

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.

Power 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.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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.

Cash & Cash Equivalents and Investments

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

Investments

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

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

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

The Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, certified investment advisors, 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; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. DEPOSITS AND INVESTMENTS (Continued)

certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund. Investments in pooled accounts are stated at fair value.

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

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon 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, 2020, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	\$ 18,081,658	\$15,628,049	\$ -	\$ -	\$ -
Money Market Funds	2,056,122	2,056,122	-	-	-
Certificates of Deposit	5,100,266	112,188	4,988,078	-	-
Corporate Bonds	2,641,301	665,317	1,975,984	-	-
	<u>\$27,879,347</u>	<u>\$20,915,285</u>	<u>\$6,964,062</u>	<u>\$ -</u>	<u>\$ -</u>

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

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the City has the ability to access. Since valuations are based on quoted prices that the City has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail any significant degree of judgement. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.;
- Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include: corporate and municipal bonds, and "brokered" or securitized certificates of deposit; and,
- Level 3: Valuations based on input that are unobservable and significant to the overall fair value measurement.

At June 30, 2020, The City had the following recurring fair value measurements.

Investment Type	6/30/2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
PTIF Money	\$18,081,658	-	\$18,081,658	-
Money Market Funds	2,056,122	-	2,056,122	-
Certificates of Deposit	5,100,266	-	5,100,266	-
Corporate Bonds	2,641,301	-	2,641,301	-
Total	<u>27,879,347</u>	<u>-</u>	<u>27,879,347</u>	<u>-</u>

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. DEPOSITS AND INVESTMENTS (Continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be difficult to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security.

The City receives market prices for these securities from a variety of industry standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, The City uses these multiple prices as input into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active;

Debt securities classified in Level 2 are valued using the following approaches

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities’ relationship to benchmark quoted prices;
- Bond Mutual Funds: Published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the June 30, 2020 fair value factor, as calculated by the Utah State Treasurer, the Kaysville City’s average daily balance in the fund; and,
- Donated Real Estate: recent appraisals of the real estate’s value.

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

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. The PTIF is not registered with the SEC as an investment company and it is also unrated.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2020, the City had the following investments and quality ratings:

Investment Type	6/30/2020	Quality Ratings				
		AAA	AA	A	BBB	Unrated
PTIF Accounts	\$18,081,658	\$ -	\$ -	\$ -	\$ -	\$18,081,658
Money Market Funds	2,056,122	15,321	-	-	-	2,040,801
Certificates of deposit	5,100,266	-	1,427,017	1,376,914	739,983	1,556,352
Corporate Bonds	2,641,301	-	623,116	1,738,988	279,197	-
Total	\$27,879,347	\$ 15,321	\$ 2,050,133	\$ 3,115,902	\$ 1,019,180	\$21,678,811

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.

At June 30, 2020, the City does not hold more than 10 percent of total investments in any single security concentration other than U.S. Government Treasuries and Agencies.

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal deposit policy for custodial credit risk. All investments other than bank deposits or funds invested in the state treasurer's fund are to be held by a third party with securities delivered on a delivery vs. purchase basis. As of June 2020, the City safe kept all investments with custodian counterparty Wells Fargo Bank, NA and all investments which were held by the counterparty's trust department or agent are registered in the City's name. Throughout the year the City's bank balance may fluctuate and there is a credit risk when deposits are above the covered FDIC limits. As of June 30, 2020 \$5,657,988 of the City's bank balances of \$6,322,897 (which excludes outstanding checks and deposits) was uninsured and uncollateralized.

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 and Moreton Asset Management has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2020, are as follows:

Cash on hand and on deposit:	
Cash on hand	\$ 250
Cash on deposit	3,222,632
PTIF investment	<u>18,081,658</u>
Total Cash on hand and on deposit	21,304,540
Investments:	
Money Market	2,056,122
Certificates of deposit	5,100,266
Corporate Bonds	<u>2,641,301</u>
Total Investments	9,797,689
Total	<u>\$ 31,102,229</u>

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. DEPOSITS AND INVESTMENTS (Continued)

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

Cash and cash equivalents	\$ 16,179,074
Cash restricted	5,125,466
Investments	9,533,765
Investments, restricted	<u>263,924</u>
Total cash and investments	<u>\$ 31,102,229</u>

3. ACCOUNTS RECEIVABLE

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

Governmental & Business Funds

	Governmental		Business- Type					Total Nonmajor Funds	Total Business Funds
	General	MBA	Water	Electric	Storm Water	Road Utility	Amb- ulance		
Receivables:									
Intergovernmental	\$4,861,129	\$ -	\$ -	\$ -	\$ -	\$300,633	\$ 1,884	\$ -	\$302,517
Due from Other Fund	74,111	XXX	-		-		-	-	-
Utility charges	-	-	235,983	1,282,390	103,633	101,720	288,368	550,336	2,562,430
Other receivables	-	-	47,037	3,830	-	97,729	-	-	148,596
Gross receivables	<u>4,935,240</u>	<u>-</u>	<u>283,020</u>	<u>1,286,220</u>	<u>103,633</u>	<u>500,082</u>	<u>290,252</u>	<u>550,336</u>	<u>3,013,543</u>
Allowance	<u>-</u>	<u>-</u>	<u>(7,536)</u>	<u>(36,961)</u>	<u>(3,015)</u>	<u>(2,895)</u>	<u>(137,233)</u>	<u>(14,690)</u>	<u>(202,330)</u>
Net receivables	<u>\$4,935,240</u>	<u>\$ XXXX</u>	<u>\$275,484</u>	<u>\$1,249,259</u>	<u>\$100,618</u>	<u>\$497,187</u>	<u>\$153,019</u>	<u>\$535,646</u>	<u>\$2,811,213</u>

“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 are as follows:

Governmental Funds

	General	MBA	Nonmajor Governmental Funds	Total Governmental Funds
Accounts Payables:	\$ 370,982	\$ 495,674	\$ 55,830	\$ 922,486
Due To:	-	-	-	-
Gross payables	<u>\$ 370,982</u>	<u>\$ 495,674</u>	<u>\$ 55,830</u>	<u>\$ 922,486</u>

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

4. ACCOUNTS PAYABLE (continued)

Business Funds

	Water	Electric	Storm Water	Road Utility	Ambulance	Nonmajor Business Funds	Total Business Funds
Accounts Payables:	\$41,685	\$1,113,082	\$4,338	\$130,080	\$12,102	\$527,424	\$1,828,711
Due to Other Fund	-	74,111	-	-	-	-	74,111
Gross payables	\$41,685	\$1,187,193	\$4,338	\$130,080	\$12,102	\$527,424	\$1,902,822

“Due to other fund” in the electric fund is the payable 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.

5. CAPITAL ASSETS

Capital asset activity in the governmental activities for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 5,325,902	\$ -	\$ -	\$ 5,325,902
Construction in Progress	-	4,046,453	-	4,046,453
Total capital assets, not being depreciated	5,325,902	4,046,453	-	9,372,355
Capital assets, being depreciated				
Infrastructure	3,743,607	180,545	-	3,924,152
Buildings	10,301,547	-	-	10,301,547
Improvements	6,599,918	-	-	6,599,918
Vehicles	5,865,581	224,017	(233,050)	5,856,548
Equipment	2,502,510	94,124	(27,485)	2,569,149
Total capital assets, being depreciated	29,013,163	498,686	(260,535)	29,251,314
Accumulated Depreciation for:				
Infrastructure	(375,012)	(124,386)	-	(499,398)
Buildings	(2,137,323)	(174,619)	-	(2,311,942)
Improvements	(3,962,391)	(193,619)	-	(4,156,010)
Vehicles	(4,039,284)	(416,896)	233,050	(4,223,130)
Equipment	(2,045,099)	(137,964)	27,485	(2,155,578)
Total accumulated depreciation	(12,559,109)	(1,047,484)	260,535	(13,346,058)
Total capital assets being depreciated, net	16,454,054	(548,798)	-	15,905,256
Governmental activities capital assets, net	\$ 21,779,956	\$ 3,479,655	\$ -	\$ 25,277,611

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

5. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 102,369
Public Safety	
Police	183,008
Fire	226,186
Community Development	14,465
Public Works	144,150
Parks and Recreation	<u>377,306</u>

Total Governmental Activities Depreciation Expense	<u><u>\$ 1,047,484</u></u>
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Capital asset activity in the business-type activities for the year ended June 30, 2020, 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	\$ 22,543,881	\$ 419,680	\$ -	\$22,963,561
Water Stock	4,628,990	9,000	-	4,637,990
Total capital assets, not being depreciated	<u>27,172,871</u>	<u>428,680</u>	<u>-</u>	<u>27,601,551</u>
Capital assets, being depreciated				
Buildings	846,250	60,000	-	906,250
Improvements	41,320	72,706	-	114,026
Infrastructure	148,060,761	2,590,090	-	150,650,851
Vehicles	2,901,310	159,761	(182,241)	2,878,830
Machinery and Equipment	2,543,440	290,517	(10,000)	2,823,957
Total capital assets, being depreciated	<u>154,393,081</u>	<u>3,173,074</u>	<u>(192,241)</u>	<u>157,373,914</u>
Accumulated Depreciation for:				
Buildings	(454,186)	(14,445)	-	(468,631)
Improvements	(16,526)	(1,377)	-	(17,903)
Infrastructure	(65,626,083)	(4,048,004)	-	(69,674,087)
Vehicles	(2,377,706)	(203,344)	182,241	(2,398,809)
Machinery and Equipment	(1,816,613)	(168,447)	10,000	(1,975,060)
Total accumulated depreciation	<u>(70,291,114)</u>	<u>(4,435,617)</u>	<u>192,241</u>	<u>(74,534,490)</u>
Total capital assets, being depreciated, net	<u>84,101,967</u>	<u>(1,262,543)</u>	<u>-</u>	<u>82,839,424</u>
Business-type activities capital assets, net	<u><u>\$111,274,838</u></u>	<u><u>(\$ 833,863)</u></u>	<u><u>\$ -</u></u>	<u><u>\$110,440,975</u></u>

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

5. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Business-type Activities:

Water	\$ 640,944
Sewer	688
Electric	923,073
Sanitation	81,898
Storm Water	656,934
Road Utilities	2,055,946
Ambulance	76,134

Total Business-type Activities Depreciation Expense	<u>\$ 4,435,617</u>
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Capital assets by proprietary fund are as follows:

Major Funds

	Water	Electric	Storm Water	Road Utility	Ambulance	Total Major Funds
Land	\$ 120,094	\$ 1,004,307	\$ -	\$ 21,822,838	\$ -	\$ 22,947,239
Water Stock	916,140	-	-	-	-	916,140
Building	134,098	660,638	70,228	-	-	864,964
Improvements	41,320	72,706	-	-	-	114,026
Infrastructure	24,682,787	29,089,834	22,740,903	74,137,325	-	150,650,849
Vehicles	168,074	1,551,242	393,826	66,253	572,500	2,751,895
Equipment	395,635	583,743	139,730	22,975	144,081	1,286,164
Total	26,458,148	32,962,470	23,344,687	96,049,391	716,581	179,531,277
Accumulated Depreciation	(10,246,540)	(15,682,712)	(11,587,149)	(35,153,218)	(466,811)	(73,136,430)
Net Major Funds	<u>\$ 16,211,608</u>	<u>\$ 17,279,758</u>	<u>\$ 11,757,538</u>	<u>\$ 60,896,173</u>	<u>\$ 249,770</u>	<u>\$ 106,394,847</u>

Nonmajor Funds

	Sewer	Pressure Irrigation	Sanitation	Total
Land	\$ -	\$ 16,322	\$ -	\$ 16,322
Water Stock	-	3,721,850	-	3,721,850
Building	41,289	-	-	41,289
Improvements	-	-	-	-
Infrastructure	-	-	-	-
Vehicles	-	-	126,935	126,935
Equipment	-	-	1,537,792	1,537,792
Total	\$ 41,289	\$ 3,738,172	\$ 1,664,727	\$ 5,444,188
Accumulated Depreciation	(23,397)	-	(1,374,663)	(1,398,060)
Net Nonmajor Funds	<u>\$ 17,892</u>	<u>\$ 3,738,172</u>	<u>\$ 290,064</u>	<u>\$ 4,046,128</u>

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

6. DEPOSITS

General Fund - Deposits in the general fund as of June 30, 2020 are as follows:

Business license bonds refundable	\$ 1,300
Builders' deposits	317,600
Parks & Public Properties	14,684
Excavation deposits	119,263
Escrow deposits	<u>1,109,987</u>
Total	<u>\$ 1,562,835</u>

Capital Projects- Deposits in the capital projects fund as of June 30, 2020 are as follows:

Parks & Public Properties	\$ 25,471
Total	<u>\$ 25,471</u>

Enterprise Funds - All utility and developer's deposits are recorded in the electric utility fund. The water meter deposits are recorded in the water utility fund. As of June 30, 2020 deposits are as follows:

Utility deposits	\$ 129,567
Water meter deposits	<u>20,423</u>
Total deposits	<u>\$ 149,990</u>

7. LEASES

During the year the City rented a Loader for \$137,696 to be used by the public works, water, and storm drain departments. The expense was allocated accordingly. At the end of the year the rental company refunded the city \$129,488 back for the rental of the equipment. This refund was allocated to the departments accordingly as an offset to the expense. This is recorded as an operating lease.

At the end of the fiscal year, the City has two 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.

Government-type activities:

The fire truck lease purchase agreement bears an interest rate of 2.86%. Semi-annual payments are made with final payment being made in July 2024.

Year Ended June 30,	Capital Lease (Fire Truck)		
	2.86%		
	Principal	Interest	Total
2021	\$ 134,768	\$ 17,283	\$ 152,051
2022	138,650	13,401	152,051
2023	142,643	9,408	152,051
2024	146,752	5,299	152,051
2025	74,954	1,072	76,026
Totals	<u>\$ 637,767</u>	<u>\$ 46,463</u>	<u>\$ 684,230</u>

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

7. LEASES (continued)

The wide area mower lease purchase agreement bears an interest rate of 3.835%. Annual payments are made with final payment being made on September 2023.

Year Ended June 30,	Capital Lease (Wide Area Mower)		
	3.835%		
	Principal	Interest	Total
2021	\$ 17,470	\$ 2,838	\$ 20,308
2022	18,140	2,168	20,308
2023	18,835	1,473	20,308
2024	19,558	750	20,308
Totals	\$ 74,003	\$ 7,229	\$ 81,232

Business-type activities:

During fiscal year 2020 the final payment was made on the acquisition of two ambulances. Payments were made from the Ambulance Fund.

8. LONG-TERM LIABILITIES

Governmental activities:

Sales Tax Revenue Bonds, Series 2017- Pioneer Park

The City is obligated for the repayment of bonds issued in 2018 in the amount of \$1,330,000 to finance the construction of a new park. Interest payments are paid on July 15 and January 15 of each year and principal payments are made on July 15. Interest rate is based on a fixed debt service schedule with an average rate of 2.05% yearly. The bonds will mature on July 15, 2024. The amortization of the bond is as follows:

Year Ended June 30,	Lease Revenue Bond Pioneer Park		
	Principal	Interest	Total
2021	\$ 185,000	\$ 22,105	\$ 207,105
2022	188,000	18,505	206,505
2023	193,000	13,978	206,978
2024	198,000	8,843	206,843
2025	204,000	3,060	207,060
Totals	\$ 968,000	\$ 66,491	\$ 1,034,491

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

8. LONG-TERM LIABILITIES (continued)

MBA Lease Revenue Bonds, Series 2019- City Hall Remodel

During the year, the MBA issued bonds to finance the remodel and construction of the City Hall. The MBA is obligated for the repayment of these bonds in the amount of \$4,028,000. Interest payments are paid on December 1 and June 1 of each year and principal payments are made on June 1. Interest rate is based on a fixed debt service schedule with an rate of 2.14% yearly. The bonds will mature on June 1, 2034. The amortization of the bond is as follows:

Year Ended June 30,	Lease Revenue Bond City Hall Remodel		
	Principal	Interest	Total
2021	\$ 250,000	\$ 86,199	\$ 336,199
2022	255,000	80,849	335,849
2023	260,000	75,392	335,392
2024	266,000	69,828	335,828
2025	272,000	64,136	336,136
2026-2030	1,450,000	230,799	1,680,799
2031-2034	1,275,000	68,929	1,343,929
Totals	\$4,028,000	\$676,133	\$4,704,133

MBA Lease Revenue Bonds, Series 2014- Police Station

The Municipal Building Authority (MBA) of Kaysville City issued bonds in 2014 in the amount of \$5,447,000 to finance the construction of a new police station. During 2020, after making its regular principal payment of \$283,000, the MBA issued refunding bonds that decreased the remainder of this obligation (\$3,719,000), and as such no obligation remained at June 30, 2020.

MBA Lease Revenue Refunding Bonds, Series 2019B- Police Station

The MBA issued lease revenue refunding bonds in October 2019 to lower the interest rate from 2.857% to 1.620%. The proceeds from this issuance was to decrease the MBA Lease Revenue Bonds, Series 2014. The bonds will mature on June 1, 2031. The amortization of the bonds is as follows:

Year Ended June 30,	Lease Revenue Bond Police Station		
	Principal	Interest	Total
2021	\$ 303,000	\$ 61,366	\$ 364,366
2022	310,000	56,457	366,457
2023	318,000	51,435	369,435
2024	326,000	46,283	372,283
2025	335,000	41,002	376,002
2026-2030	1,805,000	120,884	1,925,884
2031	391,000	6,334	397,334
Totals	\$3,788,000	\$383,761	\$4,171,761

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 is as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Sales Tax Revenue Bonds (Pioneer Park)	\$1,150,000	\$ -	\$ (182,000)	\$ 968,000	\$ 185,000
Series 2014 Lease Revenue Bonds (Police Station)	4,002,000	-	(4,002,000)	-	-
Series 2019B Lease Revenue Bonds (Police Station – Refinance)	-	4,112,000	(324,000)	3,788,000	303,000
Series 2019 Lease Revenue Bonds (City Hall Remodel)	-	4,028,000	-	4,028,000	250,000
Capital Lease (Fire Truck)	768,762	-	(130,995)	637,767	134,768
Capital Lease (Wide Area Mower)	-	94,311	(20,308)	74,003	17,470
Total Bonds and Leases	5,920,762	8,234,311	(4,659,303)	9,495,770	890,238
Compensated Absences	440,636	411,117	(352,509)	499,244	399,395
Total Governmental Activities	\$6,361,398	\$8,645,428	\$(5,011,812)	\$9,995,014	\$1,289,633

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Business-type Activities:					
Capital Lease (Ambulances)	\$ 87,117	\$ -	\$ (87,117)	\$ -	\$ -
Total Leases	87,117	-	(87,117)	-	-
Compensated Absences	251,940	212,402	(201,554)	262,788	210,229
Total Business-type Activities	\$ 339,057	\$212,402	\$ (288,671)	\$ 262,788	\$ 210,229

For the year ended June 30, 2020 \$213,601 in interest was charged to expenditures in the Governmental Funds and \$1,143 was charged to expenses in the Proprietary Funds. No interest was capitalized for the year ended June 30, 2020, in Governmental or Business-type Activities.

The appropriate fund in which the employee typically works is used to liquidate compensated absences; water, sewer, electric, storm water, pressure irrigation, sanitation, road utility, and ambulance funds were used. City policy provides for an employee to be paid out a maximum of 240 hours of vacation and 80 hours of compensation time.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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). Additional detail and amounts are outlined in note 11 and in the Schedule of Required Supplementary Information section of this audit.

Defined Contribution Plan – In addition to the Local Government Retirement Systems, 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.

11. RETIREMENT SYSTEMS AND PENSION PLANS

Plan description - Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement Systems (NonContributory System); Public Employees Contributory Retirement System (Contributory System); are multiple employer, cost sharing, public employee, retirement systems.
- Firefighters Retirement System (Firefighters System) are multiple employer, cost sharing, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employees, retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the System under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publically available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

The following information (General Information about the Pension Plan) regarding the pension plan is provided by the Utah Retirement Systems and includes Kaysville City's proportionate share.

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975: 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years depending on the employer	Up to 2.5% to 4%
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employee System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* Actuarial reductions are applied.

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

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

<u>Utah Retirement Systems</u>	Employee Paid	Paid by Employer for employee	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System				
11 – Local Governmental Division Tier 1	N/A	6.00%	14.46%	N/A
111 – Local Governmental Division Tier 2	N/A	N/A	15.66%	1.03%
Noncontributory System				
15 – Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety Retirement System				
Contributory				
122- Tire 2 DB Hybrid Public Safety	N/A	N/A	24.29%	0.70%
Noncontributory				
75- Other Division A with 4% COLA	N/A	N/A	35.71%	N/A
Firefighters Retirement System				
31- Other Division A	N/A	15.05%	4.61%	N/A
132- Tier 2 DB Hybrid Firefighters	N/A	N/A	11.38%	0.70%
Tier 2 DC Only				
211- Local Government	N/A	N/A	6.69%	10.00%
222- Public Safety	N/A	N/A	12.99%	12.00%
232- Firefighters	N/A	N/A	0.08%	12.00%

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

For fiscal year ended June 30, 2020, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 613,369	N/A
Public Safety System	377,148	-
Firefighters System	10,081	32,912
Tier 2 Public Employees System	160,708	-
Tier 2 Public Safety and Firefighter	196,835	-
Tier 2 DC Only System	30,795	N/A
Tier 2 DC Public Safety & Firefighter System	8,445	N/A
Total Contributions	\$ 1,397,381	\$ 32,912

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

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

At June 30, 2020, we reported a net pension asset of \$93,078 and a net pension liability of \$2,892,636.

	(Measurement Date): December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate share Dec 31, 2018	Change (Decrease)
Noncontributory System	\$0	\$1,467,943	0.3894917%	0.3727471%	0.0167446%
Contributory System	\$0	\$6,892	0.1051652%	0.4685318%	(0.3633666%)
Public Safety System	\$0	\$1,357,667	0.8455728%	0.9242781%	(0.0787053%)
Firefighters System	\$93,078	\$0	0.7505180%	0.6664376%	0.0840804%
Tier 2 Public Employees System	\$0	\$16,532	0.0735046%	0.0659779%	0.0075267%
Tier 2 Public Safety and Firefighter System	\$0	\$43,602	0.4635401%	0.4408629%	0.0226772%

Total Net Pension Asset/Liability \$93,078 \$2,892,636

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and roll-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the System during the plan year the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020, the City recognized pension expense of \$1,368,948.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$192,885	\$68,780
Changes in assumptions	\$258,901	\$8,398
Net difference between projected and actual earnings on pension plan investments	\$ -	\$1,307,539
Changes in proportion and differences between contributions and proportionate share of contributions	\$112,546	\$149,204
Contributions subsequent to the measurement date	\$697,082	\$ -
Total	<u>\$1,261,414</u>	<u>\$1,533,921</u>

\$697,081 was reported as deferred outflows of resources related to pension results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflow) of Resources
2020	(\$243,699)
2021	(\$312,923)
2022	\$45,187
2023	(\$488,655)
2024	\$4,358
Thereafter	\$26,142

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$774,058.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 133,527	\$ 21,086
Changes in assumptions	\$ 155,472	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 742,352
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 76,034	\$ 19,560
Contributions subsequent to the measurement date	\$ 303,856	\$ -
	<u>\$ 668,889</u>	<u>\$ 782,998</u>

\$303,856 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year ended December 31, _____</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ (41,046)
2021	\$ (127,051)
2022	\$ 32,361
2023	\$ (282,229)
2024	\$ -
Thereafter	\$ -

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Contributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of (\$100,824).

At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 17,205
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ -	\$ -
	<u>\$ -</u>	<u>\$ 17,205</u>

\$0 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year ended, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2020	\$ (6,089)
2021	\$ (5,012)
2022	\$ 315
2023	\$ (6,419)
2024	\$ -
Thereafter	\$ -

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$540,467.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,612	\$ 28,990
Changes in assumptions	\$ 46,324	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 463,599
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 19,470	\$ 111,790
Contributions subsequent to the measurement date	\$ 182,035	\$ -
	<u>\$ 271,441</u>	<u>\$ 604,379</u>

\$182,035 reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year Ended December 31, _____</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2020	\$ (176,385)
2021	\$ (164,471)
2022	\$ 2,035
2023	\$ (176,152)
2024	\$ -
Thereafter	\$ -

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of (\$66,016).

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,085	\$ 13,016
Changes in assumptions	\$ 39,690	\$ 7,529
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 60,958
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 296	\$ 15,094
Contributions subsequent to the measurement date	\$ 5,050	\$ -
	<u>\$ 63,121</u>	<u>\$ 96,597</u>

\$5,050 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2020	\$ (17,184)
2021	\$ (13,828)
2022	\$ 9,215
2023	\$ (17,824)
2024	\$ 1,084
Thereafter	\$ 9

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Tier 2 Public Employee System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$92,968.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,625	\$ 5,674
Changes in assumptions	\$ 7,059	\$ 475
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 12,708
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 12,608	\$ -
Contributions subsequent to the measurement date	\$ 92,106	\$ -
	<u>\$ 116,398</u>	<u>\$ 18,857</u>

\$92,106 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31, _____	Net Deferred Outflows (Inflow) of Resources
2020	\$ (1,737)
2021	\$ (1,489)
2022	\$ 682
2023	\$ (3,391)
2024	\$ 1,693
Thereafter	\$ 9,678

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflow of Resources

For the year ended June 30, 2020, we recognized pension expense of \$128,295.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,036	\$ 14
Changes in assumptions	\$ 10,356	\$ 394
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 10,717
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 4,138	\$ 2,760
Contributions subsequent to the measurement date	\$ 114,035	\$ -
	<u>\$ 141,565</u>	<u>\$ 13,885</u>

\$114,035 reported as deferred outflows of resources related to pension's results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflow) of Resources
2020	\$ (1,258)
2021	\$ (1,073)
2022	\$ 578
2023	\$ (2,640)
2024	\$ 1,581
Thereafter	\$ 16,455

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 – 9.75 percent, average, including inflation
Investment Rate Return	6.95 percent, net of pension plan investment expense, including inflation

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

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

Asset Class	Expected Return Arithmetic Basis		Long Term Expected Portfolio Real Rate of Return
	Target Asset Allocation	Real Return Arithmetic Basis	
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.90%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.76%
Inflation			2.50%
Expected arithmetic nominal return			7.26%

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

Discount rate – The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

11. RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$4,584,898	\$1,467,943	(\$1,131,564)
Contributory System	\$53,805	\$6,892	(\$32,668)
Public Safety System	\$3,516,883	\$1,357,667	(\$397,113)
Firefighters System	\$190,348	(\$93,079)	(\$322,998)
Tier 2 Public Employees System	\$142,560	\$16,532	(\$80,865)
Tier 2 Public Safety and Firefighter	\$154,031	\$43,603	(\$38,373)
Total	\$8,642,525	\$2,799,558	(\$2,003,581)

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

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

Kaysville City participates in the 401(k), 457(b) and Roth IRA Defined Contribution Savings Plans with the Utah Retirement Systems.

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

	2020	2019	2018
401 (k) Plan			
Employer Contributions	\$221,328	\$170,145	\$75,181
Employee Contributions	\$62,158	\$78,006	\$72,429
457 Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$30,635	\$23,927	\$14,805
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$19,680	\$18,437	\$9,011

12. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

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

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

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

13. INTERFUND TRANSACTIONS

Transfers In/Out

Transfers for the year ended June 30, 2019 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>Non Major Fund</u>	<u>Municipal Building Authority</u>	<u>Ambulance Fund</u>	<u>Total</u>
General Fund	\$ 178,000	\$ 1,000,000	\$ 371,000	\$1,549,000
Capital Projects Fund	<u>208,000</u>	<u>-</u>	<u>-</u>	<u>208,000</u>
Totals	<u>\$ 386,000</u>	<u>\$ 1,000,000</u>	<u>\$ 371,000</u>	<u>\$ 1,757,000</u>

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 in the Ambulance Fund. The transfer from the General Fund to the Debt Service fund was to make the annual revenue bond payment and the fire apparatus payment. The transfer from the general fund to the municipal building authority was made as a contribution to the construction of the City Hall renovation.

14. PROPERTY TAX

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.

15. INTERFUND ACTIVITY

During the course of normal operations, the City has nonreciprocal interfund activities.

Nonreciprocal interfund activity is the flow of assets (such as cash, good or services) without equivalent flows of assets in return and without a requirement for repayment. During the year the City received services from electric, water, sewer, sanitation, and storm drain in the normal operation of business. The General Fund does not transfer cash for these services. The City issued a notice to the citizens notifying them of these services as required. The total amount of these services for the general fund were valued at \$35,620 for water, \$4,884 for sewer, \$206,726 for electric, \$12,180 for sanitation, and \$26,643 for storm drain, for a total of \$286,053.

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

16. INVESTMENTS IN POWER PROJECTS AND RELATED CONTRACTS

The Power Department is a member of Utah Associated Municipal Power Systems (UAMPS). UAMPS, a joint agency and political subdivision of the State of Utah was formed pursuant to the provisions of the Utah Interlocal Cooperation Act. UAMPS is a separate legal entity. No other governmental units exercise significant control over UAMPS and therefore is not considered a component unity. Separate financial statements for UAMPS may be obtained directly from UAMPS.

UAMPS' purpose includes planning, financing, developing, acquiring, constructing, improving, operating and maintain projects. As a member of UAMPS, Kaysville City participates in various projects through power service contracts as discussed below:

Colorado River Storage Project (CRSP)

CRSP is managed by Western Area Power Authority, which is a division of the Department of Energy. Kaysville City is a preference customer of CRSP. Kaysville's entitlement share is 2.036% (2,573 kW) in the winter season and 1.94% (1,661kW) in the summer season. The generation is primarily based on hydroelectric from various sources. Plans are in progress to extend the contracts.

Firm Power Project

The Firm Power Project was established to provide for the acquisition of firm power supplies from third parties. UAMPS currently has one long term transaction with Iberdrola Renewables to purchase power from wind generation from the Pleasant Valley Wind Energy Facility in Uintah County Wyoming plus multiple forward market purchases. The contract terminates in 2028 and Kaysville's entitlement share is 19.1384% or 3,000 kW.

Payson Project (Nebo Plant)

In March 2003, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, of any, and interest on all of the UAMPS Payson Revenue Bonds have been paid, or (2) the date of the final payment of all obligations under the Project Agreements, or (3) April 1, 2026. The energy supplied is produced by natural gas and varies based on need up to Kaysville's Entitlement Share of 16.24%.

Horse Butte Wind Project

The Horse Butte Project is energy produced by a wind generation facility in Bonneville County Idaho, Kaysville's entitlement share is 10.52% or 6,062.

Veyo Heat Recovery Project

The Veyo Project is a heat recovery system that uses waste heat from the Kern River gas turbine compressors to heat thermal oil that serves as the heat source for the energy converter. The project is considered to be carbon free, renewable energy. Kaysville's entitlement share is 10.78% or 841 kW.

Intermountain Power Project

The City has entered into a power sales contract that expires in June 2027. The coal fired plant is scheduled to be powered to natural gas in 2027. Kaysville City is currently entitled to .739% of 1800 MW. As the plant is re-powered to natural gas, the City will be entitled to .746% of 1200 MW's. This resource is not a take or pay contract and is available as needed.

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

16. INVESTMENTS IN POWER PROJECTS AND RELATED CONTRACTS (Continued)

UAMPS Hunter II Project

In June 1985, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Hunter Project Revenue and Refunding Bonds have been paid, or (2) the final shut down date of the Hunter Steam Electric Generating Unit No. 2 (Hunter II), or (3) June 1, 2032. The contract entitles the City to approximately 5.4 percent of the output of the project.

All-In Cost Pool

UAMPS Pool Project Participants formed the “All-In” Pool in a desire to more cooperatively and efficiently manage member load and resource situations. The pool provides an environment that encourages participants to jointly acquire resources as needed, thus taking advantage of economics of scale. Each of the participants in the pool has agreed to sell their excess power to, and purchase additional power needs from, the pool at cost. Any additional power needs for the group may be purchased in one large block at market prices. In addition, any excess power to be sold may be sold in a similar manner.

17. ENDOWMENT

In 1993, the Alan Blood family donated property to the City to be sold and the proceeds used to fund an endowment for the Kaysville City Library. The proceeds from this money is to be spent by the library endowment board on books for the library. Each year the non-spendable portion is increased by 10% of the interest earned that year. As of June 30, 2020 the non-spendable portion is \$689,888 and the spendable portion is \$26,500. The funds that are spendable can be requested by the Davis County Library. Once funds are requested, they must be approved by the endowment board, which is the City council.

18. METER SYSTEM CHANGE OUT

During fiscal year 2020 the City continued to install electronic meters in the Water and Power systems. These meters are going to be installed in all the City within the next three years. As part of this project, there has been some large expenses incurred.

19. SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen across a range of industries, including the public sector. The extent of the impact of COVID-19 on the City's operations and financial performance will depend on certain developments, including the duration and spread of the outbreak as well as its impact on revenues from federal, state, and local sources, all of which cannot be fully predicted. The City was the direct recipient of Coronavirus Aid, Relief and Economic Security Act (CARES) funding in the amount of \$2,746,174, \$950,233 of which was received in June 2020. These dollars can be spent on costs directly associated with COVID-19. In addition, the City will be pursuing Federal Emergency Management Agency (FEMA) dollars and other federal grants. The extent to which COVID-19 may impact the financial condition of the City is uncertain and no adjustments have been reflected in the financial statements.

Subsequent events have been evaluated through November 30, 2020, the date that the financial statements were available to be issued. There have been no subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet.

**KAYSVILLE CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

20. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Compliance

The City is required to have its governing body adopt a budget every fiscal year. Management is required to monitor this budget and propose any necessary amendments to the budget for approval. During 2019, the City Council approved all departmental budgets for fiscal year ended June 30, 2020. Additional expenditures that were not part of the originally adopted budget were necessary and approved by Council. However, although these expenditures were approved, no budgetary amendment was made. This resulted in four funds being over budget in a few departments, as described on page 128.

Open and Public Meetings Act

The City is required to post City Council meeting minutes to the Utah Public Notice Website within three business days after approval by the City Council. An instance of noncompliance of this requirement was noted, as described on page 130.

Fund Balance Compliance

The City is required to ensure that the accumulation of unassigned fund balance in its General Fund not exceed 25% of the total revenue of the City's General Fund for the current fiscal period. As of June 30, 2020, the calculated percentage was 29.9%. The City Council approved a budget amendment to correct this overage, as described on page 131.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Kaysville Redevelopment Agency- Special Revenue Fund

Municipal Building Authority- Special Revenue Fund

Schedule of the Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Pension Beginning & Ending Values

Notes to Required Supplementary Information

KAYSVILLE CITY CORPORATION, UTAH
Budgetary Comparison Statement – General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Taxes:				
Property, current	\$ 3,450,307	\$ 3,450,307	\$ 3,405,665	\$ (44,642)
Property, redemptions	75,000	75,000	129,511	54,511
Property, payments in lieu	25,000	25,000	26,750	1,750
Sales	4,850,000	4,850,000	5,581,445	731,445
Energy sales and use charge	1,250,000	1,250,000	1,140,205	(109,795)
Franchise	585,000	585,000	579,668	(5,332)
Motor vehicle	200,000	200,000	265,765	65,765
Total taxes	10,435,307	10,435,307	11,129,009	693,702
Licenses and permits:				
Building permits	480,000	480,000	453,462	(26,538)
Business licenses	60,000	60,000	75,241	15,241
Forfeited construction bonds	-	-	23,700	23,700
Total licenses and permits	540,000	540,000	552,403	12,403
Intergovernmental:				
Federal CARES Act Grant	-	-	950,233	950,233
Federal EMS Grant	-	-	4,345	4,345
State Liquor Allotment	18,000	18,000	21,405	3,405
Other State and Local Grants	285,500	285,500	127,280	(158,220)
Total intergovernmental	303,500	303,500	1,103,263	799,763
Charges for services:				
Administrative Charges	745,000	745,000	745,000	-
Plan Check and Zoning Fees	165,000	165,000	110,365	(54,635)
Construction Inspection Fees	-	-	33,500	33,500
Maps and Publications	500	500	-	(500)
Fire Protection	240,000	240,000	257,149	17,149
Law Enforcement	185,000	185,000	174,251	(10,749)
Streets	2,500	2,500	23,546	21,046
Parks, Recreation, and Culture	617,000	617,000	387,916	(229,084)
Cemetery Lots	82,000	82,000	96,800	14,800
Burial Fees	95,000	95,000	151,750	56,750
GIS/Information System Services	268,000	268,000	268,000	-
Fleet Mgmt Services	105,800	105,800	112,000	6,200
Community events	40,100	40,100	31,934	(8,166)
Miscellaneous Charges	25,000	25,000	2,933	(22,067)
Total charges for services	2,570,900	2,570,900	2,395,144	(175,756)
Fines and forfeitures:				
Court Fines	151,000	151,000	127,474	(23,526)
Leases and Rents:				
Cellular Tower	14,322	14,322	20,190	5,868
Building and Equipment Use	3,678	3,678	5,185	1,507
Total leases and rents	18,000	18,000	25,375	7,375
Interest and dividends	80,000	80,000	180,508	100,508
Donations:				
Community events	7,500	7,500	2,594	(4,906)
Miscellaneous:				
Proceeds from auction sales	25,000	25,000	12,921	(12,079)
Proceeds from scrap metal	-	-	7,413	7,413
Proceeds from property easement	-	-	5,600	5,600
Other	55,711	55,711	28,210	(27,501)
Total miscellaneous	80,711	80,711	54,144	(26,567)
Total revenues	14,186,918	14,186,918	15,569,914	1,382,996

(Continued)

KAYSVILLE CITY CORPORATION, UTAH
Budgetary Comparison Statement – General Fund (Continued)
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
City Council	\$ 143,725	\$ 143,725	\$ 128,613	\$ 15,112
City Manager	210,276	210,276	216,461	(6,185)
Administrative Services	907,500	907,500	824,744	82,756
Information Services	605,210	605,210	620,436	(15,226)
Elections	50,000	50,000	54,895	(4,895)
Legal Services	272,500	272,500	292,317	(19,817)
Fleet Maintenance	294,850	294,850	248,742	46,108
Total general government	2,484,061	2,484,061	2,386,208	97,853
Public safety:				
Police	4,456,650	4,456,650	4,899,253	(442,603)
Fire	1,118,581	1,118,581	1,142,491	(23,910)
Total public safety	5,575,231	5,575,231	6,041,744	(466,513)
Community development:				
Planning and zoning	499,913	499,913	402,316	97,597
Code enforcement	494,875	494,875	524,968	(30,093)
Total community development	994,788	994,788	927,284	67,504
Public works:				
General projects	1,425,938	1,425,938	884,481	541,457
Parks, recreation, and public properties:				
Buildings	192,200	192,200	156,216	35,984
Parks	981,000	981,000	922,866	58,134
Recreation	947,400	947,400	782,776	164,624
Community events	196,550	196,550	137,092	59,458
Cemetery	258,750	258,750	257,631	1,119
Total parks, recreation, and public properties	2,575,900	2,575,900	2,256,581	319,319
Nondepartmental:				
MBA lease payment, police station	390,000	390,000	390,000	-
MBA lease payment, city hall	360,000	360,000	360,000	-
Interfund utilities expense	-	-	286,053	(286,053)
Other	77,000	77,000	77,770	(770)
Total community development	827,000	827,000	1,113,823	(286,823)
Capital outlay:				
Vehicle replacement	60,000	60,000	41,000	19,000
Total expenditures	13,942,918	13,942,918	13,651,121	291,797
Excess of revenues over expenditures	244,000	244,000	1,918,793	1,674,793
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	-	-	44,655	44,655
Nonreciprocal utility transfers in	-	-	286,053	286,053
Transfers out	(1,469,000)	(1,469,000)	(1,549,000)	(80,000)
Total other financing sources (uses)	(1,469,000)	(1,469,000)	(1,218,292)	250,708
Net change in fund balance	(1,225,000)	(1,225,000)	700,501	1,925,501
Fund balance, beginning of year	4,672,527	4,672,527	4,672,527	-
Fund balance, end of year	\$ 3,447,527	\$ 3,447,527	\$ 5,373,028	\$ 1,925,501

The accompanying notes are an integral part of these financial statements.

KAYSVILLE CITY CORPORATION, UTAH
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Redevelopment Agency
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property taxes	\$ 135,000	\$ 135,000	\$ 147,325	\$ 12,325
Interest	-	-	18,647	18,647
Total revenues	135,000	135,000	165,972	30,972
<u>EXPENDITURES</u>				
Community Development	75,000	75,000	83,269	(8,269)
Debt Service:				
Interest and Fiscal Charges	-	-	11,678	(11,678)
Total expenditures	75,000	75,000	94,947	(19,947)
Net change in fund balance	60,000	60,000	71,025	11,025
Fund balance, beginning of year	465,238	465,238	465,238	-
Fund balance, end of year	\$ 525,238	\$ 525,238	\$ 536,263	\$ 11,025

KAYSVILLE CITY CORPORATION, UTAH
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Municipal Building Authority
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Lease revenue	\$ 750,000	\$ 750,000	\$ 750,000	\$ -
Interest	-	-	2,604	2,604
Total revenues	750,000	750,000	752,604	2,604
<u>EXPENDITURES</u>				
Community development	-	-	74	(74)
Debt service:				
Principal	390,000	390,000	324,000	66,000
Interest and fiscal charges	360,000	360,000	148,141	211,859
Bond issuance costs	-	-	124,059	(124,059)
Principal, refunded bonds	-	-	4,002,000	(4,002,000)
Capital outlay	4,900,000	4,900,000	3,458,335	1,441,665
Total expenditures	5,650,000	5,650,000	8,056,609	(2,406,609)
Deficiency of revenues under expenditures	(4,900,000)	(4,900,000)	(7,304,005)	(2,404,005)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from long-term debt	3,900,000	3,900,000	8,140,000	4,240,000
Transfers In	1,000,000	1,000,000	1,000,000	-
Net other financing sources (uses)	4,900,000	4,900,000	9,140,000	4,240,000
Net change in fund balance	-	-	1,835,995	1,835,995
Fund balance, beginning of year	4,677	4,677	4,677	-
Fund balance, end of year	\$ 4,677	\$ 4,677	\$ 1,840,672	\$ 1,835,995

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KAYSVILLE CITY CORPORATION**Schedule of the Proportionate Share of the Net Pension Liability**

(Provided by Utah Retirement Systems)

Last 10 Fiscal Years *

	Non- Contributory System	Contributory Retirement System	Public Safety System	Firefighters Retirement System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
2020						
Proportion of the net pension liability (asset)	0.3894917%	0.1051652%	0.8455728%	0.7505180%	0.0735046%	0.4635401%
Proportionate share of the net pension liability (asset)	\$1,467,943	\$6,892	\$1,357,667	(\$93,079)	\$16,532	\$43,603
Covered payroll	\$3,276,220	\$18,845	\$1,118,008	\$319,402	\$1,021,651	\$763,958
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.81%	36.57%	121.44%	-29.14%	1.62%	5.71%
Plan fiduciary net position as a percentage of the total pension liability	93.7%	98.6%	90.9%	105.0%	96.5%	89.6%
2019						
Proportion of the net pension liability (asset)	0.3727471%	0.4685318%	0.9242781%	0.6664376%	0.0659779%	0.4408629%
Proportionate share of the net pension liability (asset)	\$2,744,807	\$190,132	\$2,377,784	\$86,535	\$28,257	\$11,046
Covered payroll	\$3,121,968	\$87,695	\$1,232,867	\$280,439	\$769,193	\$588,935
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	87.92%	216.81%	192.87%	30.86%	3.67%	1.88%
Plan fiduciary net position as a percentage of the total pension liability	87.0%	91.2%	84.7%	94.3%	90.8%	95.6%
2018						
Proportion of the net pension liability (asset)	0.3632073%	0.4212910%	0.8932410%	0.4995134%	0.0798652%	0.2911591%
Proportionate share of the net pension liability (asset)	\$1,591,320	\$34,350	\$1,401,190	(\$31,197)	\$7,041	(\$3,369)
Covered payroll	\$3,145,224	\$85,656	\$1,222,119	\$213,250	\$782,125	\$307,168
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.59%	40.10%	114.65%	-14.63%	0.90%	-1.10%
Plan fiduciary net position as a percentage of the total pension liability	91.9%	98.2%	90.2%	103.0%	97.4%	103.0%

KAYSVILLE CITY CORPORATION
Schedule of the Proportionate Share of the Net Pension Liability (continued)

	Non- Contributory System	Contributory Retirement System	Public Safety System	Firefighters Retirement System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
2017						
Proportion of the net pension liability (asset)	0.3782228%	0.3668630%	0.9570199%	0.4728736%	0.0695979%	0.3341964%
Proportionate share of the net pension liability (asset)	\$2,428,653	\$120,372	\$1,942,058	(\$3,728)	\$7,764	(\$2,901)
Covered payroll	\$3,368,213	\$88,024	\$1,299,724	\$138,720	\$570,760	\$276,122
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.11%	136.75%	149.42%	-2.69%	1.36%	-1.05%
Plan fiduciary net position as a percentage of the total pension liability	87.3%	92.9%	86.5%	100.4%	95.1%	103.6%
2016						
Proportion of the net pension liability (asset)	0.3712689%	0.1931699%	0.9028963%	N/A	0.6231040%	0.3267187%
Proportionate share of the net pension liability (asset)	\$2,100,820	\$135,770	\$1,617,314	N/A	(\$136)	(\$4,773)
Covered payroll	\$3,142,903	\$82,307	\$1,230,772	N/A	\$402,584	\$194,444
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.84%	164.95%	131.41%	N/A	-0.03%	-2.45%
Plan fiduciary net position as a percentage of the total pension liability	87.8%	85.7%	87.1%	N/A	100.2%	110.7%
2015						
Proportion of the net pension liability (asset)	0.3498119%	0.1495670%	0.8693386%	N/A	0.0557657%	0.1876971%
Proportionate share of the net pension liability (asset)	\$1,518,966	\$43,142	\$1,093,265	N/A	(\$1,690)	(\$2,777)
Covered payroll	\$2,975,806	\$80,034	\$1,197,771	N/A	\$274,011	\$77,767
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.00%	53.90%	91.30%	N/A	-0.60%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	94.0%	90.5%	N/A	103.5%	120.5%

* Note- This Schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

KAYSVILLE CITY CORPORATION
Schedule of Pension Contributions

(Provided by Utah Retirement Systems)

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 514,845	\$ 514,845	\$ -	\$ 2,978,314	17.29%
	2015	558,516	558,516	-	3,022,674	18.48%
	2016	590,639	590,639	-	3,255,577	18.14%
	2017	582,359	582,359	-	3,252,924	17.90%
	2018	564,975	564,975	-	3,108,701	18.17%
	2019	592,483	592,483	-	3,213,037	18.44%
	2020	613,369	613,369	-	3,337,600	18.38%
Contributory System	2014	\$ 10,886	\$ 10,886	\$ -	\$ 79,263	13.73%
	2015	11,560	11,560	-	79,946	14.46%
	2016	12,194	12,194	-	84,327	14.46%
	2017	12,794	12,794	-	88,481	14.46%
	2018	12,463	12,463	-	86,189	14.46%
	2019	8,918	8,918	-	61,674	14.46%
	2020	-	-	-	-	0.00%
Public Safety System	2014	\$ 401,881	\$ 401,881	\$ -	\$ 1,176,123	34.17%
	2015	435,849	435,849	-	1,220,524	35.71%
	2016	438,678	438,678	-	1,228,445	35.71%
	2017	461,398	461,398	-	1,302,057	35.44%
	2018	439,655	439,655	-	1,231,180	35.71%
	2019	404,912	404,912	-	1,165,896	34.73%
	2020	377,148	377,148	-	1,100,965	34.26%
Firefighters System	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	1,279	1,279	-	4,933	25.93%
	2017	6,506	6,506	-	177,237	3.67%
	2018	6,910	6,910	-	246,693	2.80%
	2019	10,601	10,601	-	306,835	3.46%
	2020	10,081	10,081	-	299,356	3.37%
Tier 2 Public Employees System*	2014	\$ 24,454	\$ 24,454	\$ -	\$ 174,798	13.99%
	2015	56,172	56,172	-	373,937	15.02%
	2016	65,140	65,140	-	436,858	14.91%
	2017	110,196	110,196	-	740,427	14.88%
	2018	114,957	114,957	-	759,923	15.13%
	2019	143,216	143,216	-	923,194	15.51%
	2020	160,708	160,708	-	1,028,286	15.63%

KAYSVILLE CITY CORPORATION

Schedule of Pension Contributions (continued)

(Provided by Utah Retirement Systems)

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Tier 2 Public Safety and Firefighter System *	2014	\$ 10,538	\$ 10,538	\$ -	\$ 47,108	22.37%
	2015	32,028	32,028	-	134,654	23.79%
	2016	56,360	56,360	-	239,685	23.51%
	2017	63,148	63,148	-	266,898	23.66%
	2018	92,454	92,454	-	427,577	21.62%
	2019	136,806	136,806	-	667,211	20.50%
	2020	196,835	196,835	-	933,988	21.07%
Tier 2 Public Safety Employees DC Only System *	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	2,239	2,239	-	14,986	14.94%
	2016	5,391	5,391	-	66,098	8.16%
	2017	4,580	4,580	-	79,437	5.77%
	2018	16,825	16,825	-	251,478	6.69%
	2019	26,520	26,520	-	396,407	6.69%
	2020	30,795	30,795	-	460,297	6.69%
Tier 2 Public Safet & Firfighter DC Only System *	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	5,483	5,483	-	61,885	8.86%
	2019	6,040	6,040	-	138,334	4.37%
	2020	8,445	8,445	-	181,337	4.66%

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

* This schedule usually covers the 10 most recent years; however, this is the information available as of the implementation year of GASB 68.

KAYSVILLE CITY CORPORATION

June 30, 2020

Changes in Assumptions

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

KAYSVILLE CITY CORPORATION
Pension Beginning and Ending Values
(Provided by Utah Retirement Systems)

GASB 68 Schedule	Beginning Values			Ending Values		
	NPL/ (NPA)	Asset	Liability	NPL/ (NPA)	Asset	Liability
Noncontributory	2,744,807	-	2,744,807	1,467,943	-	1,467,943
Contributory	190,132	-	190,132	6,892	-	6,892
Public Safety	2,377,784	-	2,377,784	1,357,667	-	1,357,667
Firefighters	86,535	-	86,535.00	(93,079)	(93,079)	-
Judges	-	-	-	-	-	-
Governors & Legislators	-	-	-	-	-	-
Tier 2 public employees	28,257	-	28,257.00	16,532	-	16,532
Tier 2 public safety & firefighters	11,046	-	11,046.00	43,603	-	43,603
Total	5,438,561	-	5,438,561	2,799,558	(93,079)	2,892,637

Retirement System	Net Pension Liability/ (Asset) at 12/31/2018			Net Pension Liability/ (Asset) at 12/31/2019		
	System Total NPL/ (NPA)	Proportionate Share	Beginning Values	System Total NPL/ (NPA)	Proportionate Share	Ending Values
Noncontributory						
Local Government	736,372,374	0.3727471%	2,744,807	376,886,867	0.3894920%	1,467,943
State School	3,720,517,145	0.0000000%	-	2,221,701,847	0.0000000%	-
Higher Education	-	0.0000000%	-	117,303,009	0.0000000%	-
Contributory						
Local Government	40,580,280	0.4685318%	190,132	6,553,645	0.1051650%	6,892
State School	71,000,395	0.0000000%	-	6,903,821	0.0000000%	-
Higher Education	-	0.0000000%	-	(5,638,320)	0.0000000%	-
Public Safety						
Other DIV A	257,258,503	0.9242781%	2,377,784	160,561,770	0.8455730%	1,357,667
State of Utah	239,375,113	0.0000000%	-	147,672,644	0.0000000%	-
SLC	103,028,051	0.0000000%	-	79,378,833	0.0000000%	-
Ogden	22,263,653	0.0000000%	-	18,021,465	0.0000000%	-
Provo	15,111,748	0.0000000%	-	10,274,637	0.0000000%	-
Logan	6,809,836	0.0000000%	-	4,607,392	0.0000000%	-
Bountiful	7,529,711	0.0000000%	-	6,051,891	0.0000000%	-
Other DIV B	78,799,595	0.0000000%	-	49,659,988	0.0000000%	-
Firefighters						
Other DIV A	12,984,728	0.6664376%	86,535	(12,401,993)	0.7505180%	(93,079)
Other DIV B	40,415,201	0.0000000%	-	(62,531,340)	0.0000000%	-
Judges	48,638,543	0.0000000%	-	38,888,177	0.0000000%	-
Utah Governors & Legislators	2,640,357	0.0000000%	-	1,709,381	0.0000000%	-
Tier 2 Public Employees	42,827,859	0.0659779%	28,257	22,490,751	0.0735050%	16,532
Tier 2 PS and Firefighters	2,505,563	0.4408629%	11,046	9,406,436	0.4635400%	43,603
Total	5,448,658,655		5,438,560	3,197,500,901		2,799,557

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KAYSVILLE CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

1. 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, the Capital Projects Fund, Redevelopment Agency Fund, and Municipal Building Authority 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 2020 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, 2020

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).

2. Actuarially Determined Pension Contributions

Contribution rates include an amount for normal cost, the estimated amount necessary to finance benefits earned by the members during the current year, and an amount for amortization of the unfunded or excess funded actuarial accrued liability over a closed 20-year amortization period. The rates are determined using the entry age actuarial cost method.

Contributions made were in accordance with actuarially computed funding requirements. For contribution rate purposes the actuary evaluates the assets of the plan based on a 5-year smoothed expected return wherein 20 percent of a year's excess or shortfall of expected return is recognized each year for five years.

3. Changes in Assumptions for information provided by URS

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

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet- Other Governmental Funds

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance- Other Governmental
Funds**

**Combining Statement of Net Position- Nonmajor
Enterprise Funds**

**Combining Statement of Revenues, Expenditures, and
Changes in Net Position- Nonmajor Enterprise
Funds**

**Combining Statement of Cash Flows- Nonmajor
Enterprise Funds**

Debt Service Fund

Capital Projects Fund

Permanent Fund- Perpetual Cemetery

Permanent Fund- Library Endowment

KAYSVILLE CITY CORPORATION, UTAH
Combining Balance Sheet –Other Governmental Funds
June 30, 2020

	Debt Service Fund	Capital Projects Fund	Permanent Peperual Cemetery Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 72,455	\$ 1,750,431	\$ 889,657	\$ -	\$ 2,712,543
Cash and cash equivalents, restricted	-	25,471	-	452,464	477,935
Investments	-	-	1,163,191	-	1,163,191
Investments, restricted	-	-	-	263,924	263,924
Total assets	\$ 72,455	\$ 1,775,902	\$ 2,052,848	\$ 716,388	\$ 4,617,593
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ 52,714	\$ 3,116	\$ -	\$ 55,830
Deposits	-	25,471	-	-	25,471
Total liabilities	-	78,185	3,116	-	81,301
<u>FUND BALANCES</u>					
Non-Spendable:					
Library Endowment	-	-	-	689,888	689,888
Cemetery Perpetual Care	-	-	1,382,081	-	1,382,081
Restricted for:					
Capital Projects	-	1,540,344	-	-	1,540,344
Park Impact Fees	-	85,966	667,651	-	753,617
Public Safety Impact Fees	-	33,293	-	-	33,293
Fire Impact Fees	-	38,114	-	-	38,114
Library Purposes	-	-	-	26,500	26,500
Assigned:					
Debt Service	72,455	-	-	-	72,455
Total fund balances	72,455	1,697,717	2,049,732	716,388	4,536,292
Total liabilities, deferred inflows of resources and fund balances	\$ 72,455	\$ 1,775,902	\$ 2,052,848	\$ 716,388	\$ 4,617,593

KAYSVILLE CITY CORPORATION, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Other Governmental Funds
For the Year Ended June 30, 2020

	Debt Service Fund	Capital Projects Fund	Permanent Peperual Cemetery Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
REVENUES					
Impact Fees	\$ -	\$ 375,470	\$ -	\$ -	\$ 375,470
Intergovernmental	-	35,000	-	-	35,000
Charges for Services	-	-	80,775	-	80,775
Interest Income	1,024	19,847	55,166	11,759	87,796
Donations	-	97,548	-	-	97,548
Miscellaneous	3,921	-	-	-	3,921
Total revenues	4,945	527,865	135,941	11,759	680,510
EXPENDITURES					
Current:					
Parks, Recreation and Culture	\$ -	\$ -	\$ 29,721	\$ 35,000	\$ 64,721
Debt Service:					
Principal	333,303	-	-	-	333,303
Interest and Fiscal Charges	46,893	-	-	-	46,893
Capital Outlay	-	666,795	-	-	666,795
Total expenditures	380,196	666,795	29,721	35,000	1,111,712
Excess (deficiency) of revenues over (under) expenditures	(375,251)	(138,930)	106,220	(23,241)	(431,202)
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	94,311	-	-	94,311
Transfers In	386,000	-	-	-	386,000
Transfers Out	-	(208,000)	-	-	(208,000)
Total other financing sources (uses)	386,000	(113,689)	-	-	272,311
Net change in fund balances	10,749	(252,619)	106,220	(23,241)	(158,891)
Fund balances, beginning	61,706	1,950,336	1,943,512	739,629	4,695,183
Fund balances, ending	\$ 72,455	\$ 1,697,717	\$ 2,049,732	\$ 716,388	\$ 4,536,292

KAYSVILLE CITY CORPORATION, UTAH
Combining Statement of Net Position –
Nonmajor Enterprise Funds
June 30, 2020

	Business-type Activities - Enterprise Funds			
	Sewer	Pressure Irrigation	Sanitation	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 841,951	\$ 122,344	\$ 1,371,565	\$ 2,335,860
Accounts receivable, net	230,231	108,699	196,716	535,646
Total current assets	1,072,182	231,043	1,568,281	2,871,506
Noncurrent assets:				
Capital assets:				
Land	-	16,322	-	16,322
Water stock	-	3,721,850	-	3,721,850
Net depreciable capital assets	17,892	-	290,064	307,956
Total noncurrent assets	17,892	3,738,172	290,064	4,046,128
Total assets	1,090,074	3,969,215	1,858,345	6,917,634
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 252,131	\$ 101,540	\$ 173,753	\$ 527,424
NET POSITION				
Net investment in capital assets	17,892	3,738,172	290,064	4,046,128
Unrestricted	820,051	129,503	1,394,528	2,344,082
Total net position	\$ 837,943	\$ 3,867,675	\$ 1,684,592	\$ 6,390,210
Total liabilities and net position	\$ 1,090,074	\$ 3,969,215	\$ 1,858,345	\$ 6,917,634

KAYSVILLE CITY CORPORATION, UTAH
Combining Statement of Revenues, Expenses and Changes in Net Position –
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			Total Nonmajor Enterprise Funds
	Sewer	Pressure Irrigation	Sanitation	
<u>OPERATING REVENUES</u>				
Sales and charges for services	\$ 2,674,034	\$ 1,279,859	\$ 2,258,253	\$ 6,212,146
Charges for services (non-reciprocal)	4,884	-	12,180	17,064
Total operating revenues	2,678,918	1,279,859	2,270,433	6,229,210
<u>OPERATING EXPENSES</u>				
Personnel services	7,002	3,962	40,549	51,513
Contractual services	-	-	2,738	2,738
Administrative charges from General Fund	67,500	67,500	105,000	240,000
Interfund services	-	-	5,000	5,000
Purchase water/treatment/power/refuse	2,582,344	1,207,083	2,000,209	5,789,636
Supplies, maintenance, and miscellaneous operating	11,827	5,508	9,476	26,811
Depreciation	688	-	81,898	82,586
Total operating expenses	2,669,361	1,284,053	2,244,870	6,198,284
Operating income (loss)	9,557	(4,194)	25,563	30,926
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest income	14,280	1,931	24,023	40,234
Income (loss) before contributions and transfers	23,837	(2,263)	49,586	71,160
Capital contributions	-	9,000	-	9,000
Non-reciprocal utility service	(4,884)	-	(12,180)	(17,064)
Change in net position	18,953	6,737	37,406	63,096
Total net position, beginning	818,990	3,860,938	1,647,186	6,327,114
Total net position, ending	\$ 837,943	\$ 3,867,675	\$ 1,684,592	\$ 6,390,210

KAYSVILLE CITY CORPORATION, UTAH
Combining Statement of Cash Flows –
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			Total Nonmajor Enterprise Funds
	Sewer	Pressure Irrigation	Sanitation	
Cash flows from operating activities				
Receipts from customers and users	\$ 2,641,902	\$ 1,278,715	\$ 2,231,301	\$ 6,151,918
Payments to suppliers	(2,559,766)	(1,210,498)	(2,000,483)	(5,770,747)
Payments to employees	(7,002)	(3,962)	(40,549)	(51,513)
Payments for interfund services	(67,500)	(67,500)	(110,000)	(245,000)
Net cash provided (used) by operating activities	7,634	(3,245)	80,269	84,658
Net cash provided (used) by noncapital financing activities	-	-	-	-
Cash flows from capital and related financing activities				
Aquisition of capital assets	-	-	(20,699)	(20,699)
Net cash provided (used) by capital and related financing activities	-	-	(20,699)	(20,699)
Cash flows from investing activities				
Interest received	14,280	1,931	24,023	40,234
Net cash provided by investing activities	14,280	1,931	24,023	40,234
Net increase (decrease) in cash and cash equivalents	21,914	(1,314)	83,593	104,193
Cash and cash equivalents, beginning of year	820,037	123,658	1,287,972	2,231,667
Cash and cash equivalents, end of year	\$ 841,951	\$ 122,344	\$ 1,371,565	\$ 2,335,860
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 9,557	\$ (4,194)	\$ 25,563	\$ 30,926
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	688	-	81,898	82,586
Net pension adjustment	-	-	-	-
Non-reciprocal utility services	(4,884)	-	(12,180)	(17,064)
Changes in assets and liabilities:				
Accounts receivable	(32,132)	(1,144)	(26,952)	(60,228)
Inventory	-	-	-	-
Accounts payable	34,405	2,093	11,940	48,438
Net cash provided (used) by operating activities	\$ 7,634	\$ (3,245)	\$ 80,269	\$ 84,658

KAYSVILLE CITY CORPORATION, UTAH
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Debt Service Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 1,024	\$ 1,024
Interest	-	-	3,921	3,921
Total revenues	-	-	4,945	4,945
<u>EXPENDITURES</u>				
Debt Service:				
Principal, bonds	-	-	182,000	(182,000)
Principal, capital leases	386,000	386,000	151,303	234,697
Interest and fiscal charges	-	-	46,893	(46,893)
Total expenditures	386,000	386,000	380,196	5,804
Excess (deficiency) of revenues over (under) expenditures	(386,000)	(386,000)	(375,251)	10,749
<u>OTHER FINANCING SOURCES</u>				
Transfers in	386,000	386,000	386,000	-
Net other financing sources (uses)	386,000	386,000	386,000	-
Net change in fund balance	-	-	10,749	10,749
Fund balance, beginning of year	61,706	61,706	61,706	-
Fund balance, end of year	\$ 61,706	\$ 61,706	\$ 72,455	\$ 10,749

KAYSVILLE CITY CORPORATION, UTAH
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Capital Projects Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Impact Fees:				
Parks and recreation	\$ 358,000	\$ 358,000	\$ 304,735	\$ (53,265)
Public safety	-	-	70,735	70,735
Intergovernmental	-	-	35,000	35,000
Interest Income	-	-	19,847	19,847
Donations, pickleball courts project	-	-	97,548	97,548
	<u>358,000</u>	<u>358,000</u>	<u>527,865</u>	<u>169,865</u>
Total revenues				
<u>EXPENDITURES</u>				
Capital outlay:				
200 North bridge	900,000	900,000	228,789	671,211
Fiber-to-Home project planning	-	-	161,617	(161,617)
Pioneer Park:				
Pickleball courts project	75,000	75,000	105,052	(30,052)
General design	75,000	75,000	68,890	6,110
Capital lease purchase, mower	-	-	94,311	(94,311)
Other	-	-	8,136	(8,136)
	<u>1,050,000</u>	<u>1,050,000</u>	<u>666,795</u>	<u>383,205</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>(692,000)</u>	<u>(692,000)</u>	<u>(138,930)</u>	<u>553,070</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from long-term debt	-	-	94,311	94,311
Transfers out	<u>(208,000)</u>	<u>(208,000)</u>	<u>(208,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>(208,000)</u>	<u>(208,000)</u>	<u>(113,689)</u>	<u>94,311</u>
Net change in fund balance	(900,000)	(900,000)	(252,619)	647,381
Fund balance, beginning of year	<u>1,950,336</u>	<u>1,950,336</u>	<u>1,950,336</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,050,336</u>	<u>\$ 1,050,336</u>	<u>\$ 1,697,717</u>	<u>\$ 647,381</u>

KAYSVILLE CITY CORPORATION, UTAH
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Perpetual Cemetery Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Charges for Services	\$ 80,775	\$ 80,775	\$ 80,775	\$ -
Interest Income	55,166	55,166	55,166	-
Total revenues	135,941	135,941	135,941	-
<u>EXPENDITURES</u>				
Administrative	6,500	6,500	2,416	4,084
Noncapital improvements	40,000	40,000	27,305	12,695
Total expenditures	46,500	46,500	29,721	16,779
Net change in fund balance	89,441	89,441	106,220	16,779
Fund balance, beginning of year	1,943,512	1,943,512	1,943,512	-
Fund balance, end of year	<u>\$ 2,032,953</u>	<u>\$ 2,032,953</u>	<u>\$ 2,049,732</u>	<u>\$ 16,779</u>

KAYSVILLE CITY CORPORATION, UTAH
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Library Endowment Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest	\$ 3,500	\$ 3,500	\$ 11,759	\$ 8,259
Total revenues	3,500	3,500	11,759	8,259
<u>EXPENDITURES</u>				
Noncapital improvements	-	-	35,000	(35,000)
Total expenditures	-	-	35,000	(35,000)
Net change in fund balance	3,500	3,500	(23,241)	(26,741)
Fund balance, beginning of year	739,629	739,629	739,629	-
Fund balance, end of year	<u>\$ 743,129</u>	<u>\$ 743,129</u>	<u>\$ 716,388</u>	<u>\$ (26,741)</u>

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STATISTICAL SECTION



Utah's Hometown

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.

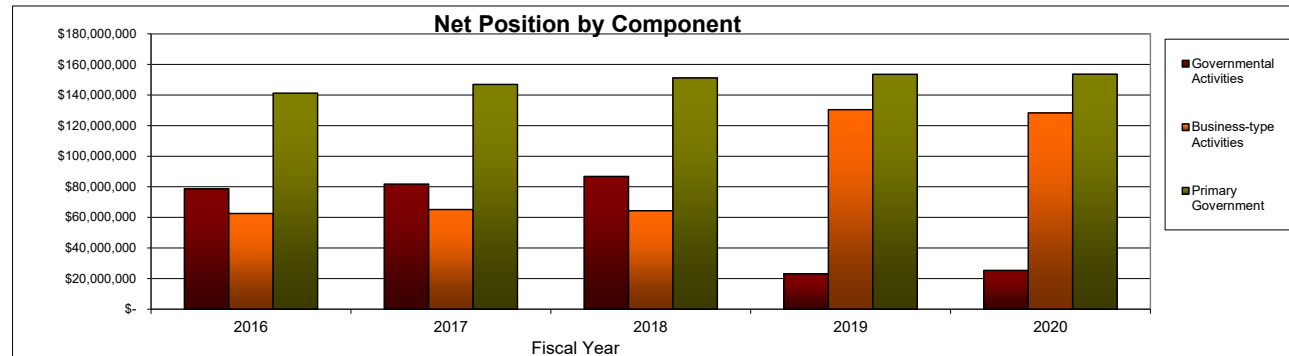
Contents	Page
Financial Trends	101-106
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	107-115
<i>These schedules contain information to help the reader assess a primary city revenue source, property tax.</i>	
Debt Capacity	116-118
<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>	
Demographic and Economic Information	119-121
<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>	
Operating Information	122
<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>	

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KAYSVILLE CITY CORPORATION
Table 1 - Net Position by Component
June 30, 2020

	2011	2012	2013	2014 (*Restated)	2015	2016 (*Restated)	2017	2018	2019	2020
Governmental Activities										
Investment in Capital Assets, Net of Related Debt	\$ 50,933,344	\$ 51,804,229	\$ 70,379,749	\$ 68,417,942	\$ 73,170,909	\$ 72,688,598	\$ 74,851,196	\$ 76,597,865	\$ 15,859,194	\$ 15,418,558
Restricted	4,650,573	4,125,429	5,051,383	5,351,824	5,604,329	5,966,992	5,923,558	7,188,243	4,391,242	7,623,341
Unrestricted	2,419,566	2,402,159	2,074,489	191,422	(1,086,709)	(3,848)	998,674	3,004,914	2,851,317	2,319,564
Total Governmental Activities Net Position	\$ 58,003,483	\$ 58,331,817	\$ 77,505,621	\$ 73,961,188	\$ 77,688,529	\$ 78,651,742	\$ 81,773,428	\$ 86,791,022	\$ 23,101,753	\$ 25,361,463
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 46,146,335	\$ 47,227,210	\$ 50,074,699	\$ 48,131,444	\$ 48,431,735	\$ 49,482,868	\$ 49,544,446	\$ 48,944,148	\$ 110,935,762	\$ 110,178,187
Restricted	180,861	211,341	6,781	-	202,157	668,524	1,029,394	1,543,974	2,777,780	2,311,185
Unrestricted	5,768,480	6,142,927	6,182,553	10,400,263	11,071,837	12,406,511	14,579,974	13,864,038	16,721,454	15,793,785
Total Business-type Activities Net Position	\$ 52,095,676	\$ 53,581,478	\$ 56,264,033	\$ 58,531,707	\$ 59,705,729	\$ 62,557,903	\$ 65,153,814	\$ 64,352,160	\$ 130,434,996	\$ 128,283,157
Primary Government										
Net Investment in Capital Assets	\$ 97,079,679	\$ 99,031,439	\$ 120,454,448	\$ 116,549,386	\$ 121,602,644	\$ 122,171,466	\$ 124,395,642	\$ 125,542,013	\$ 126,794,956	\$ 125,596,745
Restricted	4,831,434	4,336,770	5,058,164	5,351,824	5,806,486	6,635,516	6,952,952	8,732,217	7,169,022	9,934,526
Unrestricted	8,188,046	8,545,086	8,257,042	10,591,685	9,985,128	12,402,663	15,578,648	16,868,952	19,572,771	18,113,349
Total Primary Government Net Position	\$ 110,099,159	\$ 111,913,295	\$ 133,769,654	\$ 132,492,895	\$ 137,394,258	\$ 141,209,645	\$ 146,927,242	\$ 151,143,182	\$ 153,536,749	\$ 153,644,620

(Accrual Basis of Accounting)



* In FY 2019 the Road Utility Fund was formed. During this year the road assets were transferred to the Road Utility Fund from the General Fund.

KAYSVILLE CITY CORPORATION
Table 2 - Changes in Net Position
June 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Government Activities:										
General Government	\$ 1,545,761	\$ 1,912,144	\$ 1,933,158	\$ 2,383,664	\$ 2,380,314	\$ 2,490,055	\$ 2,446,401	\$ 2,567,656	\$ 3,132,685	\$ 2,504,558
Public Safety - Police	2,213,269	2,640,849	2,956,768	3,064,397	3,496,435	3,817,732	3,874,551	3,695,913	4,643,415	4,942,482
Public Safety - Fire	483,156	423,978	540,842	863,892	833,769	964,668	913,103	849,282	1,076,170	1,365,305
Community Development	760,562	658,823	647,499	700,293	686,765	722,417	792,510	724,185	875,965	1,035,615
Public Works	2,964,516	2,699,309	3,090,467	3,916,960	2,937,745	4,135,628	3,985,500	5,563,214	1,214,306	962,291
Parks, Recreation and Public Properties	1,910,131	2,145,155	2,178,224	2,157,669	2,640,781	2,490,851	2,457,360	2,446,321	3,004,775	2,610,749
Nondepartmental	-	-	-	-	-	-	-	-	-	1,113,823
Perpetual Cemetery	-	-	50,867	35,347	23,641	23,654	-	-	-	-
Library Endowment	-	-	-	-	-	-	100,000	-	-	-
Interest on Long-Term Debt	343,327	327,537	7,003	149,543	235,218	199,427	162,298	203,870	239,382	334,175
Total Governmental Activities Expenses	10,220,722	10,807,795	11,404,828	13,271,765	13,234,668	14,844,432	14,731,723	16,050,441	14,186,698	14,868,998
Business-type Activities:										
Water	2,035,790	2,227,960	2,261,447	2,599,457	2,443,152	2,371,766	2,256,288	3,515,650	4,169,497	3,520,163
Sewer	1,736,004	1,743,293	1,881,148	1,822,954	1,876,862	2,195,339	2,193,175	2,251,223	2,293,722	2,674,245
Electric	12,665,025	12,225,173	12,962,870	13,137,151	13,814,577	14,006,885	14,698,768	15,888,033	14,734,493	15,489,395
Pressure Irrigation	1,072,481	1,105,317	1,022,122	1,121,653	1,143,314	1,211,994	1,205,904	1,237,799	1,262,153	1,284,053
Sanitation	1,376,902	1,535,860	1,646,992	1,765,134	1,751,666	1,859,482	1,739,010	1,857,858	1,958,416	2,257,050
Storm Water	1,140,057	1,080,937	1,253,443	1,044,438	1,418,881	1,610,691	1,214,987	1,643,631	1,739,308	1,866,836
Road Utility	-	-	-	-	-	-	-	-	4,106,071	6,538,721
Ambulance	565,430	570,158	519,544	422,391	483,772	541,755	776,868	926,154	980,363	874,406
Total Business-Type Activities Expenses	20,591,689	20,488,698	21,547,566	21,913,178	22,932,224	23,797,912	24,085,000	27,320,348	31,244,023	34,504,869
Total Primary Government Expenses	<u>\$ 30,812,411</u>	<u>\$ 31,296,493</u>	<u>\$ 32,952,394</u>	<u>\$ 35,184,943</u>	<u>\$ 36,166,892</u>	<u>\$ 38,642,344</u>	<u>\$ 38,816,723</u>	<u>\$ 43,370,789</u>	<u>\$ 45,430,721</u>	<u>\$ 49,373,867</u>

KAYSVILLE CITY CORPORATION
Table 2 - Changes in Net Position (Continued)
June 30, 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2019	2020
Program Revenues										
Government Activities:										
Charges for Services										
General Government	\$ 647,686	\$ 760,056	\$ 765,064	\$ 770,059	\$ 827,020	\$ 908,174	\$ 945,100	\$ 1,023,800	\$ 1,391,042	\$ 1,125,000
Public Safety - Police	233,637	237,962	261,885	187,072	254,534	250,985	299,848	372,944	376,901	301,725
Public Safety - Fire	139,507	143,156	150,387	159,931	206,586	223,259	265,991	257,076	256,967	257,149
Community Development	602,391	410,431	656,854	770,321	759,540	750,378	719,877	771,196	748,293	696,268
Public Works	1,187,282	1,093,151	1,442,438	1,097,082	1,295,257	1,043,907	1,554,383	1,531,636	118,057	23,546
Parks, Recreation and Public Properties	930,176	889,793	965,001	1,043,769	1,017,174	784,962	848,275	802,896	838,745	641,542
Nondepartmental	-	-	-	-	-	-	-	-	-	1,036,053
Perpetual Cemetery	54,175	56,450	56,665	63,850	58,925	57,125	52,785	75,933	122,775	135,941
Operating Grants and Contributions	94,835	526,635	20,075	19,807	17,363	495,115	19,458	21,528	19,079	1,100,618
Capital Grants and Contributions	3,691,377	599,878	1,753,396	906,199	3,734,313	2,044,012	3,564,061	4,938,082	555,668	513,257
Total Governmental Activities Program Revenues	7,581,066	4,717,512	6,071,765	5,018,090	8,170,712	6,557,917	8,269,778	9,795,091	4,427,527	5,831,099
Business-type Activities:										
Charges for Services:										
Water	2,289,022	2,310,530	2,405,881	2,566,353	2,789,065	2,813,194	2,893,746	2,932,922	3,049,993	3,057,567
Sewer	1,794,049	1,821,529	1,843,022	1,880,801	1,875,927	2,177,025	2,219,400	2,234,779	2,329,583	2,678,918
Electric	12,189,118	12,810,922	13,894,122	14,967,518	14,004,518	14,560,483	14,684,800	14,695,678	15,413,704	15,516,030
Pressure Irrigation	1,079,514	1,101,257	1,110,690	1,124,747	1,121,755	1,187,426	1,209,698	1,219,522	1,274,415	1,279,859
Sanitation	1,429,094	1,564,996	1,622,292	1,784,714	1,767,879	1,851,658	1,890,425	1,916,031	2,005,253	2,270,433
Storm Water	1,013,729	1,075,823	1,050,462	1,091,871	1,073,364	1,129,187	1,152,990	1,159,769	1,210,737	1,221,139
Road Utility	-	-	-	-	-	-	-	-	2,909,937	1,150,366
Ambulance	388,818	326,368	458,305	434,899	486,656	413,301	483,113	455,685	403,381	554,439
Grants and Contributions	3,172,636	768,060	1,916,221	940,771	905,801	462,803	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	1,956,069	1,832,732	1,459,122	4,024,933	3,844,368
Total Business-Type Activities Program Revenues	23,355,980	21,779,485	24,300,995	24,791,674	24,024,965	26,551,146	26,366,904	26,073,508	32,621,936	31,573,119
Total Primary Government Program Revenues	\$ 30,937,046	\$ 26,496,997	\$ 30,372,760	\$ 29,809,764	\$ 32,195,677	\$ 33,109,063	\$ 34,636,682	\$ 35,868,599	\$ 37,049,463	\$ 37,404,218
Net (Expense) Revenue										
Governmental Activities	\$ (2,639,656)	\$ (6,090,283)	\$ (5,333,063)	\$ (8,253,675)	\$ (5,063,956)	\$ (8,286,515)	\$ (6,461,945)	\$ (6,255,350)	\$ (9,759,171)	\$ (9,037,899)
Business-type Activities	2,764,291	1,290,787	2,753,429	2,878,496	1,092,741	2,753,234	2,281,904	(1,246,840)	1,377,913	(2,931,750)
Total Primary Government Net Expense	\$ 124,635	\$ (4,799,496)	\$ (2,579,634)	\$ (5,375,179)	\$ (3,971,215)	\$ (5,533,281)	\$ (4,180,041)	\$ (7,502,190)	\$ (8,381,258)	\$ (11,969,649)

KAYSVILLE CITY CORPORATION
Table 2 - Changes in Net Position (Continued)
June 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property Taxes	\$ 1,429,796	\$ 1,423,405	\$ 1,446,480	\$ 1,484,074	\$ 3,263,780	\$ 2,948,599	\$ 3,237,023	\$ 3,322,726	\$ 3,536,836	\$ 3,709,251
Sales Taxes	2,865,286	3,109,348	3,304,756	3,471,892	3,665,634	4,098,274	4,483,613	4,819,011	4,873,747	5,581,445
Franchise Taxes	542,039	624,491	664,736	592,786	537,744	536,596	551,817	483,614	657,389	579,668
Motor Vehicle Taxes										265,765
Energy Sales and Use Charge	1,047,797	1,220,618	1,178,319	1,227,956	1,156,028	1,240,883	1,247,116	1,274,019	1,134,227	1,140,205
Interest on Investments	86,925	81,760	74,144	41,085	69,172	137,272	105,279	179,540	226,397	289,555
Special Item, Net Insurance Proceeds	-	-	-	-	-	-	-	1,182,870	-	-
Disposition of Assets	-	-	-	-	-	185,713	-	64,423	33,166	44,655
Miscellaneous	95,833	123,995	113,030	124,467	121,289	148,027	153,379	115,047	52,041	58,065
Transfers	(175,000)	(165,000)	100,000	(3,640)	(22,350)	(45,636)	(194,596)	(169,304)	(64,443,901)	(371,000)
Total governmental activities	5,892,676	6,418,617	6,881,465	6,938,620	8,791,297	9,249,728	9,583,631	11,271,946	(53,930,098)	11,297,609
Business-type Activities:										
Interest on investments	21,413	30,015	29,126	27,026	58,931	36,733	68,970	76,103	183,185	300,618
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	7,749	-	13,653
Miscellaneous	-	-	-	-	-	16,571	50,441	192,030	77,837	94,640
Transfers	175,000	165,000	(100,000)	3,640	22,350	45,636	194,596	169,304	64,443,901	371,000
Total business-type activities	196,413	195,015	(70,874)	30,666	81,281	98,940	314,007	445,186	64,704,923	779,911
Total primary government	\$ 6,089,089	\$ 6,613,632	\$ 6,810,591	\$ 6,969,286	\$ 8,872,578	\$ 9,348,668	\$ 9,897,638	\$ 11,717,132	\$ 10,774,825	\$ 12,077,520
Change in Net Position										
Governmental activities	\$ 3,253,020	\$ 328,334	\$ 1,548,402	\$ (1,315,055)	\$ 3,727,341	\$ 963,213	\$ 3,121,686	\$ 5,016,596	\$ (63,689,269)	\$ 2,259,710
Business-type activities	2,960,704	1,485,802	2,682,555	2,909,162	1,174,022	2,852,174	2,595,911	(801,654)	66,082,836	(2,151,839)
Total primary government	\$ 6,213,724	\$ 1,814,136	\$ 4,230,957	\$ 1,594,107	\$ 4,901,363	\$ 3,815,387	\$ 5,717,597	\$ 4,214,942	\$ 2,393,567	\$ 107,871

(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, 2020**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Restricted	254,530	381,608	762,561	538,944	691,853	468,737	878,006	1,143,522	7,660	710,114
Unassigned	1,998,405	2,415,907	2,213,902	1,800,497	1,767,732	2,233,349	3,459,744	4,924,356	4,664,867	4,662,914
Total General Fund	<u>2,252,935</u>	<u>2,797,515</u>	<u>2,976,463</u>	<u>2,339,441</u>	<u>2,459,585</u>	<u>2,702,086</u>	<u>4,337,750</u>	<u>6,067,878</u>	<u>4,672,527</u>	<u>5,373,028</u>
Debt Service Fund										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	196,304	202,292	205,233	62,483	65,837	49,279	50,661	39,110	61,706	72,455
Total Debt Service Fund	<u>196,304</u>	<u>202,292</u>	<u>205,233</u>	<u>62,483</u>	<u>65,837</u>	<u>49,279</u>	<u>50,661</u>	<u>39,110</u>	<u>61,706</u>	<u>72,455</u>
Capital Projects Fund										
Restricted	2,153,201	1,033,352	1,545,251	1,172,747	1,518,347	1,964,659	1,677,481	766,758	53,305	1,697,717
Assigned	710,334	639,736	542,366	951,857	696,209	680,083	444,954	2,184,485	1,897,031	-
Total Capital Projects Fund	<u>2,863,535</u>	<u>1,673,088</u>	<u>2,087,617</u>	<u>2,124,604</u>	<u>2,214,556</u>	<u>2,644,742</u>	<u>2,122,435</u>	<u>2,951,243</u>	<u>1,950,336</u>	<u>1,697,717</u>
Redevelopment Agency										
Nonspendable	-	-	-	723,956	723,956	251,931	251,931	251,931	-	-
Assigned	-	-	-	379,189	(665,041)	(81,696)	19,570	134,182	465,238	536,263
Total Redevelopment Agency Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,103,145</u>	<u>58,915</u>	<u>170,235</u>	<u>271,501</u>	<u>386,113</u>	<u>465,238</u>	<u>536,263</u>
Municipal Building Authority										
Restricted	-	-	-	4,322,483	35,877	19,914	13,600	96	4,677	1,840,672
Total Redevelopment Agency Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,322,483</u>	<u>35,877</u>	<u>19,914</u>	<u>13,600</u>	<u>96</u>	<u>4,677</u>	<u>1,840,672</u>
Cemetery Perpetual Care										
Nonspendable	-	-	927,126	990,976	1,049,901	1,107,026	1,159,811	1,223,021	1,301,306	1,382,081
Restricted	1,496,718	1,564,212	653,103	623,864	618,476	634,363	650,005	662,728	642,206	667,651
Total Cemetery Perpetual Care Fund	<u>1,496,718</u>	<u>1,564,212</u>	<u>1,580,229</u>	<u>1,614,840</u>	<u>1,668,377</u>	<u>1,741,389</u>	<u>1,809,816</u>	<u>1,885,749</u>	<u>1,943,512</u>	<u>2,049,732</u>
Blood Library Endowment Fund										
Nonspendable	682,359	684,457	685,871	686,483	686,950	687,416	687,812	688,299	689,021	689,888
Restricted	240,630	259,518	272,238	227,765	181,964	185,280	89,727	94,111	50,608	26,500
Reserved	-	-	-	-	-	-	-	-	-	-
Total Blood Library Endowment Fund	<u>922,989</u>	<u>943,975</u>	<u>958,109</u>	<u>914,248</u>	<u>868,914</u>	<u>872,696</u>	<u>777,539</u>	<u>782,410</u>	<u>739,629</u>	<u>716,388</u>

KAYSVILLE CITY CORPORATION

Table 4 - Changes in Fund Balance of Governmental Funds

June 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 5,884,918	\$ 6,377,862	\$ 6,594,291	\$ 6,776,708	\$ 8,623,186	\$ 8,824,352	\$ 9,519,569	\$ 9,899,370	\$ 10,202,199	\$ 11,276,334
Licenses and Permits	518,582	327,420	520,908	601,533	592,227	577,459	513,410	616,293	570,617	552,403
Impact Fees	627,522	388,108	811,948	520,451	665,904	464,765	358,295	463,404	282,380	375,470
Intergovernmental	862,780	1,364,089	896,161	856,993	903,604	1,004,923	1,542,995	4,045,043	163,929	1,138,263
Charges for Services	1,762,697	1,930,090	1,978,220	2,065,694	2,146,183	2,313,642	2,444,173	2,543,223	2,803,833	2,475,919
Donations	-	-	150,000	150,850	20,000	13,032	126,214	350	-	100,142
Fines and Forefeitures	99,690	102,500	98,625	58,212	111,532	121,083	146,470	160,234	161,715	127,474
Interest Income	86,925	81,760	74,144	41,085	69,172	137,272	105,279	179,540	226,397	289,555
Leases and Rent Revenue										775,375
Community Development										
Block Grant	78,932	-	-	-	7,452	-	-	-	-	-
Miscellaneous	102,494	259,422	125,537	133,475	133,707	169,022	216,548	199,390	113,402	58,065
Total Revenues	10,024,540	10,831,251	11,249,834	11,205,001	13,272,967	13,625,550	14,972,953	18,106,847	14,524,472	17,169,000
Expenditures										
General Government	1,504,849	1,873,699	1,897,433	2,353,025	2,692,131	2,472,042	2,292,182	2,520,633	2,613,447	2,386,208
Public Safety	2,668,934	3,171,235	4,279,877	3,702,599	4,230,409	4,506,959	4,408,837	4,528,970	5,139,543	6,041,744
Community Development	748,334	668,964	671,454	677,278	719,025	738,445	743,733	764,506	834,123	1,010,627
Public Works	1,072,039	1,526,450	1,745,709	2,148,751	1,827,115	2,085,285	1,948,902	2,103,879	973,433	884,481
Parks, Recreation & Properties	1,771,586	1,940,756	2,091,440	2,078,976	2,511,420	2,350,488	2,240,657	2,253,277	2,597,636	2,321,302
Nondepartmental										1,113,823
Debt service:										
Principal	870,000	1,606,789	387,000	428,035	1,386,188	738,384	744,274	406,032	616,376	4,659,303
Interest & Fiscal Charges	76,327	47,487	32,838	129,156	257,174	224,241	187,168	226,200	231,325	330,771
Capital Projects	844,231	382,270	450,364	1,673,607	4,820,844	75,468	1,029,641	5,014,148	1,919,107	4,166,130
Total Expenditures	9,556,300	11,217,650	11,556,115	13,191,427	18,444,306	13,191,312	13,595,394	17,817,645	14,924,990	22,914,389
Excess (Deficiency of Revenues over Expenditures)	\$ 468,240	\$ (386,399)	\$ (306,281)	\$ (1,986,426)	\$ (5,171,339)	\$ 434,238	\$ 1,377,559	\$ 289,202	\$ (400,518)	\$ (5,745,389)
Other Financing Sources (Uses):										
Transfers In	\$ 951,000	\$ 1,660,000	\$ 687,000	\$ 1,437,729	\$ 967,650	\$ 654,864	\$ 1,038,904	\$ 924,196	\$ 991,000	\$ 1,386,000
Transfers Out	(1,126,000)	(1,825,000)	(587,000)	(489,463)	(990,000)	(700,500)	(1,233,500)	(1,093,500)	(4,135,162)	(1,757,000)
Developers Cash Contributions	-	-	-	-	-	-	-	96,529	86,613	-
Capital Leases	-	-	832,850	-	-	-	-	-	837,865	-
Special Item, Net Insurance Proceeds	-	-	-	-	-	-	-	1,182,870	48,149	8,234,311
Non-reciprocal Utility Transfers									297,079	286,053
Other Financing Sources	39,784	-	-	5,711,753	84,506	439,678	-	1,330,000	-	44,655
Total Other Financing Sources (Uses)	(135,216)	(165,000)	932,850	6,660,019	62,156	394,042	(194,596)	2,440,095	(1,874,456)	8,194,019
Net change in fund balances	\$ 333,024	\$ (551,399)	\$ 626,569	\$ 4,673,593	\$ (5,109,183)	\$ 828,280	\$ 1,182,963	\$ 2,729,297	\$ (2,274,974)	\$ 2,448,630
Debt service as a percentage of noncapital expenditures	10.51%	16.41%	4.11%	5.07%	13.63%	7.52%	7.51%	4.48%	6.43%	27.17%

(Modified Accrual Basis of Accounting)

KAYSVILLE CITY CORPORATION

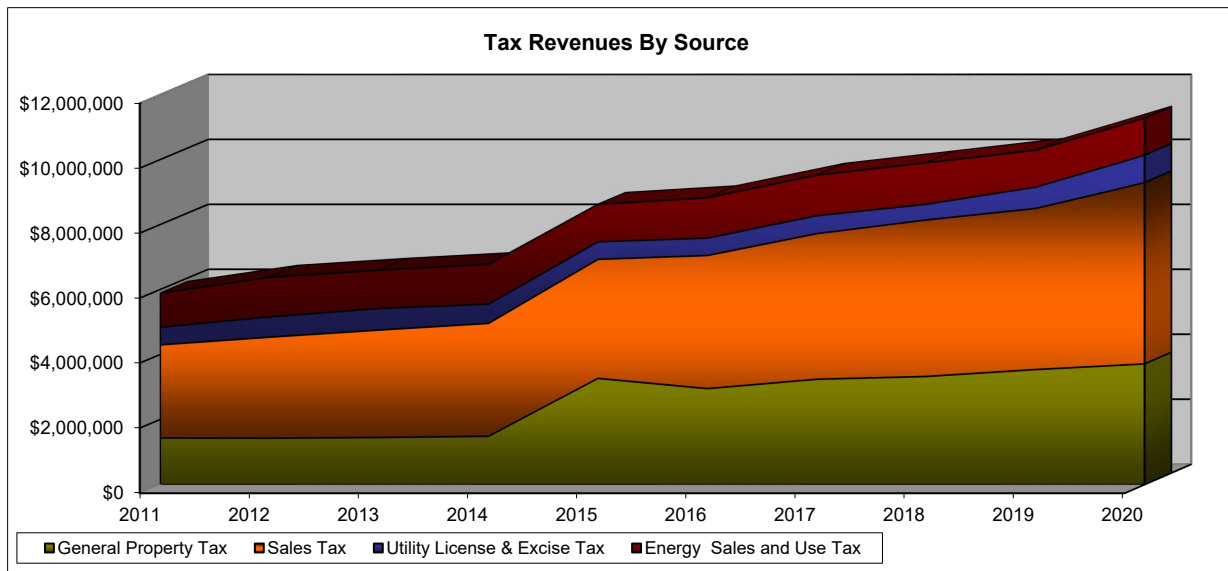
Table 5 - Governmental Tax Revenues by Source

June 30, 2020

Fiscal Year	General Property Tax	Sales Tax	Utility License & Excise Tax	Energy Sales and Use Tax	Total Tax Revenue
2020	\$3,709,251	\$5,581,445	\$845,433	\$1,140,205	\$11,276,334
2019	\$3,536,836	\$4,959,025	\$657,389	\$1,134,227	\$10,287,477
2018	\$3,322,726	\$4,819,011	\$483,614	\$1,274,019	\$9,899,370
2017	\$3,237,023	\$4,483,613	\$551,817	\$1,247,116	\$9,519,569
2016	\$2,948,599	\$4,098,274	\$536,596	\$1,240,883	\$8,824,352
2015	\$3,263,780	\$3,665,634	\$537,744	\$1,156,028	\$8,623,186
2014	\$1,484,074	\$3,471,892	\$592,786	\$1,227,956	\$6,776,708
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

Notes: (1) General Property tax includes: property taxes current and delinquent, and motor vehicle in-lieu tax

Source: Kaysville City Finance Department



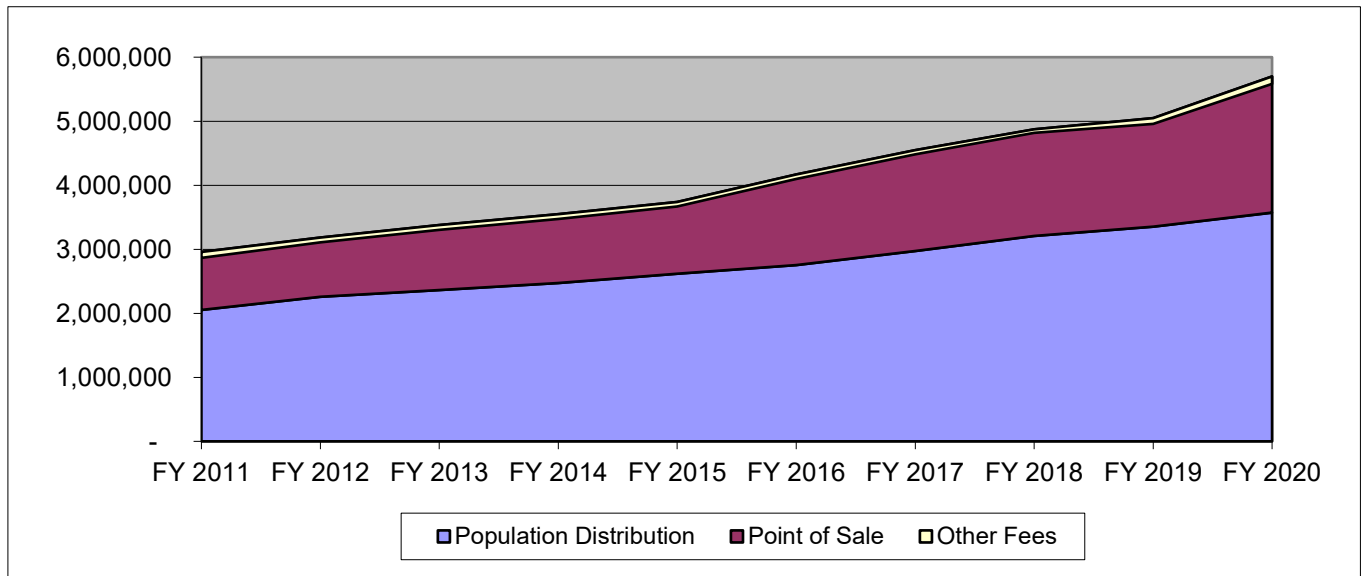
KAYSVILLE CITY CORPORATION

Table 6 - Sales Tax Revenue Trends

June 30, 2020

	<u>Population Distribution</u>	<u>Point of Sale</u>	<u>Administrative Fees</u>	<u>Total Distribution</u>
FY 2020	\$3,570,835	\$2,127,945	(\$117,335)	\$5,581,445
FY 2019	\$3,354,839	\$1,691,143	(\$86,957)	\$4,959,025
FY 2018	\$3,206,689	\$1,667,794	(\$55,472)	\$4,819,011
FY 2017	\$2,971,161	\$1,576,799	(\$64,484)	\$4,483,476
FY 2016	\$2,752,757	\$1,414,314	(\$68,798)	\$4,098,273
FY 2015	\$2,620,126	\$1,119,260	(\$73,752)	\$3,665,634
FY 2014	\$2,471,594	\$1,074,550	(\$74,252)	\$3,471,892
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

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



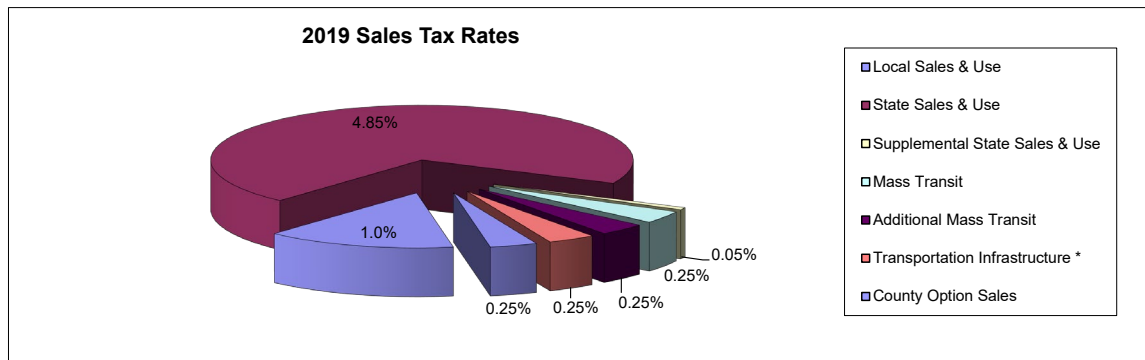
KAYSVILLE CITY CORPORATION
Table 7- Sales Tax Rates and Overlapping Governments
June 30, 2020

	Local Sales & Use	State Sales & Use	Supplemental State Sales & Use	County Option Transit	Mass Transit	Additional Mass Transit	Transportation Infrastructure *	County Option Sales	Total Sales Tax Rate
FY 2020	1.0%	4.85%	0.05%	0.25%	0.25%	0.25%	0.25%	0.25%	7.15%
FY 2019	1.0%	4.85%	0.05%	0.00%	0.25%	0.25%	0.25%	0.25%	6.90%
FY 2018	1.0%	4.70%	0.05%	0.00%	0.25%	0.25%	0.25%	0.25%	6.75%
FY 2017	1.0%	4.70%	0.05%	0.00%	0.25%	0.25%	0.25%	0.25%	6.75%
FY 2016	1.0%	4.70%	0.05%	0.00%	0.25%	0.25%	0.25%	0.25%	6.75%
FY 2015	1.0%	4.70%	0.05%	0.00%	0.25%	0.25%	-	0.25%	6.50%
FY 2014	1.0%	4.70%	0.05%	0.00%	0.25%	0.25%	-	0.25%	6.50%
FY 2013	1.0%	4.70%	0.05%	0.00%	0.25%	0.25%	-	0.25%	6.50%
FY 2012	1.0%	4.70%	0.05%	0.00%	0.25%	0.25%	-	0.25%	6.50%
FY 2011	1.0%	4.70%	0.05%	0.00%	0.25%	0.25%	-	0.25%	6.50%

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

Source: Utah State Tax Commission- Sales Tax Division

* Transportation Infrastructure tax implemented FY 2016 as part of house bill 362



KAYSVILLE CITY CORPORATION

Table 8 - Property Tax Levies and Collections

June 30, 2020

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
2019	\$2,169,066,423	0.001589	\$3,577,482	\$3,419,961	95.60%	\$414,778	\$3,834,739
2018	\$1,950,468,715	0.001589	\$3,225,039	\$3,095,969	96.00%	\$339,748	\$3,435,717
2017	\$1,784,393,761	0.001589	\$2,952,493	\$2,842,886	96.29%	\$283,640	\$3,126,526
2016	\$1,666,973,343	0.001717	\$2,864,378	\$2,746,871	95.90%	\$360,072	\$3,106,943
2015	\$1,540,915,428	0.001782	\$2,747,330	\$2,605,079	94.82%	\$330,624	\$2,935,703
2014	\$1,477,768,259	0.001826	\$2,672,007	\$2,777,056	103.93%	\$361,797	\$3,138,853
2013	\$1,293,450,467	0.000999	\$1,327,613	\$1,314,904	99.04%	\$37,778	\$1,352,682
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

Notes:

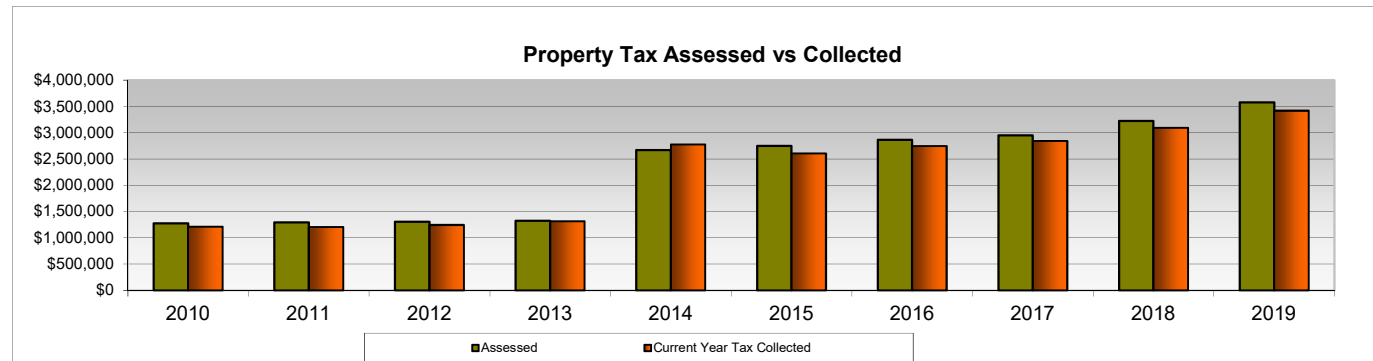
(1) Information is based on a calendar year - 2019 is the most recent year

(2) 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.

(3) Delinquent taxes & interest collected in current year is not broken out by year collected. This detailed information is not easily accessible from the County.

Source:

Davis County Auditor's Office / Kaysville City Finance Department



KAYSVILLE CITY CORPORATION**Table 9 - Taxable and Estimated Market Value of Property**
June 30, 2020

Calendar Year	Estimated Market Value	Taxable Value	Ratio of Total Taxable Value to Market Value
2019	\$3,761,209,288	\$1,950,468,715	51.86%
2018	\$3,385,665,809	\$1,784,393,761	52.70%
2017	\$3,088,696,237	\$1,666,973,343	53.97%
2016	\$2,779,008,134	\$1,540,915,428	55.45%
2015	\$2,561,662,045	\$1,477,768,259	57.69%
2014	\$2,459,642,177	\$1,293,450,467	52.59%
2013	\$2,196,793,574	\$1,293,450,467	58.88%
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%

Notes: (1) Information is based on a calendar year - 2019 is the most recent year
(2) Does not include fee-in-lieu property

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

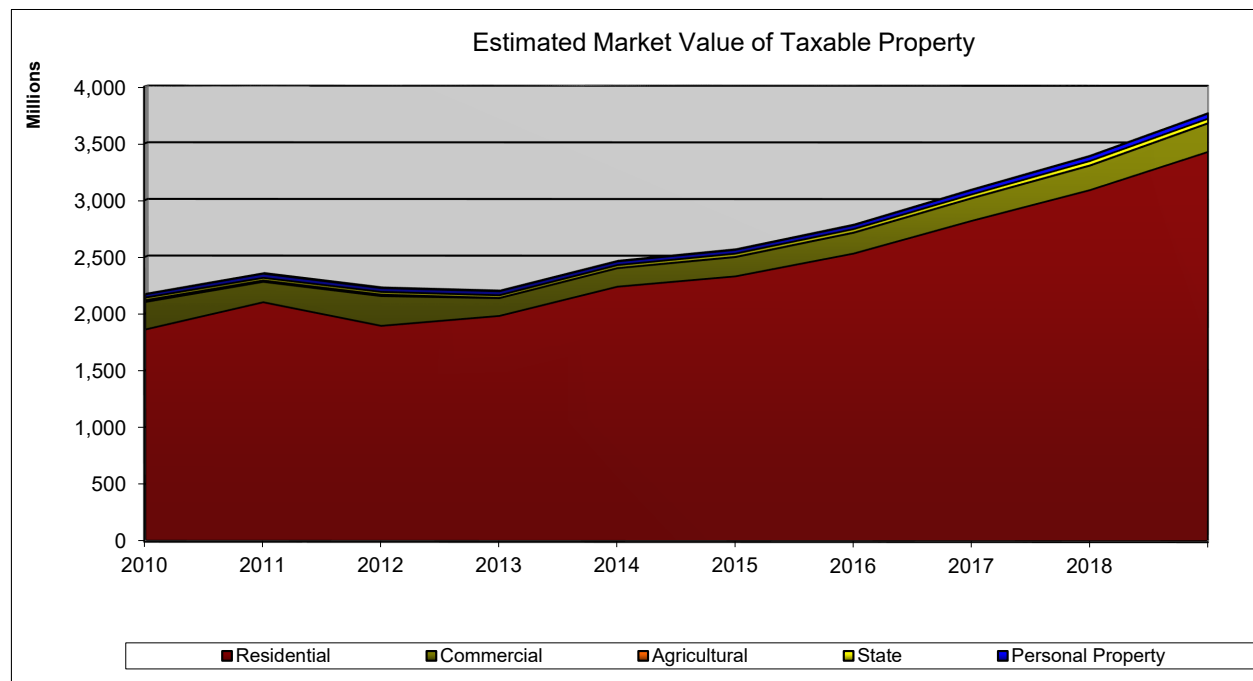
KAYSVILLE CITY CORPORATION

Table 10 - Estimated Market Value of Taxable Property
June 30, 2020

Calendar Year	Estimated Market Value	Residential	Commercial	Agricultural	State	Personal Property
2019	\$3,761,209,288	\$3,424,458,154	\$250,872,366	\$2,319,582	\$39,014,316	\$44,544,870
2018	\$3,385,665,809	\$3,087,865,112	\$215,310,270	\$2,375,652	\$38,687,302	\$41,427,473
2017	\$3,088,696,236	\$2,817,369,311	\$198,262,778	\$2,109,589	\$32,064,001	\$38,890,557
2016	\$2,779,008,134	\$2,529,123,157	\$183,037,905	\$2,013,734	\$30,211,726	\$34,621,612
2015	\$2,561,662,044	\$2,328,463,676	\$169,462,144	\$2,012,395	\$28,545,295	\$33,178,534
2014	\$2,459,642,176	\$2,237,093,465	\$162,733,524	\$1,136,191	\$25,807,805	\$32,871,191
2013	\$2,196,793,575	\$1,979,360,952	\$156,423,648	\$1,260,221	\$24,360,045	\$35,388,709
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

Notes: (1) Information is based on a calendar year - 2019 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, 2020

Calendar Year	Direct Rate	Overlapping Rates								Total Direct & Overlapping
	Kaysville City	State & Davis School District	Davis County	Weber Basin Water District	Mosquito Abatement	Davis County Library	State A&C	County A&C	Central Davis Sewer District	
2019	0.001589	0.007670	0.001707	0.000146	0.000110	0.000319	0.000012	0.000177	0.000161	0.011891
2018	0.001589	0.007701	0.001844	0.000164	0.000119	0.000349	0.000009	0.000193	0.000178	0.012146
2017	0.001589	0.007701	0.001844	0.000174	0.000107	0.000376	0.000010	0.000207	0.000191	0.012199
2016	0.001717	0.008125	0.002014	0.000187	0.000116	0.000342	0.000011	0.000224	0.000208	0.012944
2015	0.001782	0.008125	0.002014	0.000196	0.000122	0.000361	0.000012	0.000236	0.000216	0.013064
2014	0.001826	0.008555	0.002153	0.000199	0.000124	0.000361	0.000013	0.000237	0.000217	0.013685
2013	0.000999	0.008710	0.002331	0.000210	0.000103	0.000389	0.000158	0.000112	0.000237	0.013249
2012	0.001028	0.008941	0.002391	0.000215	0.000105	0.000396	0.000168	0.000115	0.000237	0.013596
2011	0.001035	0.008861	0.002383	0.000217	0.000104	0.000392	0.000172	0.000114	0.000237	0.013515
2010	0.000987	0.007860	0.002082	0.000207	0.000097	0.000363	0.000162	0.000106	0.000227	0.012091

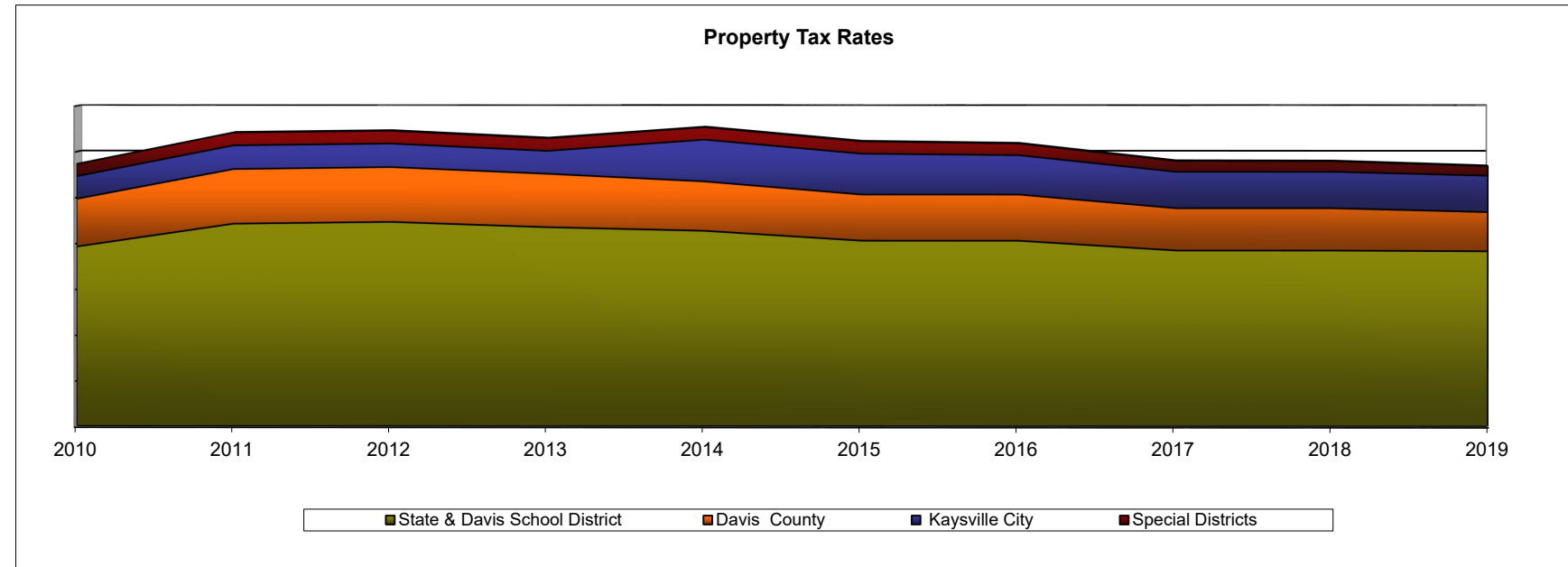
Notes:

(1) Information is based on a calendar year - 2019 is the most recent year

(2) Overlapping rates are those of local and county governments that apply to property owners within Kaysville City.

Source:

Davis County Auditor's Office / Kaysville City Finance Department



KAYSVILLE CITY CORPORATION

**Table 12 - Principal Property Tax Payers with Comparison
June 30, 2020**

Taxpayer	Type of Business	December 31, 2019 Taxable Valuation			December 31, 2009 Taxable Valuation		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Smiths Food & Drug Center	Grocery Store	\$16,835,662	1	0.75%			
Access Park LC	Investment Properties	\$11,336,956	2	0.50%	\$5,291,700	3	0.39%
Amsource VF Kaysville LLC	Shopping Center	\$7,131,725	3	0.32%			
JB Journey, LLC and Crosjo LLC	Recreational Sales	\$6,774,594	4	0.30%	\$5,580,009	2	0.41%
JBT Third Avenue	Gymnasium / Sports Training	\$6,257,903	5	0.28%			
IHC Health Services Inc	Medical Services	\$5,770,402	6	0.26%			
KBP Office Group & Warehouse	Wholesale Distribution	\$5,730,293	7	0.25%	\$6,213,481	1	0.46%
Zions First National Bank	Bank	\$6,703,685	8	0.25%			
Bates Sportsplex, LLC	Tax Software Provider	\$4,839,218	9	0.21%	\$4,524,098	8	0.33%
Boondocks Properties LLC	Recreational	\$4,691,992	10	0.21%			
New Albertson's Inc	Grocery Store				\$5,288,136	4	0.39%
Danville Land Investment	Investment Properties				\$4,999,330	5	0.37%
Woodside Sunset Farms, LLC	Real Estate				\$4,788,892	6	0.35%
M2 Properties Inc	Real Estate				\$4,592,183	7	0.34%
Park Place I, LC	Investment Properties				\$4,437,190	9	0.33%
Kaysville Real Estate LC	Investment Properties				\$4,434,949	10	0.33%
		\$76,072,430		3.75%	\$ 50,149,968		3.31%

Source: Davis County Auditor / Kaysville City Finance Department

Taxable Value \$ 2,030,409,052

KAYSVILLE CITY CORPORATION

Table 13 - Property Value of Construction in Kaysville
June 30, 2020

Year	Commercial Construction Number of Permits	Estimated Value	Residential Construction Number of Permits	Estimated Value	Estimated Increase of Property Value
2019	29	\$9,010,300	273	\$52,363,299	\$61,373,599
2018	25	\$22,112,458	333	\$69,353,896	\$91,466,354
2017	30	\$9,866,065	290	\$53,715,858	\$63,581,923
2016	28	\$9,520,056	346	\$62,867,836	\$72,387,892
2015	14	\$4,776,742	310	\$58,424,952	\$63,201,694
2014	13	\$15,810,021	296	\$57,098,737	\$72,908,758
2013	17	\$9,165,906	242	\$51,374,918	\$60,540,824
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

Notes: (1) Number of Permits includes all permits including remodels and additions
Based on Calendar Year - 2019 -102 Single Family Homes

Source: Davis County Department of Community and Economic Development
 2019 Construction Monitor

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

June 30, 2020

Taxable Value	\$1,950,468,715
Estimated Market Value	\$3,761,209,288
Debt Limit - Four Percent of Market Value	\$150,448,372
Less: Outstanding General Obligation Bonds	\$0
Lease Revenue Bonded Debt	\$7,816,000
Legal Debt Margin - Additional Debt Capacity	\$142,632,372

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, 2020**

Entity	2019 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	\$1,950,468,715	\$1,950,468,715	100.00%	\$9,495,770	\$9,495,770
Overlapping:					
Davis County	\$26,909,144,785	\$1,950,468,715	7.25%	\$713,883,125	\$51,744,740
Davis County School District	\$26,866,163,100	\$1,950,468,715	7.26%	\$543,575,000	\$39,463,247
State of Utah	\$315,456,046,864	\$1,950,468,715	0.62%	\$2,003,625,000	\$12,388,439
Weber Basin Water District	\$63,389,124,507	\$1,950,468,715	3.08%	\$11,650,000	\$358,468
Total - Overlapping General Obligation Debt					\$103,954,894
Total - Direct and Overlapping General Obligation Debt					\$113,450,664

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, 2020

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				
2020	\$0	\$8,784,000	\$0	\$711,770	\$0	\$0	\$0	\$9,495,770	Not Available	Not Available	\$279
2019	\$0	\$5,152,000	\$0	\$768,762	\$0	\$0	\$172,733	\$6,093,495	Not Available	Not Available	\$183
2018	\$0	\$5,581,000	\$0	\$88,273	\$0	\$0	\$173,864	\$5,843,137	0.5261%	\$ 1,110,622,475	\$180
2017	\$0	\$4,557,000	\$0	\$246,196	\$0	\$0	\$325,593	\$5,128,789	0.4983%	\$ 1,029,344,241	\$162
2016	\$0	\$4,829,000	\$317,302	\$401,168	\$0	\$0	\$501,428	\$6,048,898	0.6199%	\$ 975,777,428	\$201
2015	\$0	\$5,098,000	\$634,604	\$553,252	\$0	\$0	\$297,244	\$6,583,100	0.7160%	\$ 919,409,210	\$224
2014	\$0	\$5,750,000	\$1,216,659	\$627,154	\$0	\$0	\$573,529	\$8,167,342	0.9339%	\$ 874,581,542	\$285
2013	\$0	\$598,000	\$0	\$760,189	\$0	\$1,269,207	\$371,524	\$2,998,920	0.3600%	\$ 833,105,779	\$107
2012	\$0	\$885,000	\$100,000	\$0	\$0	\$1,586,508	\$573,689	\$3,145,197	0.4074%	\$ 772,097,859	\$115
2011	\$0	\$1,165,000	\$1,386,955	\$0	\$0	\$1,903,809	\$264,636	\$4,720,400	0.6124%	\$770,749,022	\$176

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

KAYSVILLE CITY CORPORATION**Table 17 - Miscellaneous Statistical Data - Insurance Summary****June 30, 2020**

Coverage	Company	Term	Limits	Deductible
Property	The Utah Local Government Trust	10/01/2020 - 9/30/2021	10,000,000	\$0
General Liability	The Utah Local Government Trust	10/01/2020 - 9/30/2021	10,000,000	\$0
Automobile Physical & Liability	The Utah Local Government Trust	10/01/2020 - 9/30/2021	10,000,000	\$1,000
Treasurer Bond/ Deputy Treasurer Bond	The Utah Local Government Trust	10/01/2020 - 9/30/2021	Included with General Liability Coverage	

KAYSVILLE CITY CORPORATION**Table 18 - Demographic & Economic Statistics****June 30, 2020**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2020	34,095	Not Available	Not Available	5.3%
2019	33,263	Not Available	Not Available	2.8%
2018	32,452	\$1,110,622,475	34,223.86	3.0%
2017	31,660	\$1,029,344,241	32,512.25	3.4%
2016	30,888	\$975,777,428	31,590.83	4.0%
2015	30,135	\$919,409,210	30,510.05	3.6%
2014	29,400	\$874,581,542	29,748.04	3.6%
2013	28,683	\$833,105,779	29,045.71	4.6%
2012	27,983	\$772,097,859	27,591.68	5.3%
2011	27,300	\$770,749,022	28,232.56	5.6%

KAYSVILLE CITY CORPORATION

Table 19 - Population Growth

June 30, 2020

Fiscal Year	Population	Increase	Percentage Increase
2020	34,095	832	2.50%
2019	33,263	811	2.50%
2018	32,452	792	2.50%
2017	31,660	772	2.50%
2016	30,888	753	2.50%
2015	30,135	735	2.50%
2014	29,400	700	2.50%
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%
1980	10,331	4,139	66.84%
1970	6,192	2,584	71.62%

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
Table 20 - Miscellaneous Statistical Data
June 30, 2020

Date of Incorporation	March 15, 1868										
Form of Government	Council- Manager										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Area in Square Miles	11	11	11	11	11	11	11	11	11	11	11
Miles of Streets	137	137	137	135	135	135	118	118	117	117	117
Fire Protection											
Number of stations	1	1	1	1	1	1	1	1	1	1	1
Number of full time / part time firefighters	11	11	10	5	5	2	2	2	2	2	2
Number of volunteer firefighters	25	25	28	33	33	38	32	32	32	32	32
Police Protection											
Number of sworn officers	31	28	28	27	26	25	23	23	20	20	20
Number of other employees	3	3	3	3	3	3	3	3	3	3	3
Parks and Recreation											
Number of Parks	12	12	11	11	11	11	11	11	11	11	11
Number of Acres Available	373	373	370	370	370	370	370	370	370	370	221
Number of Acres Developed	159	159	137	137	137	137	137	137	137	137	148
Education											
Number of high schools	1	1	1	1	1	1	1	1	1	1	1
Number of junior high schools	3	3	3	3	3	3	3	3	3	3	2
Number of elementaries	9	9	8	8	8	8	8	8	8	8	8
Public Utilities											
Number of water customers	8,902	8,858	8,733	8,562	8,433	8,238	8,033	7,875	7,747	7,651	7,504
Annual water usage (gallons)	853,077,918	791,492,079	780,413,145	753,589,090	687,219,759	756,951,873	861,327,270	731,604,000	744,896,362	740,760,000	774,608,000
Miles of water Lines	162	160	157	155	145	124	138	138	143	140	139
Number of power customers	10,032	9,890	9,738	9,522	9,333	9,275	8,945	8,646	8,587	8,425	8,347
Annual kwh usage	147,174,222	148,487,431	149,581,186	146,859,559	140,574,780	138,681,528	138,670,161	136,008,060	133,466,016	130,836,555	128,288,144
Miles of power lines	161	158	157	155	147	147	145	140	232	229	137
Number of street lights	1097	947	947	944	944	917	856	856	833	856	817
City Employees at June 30, 2020											
Elected	6	6	6	6	6	6	6	6	6	6	6
Full-time	113	108	108	97	95	90	81	81	78	78	78
General Governmental	14	14	14	13	13	13	11	11	11	11	11
Police	34	31	31	30	29	28	26	26	23	23	23
Fire/ Ambulance	11	11	11	5	5	2	2	2	2	2	2
Community Development	8	8	8	8	8	8	8	8	8	8	8
Public Works	21	19	19	16	16	16	15	15	15	15	15
Parks & Cemetery	9	9	9	9	8	7	4	4	4	4	4
Electrical	16	16	16	16	16	16	15	15	15	15	15
Part-time/Temporary/Seasonal	30-35	30-35	30-35	30-35	30-35	30-35	30-35	30-35	30-35	30-35	30-35

COMPLIANCE SECTION



*Utah's
Hometown*



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
ACCOUNTANTS**

E. LYNN HANSEN, CPA
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GARY E. MALMROSE, CPA
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ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
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SHAWN F. MARTIN, CPA

**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

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 (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 23, 2020.

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 City'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses.

Management's Response to Finding

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses are 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBME, LLC

November 23, 2020



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
ACCOUNTANTS**

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

Honorable Mayor and Members of the City Council
Kaysville City Corporation

Report on Compliance

We have audited Kaysville City Corporation's (the City) compliance with the following applicable state compliance requirements described in the *Utah State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, as of and for the year ended June 30, 2020.

Budgetary Compliance
Fund Balance
Justice Courts
Open and Public Meetings Act
Fraud Risk Assessment

Enterprise Fund Transfers,
Reimbursements, Loans, and
Services
Tax Levy Revenue Recognition

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Utah State Compliance Audit Guide*. Those standards and the *Utah State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 on compliance for each state compliance requirement required above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, Kaysville City Corporation complied, in all material respects, with the compliance requirements referred to above as of and for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *Utah State Compliance Audit Guide* and which are described in the accompanying schedule of findings and responses as items 2020-1, 2020-2, and 2020-3. Our opinion on compliance is not modified with respect to these matters.

Management's Response to Findings

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *Utah State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over 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 compliance that might *be material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, material weaknesses may exist that have not been identified.

Purpose of This Report

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

HBMC, LLC

November 23, 2020

KAYSVILLE CITY CORPORATION, UTAH
Schedule of Findings and Responses
June 30, 2020

2020-1: Budgetary Compliance

Statement of Condition

During testing procedures, the auditors noted that for the year ended June 30, 2020, the following funds had actual expenditures that exceeded final appropriated expenditures:

<u>Fund</u>	<u>Department</u>	<u>Amount</u>
General Fund	Public Safety	\$466,513
	Nondepartmental	\$286,823
Redevelopment Agency	Community Development	\$8,269
	Debt Service	\$11,678
Municipal Building Authority	Community Development	\$74
	Debt Service	\$2,406,535
Library Endowment Fund	Noncapital improvements	\$35,000

Criteria

Utah State Code 10-6-123, stipulates that City officers and employees may not make or incur expenditures in excess of total appropriations for any department, in the budget as adopted or as subsequently amended.

Cause

These overages were a result of the City not amending the adopted budgets during the fiscal year.

Effect

By not amending each fund's adopted budgets during the fiscal year, the City is out of compliance with state law.

Recommendation

The City should monitor the status of expenditures as compared to the budget throughout the year and amend the budget as necessary to ensure compliance with Utah State Code.

KAYSVILLE CITY CORPORATION, UTAH
Schedule of Findings and Responses
June 30, 2020

2020-1: Budgetary Compliance (Continued)

Management's Response

General Fund

During the fiscal year, the City Council authorized the hiring of additional officers and the purchase of equipment. Though the Council approved these additional expenditures, the budget was not amended.

Redevelopment Agency

During the fiscal year, the City Council authorized additional expenses to help with the improvements of the Main Street facades. Debt service was over budget due to additional interest incurred for an interfund loan. Though the Council approved the additional expenditures, the budget was not amended.

Municipal Building Authority

During the fiscal year, the Municipal Building Authority (MBA) refunded the Series 2014 Revenue Bonds, used to construct the Police Station, and issued MBA Series 2019B Revenue Refunding Bonds, in order to take advantage of a better interest rate (from 2.857% to 1.620%). Though the Council approved this refunding, the budget was not amended.

Library Endowment Fund

During the fiscal year, the Library Endowment Board authorized the expense of additional funds. Though these expenditures were approved, the budget was not amended.

KAYSVILLE CITY CORPORATION, UTAH
Schedule of Findings and Responses
June 30, 2020

2020-2: Open and Public Meetings Act

Statement of Condition

During testing procedures, the auditors noted a single instance where the City failed to post approved City Council meeting minutes to the Utah Public Notice Website within three business days after approval by the City Council.

Criteria

Utah State Code 52-4-203(4)(e), requires that City Council meeting minutes be posted to the Utah Public Notice Website within three business days after being approved by City Council.

Cause

The Recorder's office does not have a system in place to ensure that all approved minutes are posted to the public notice website. The auditors noted one instance of noncompliance in the sample.

Effect

By failing to post approved City Council meeting minutes to the Utah Public Notice Website within three business days, the City is out of compliance with state law.

Recommendation

Review procedures should be put in place to ensure all City Council meeting minutes are posted to the Utah Public Notice Website within three business days after approval by the City Council to comply with state law.

Management's Response

This appears to be an isolated instance and management will review the timely posting of the minutes.

KAYSVILLE CITY CORPORATION, UTAH
Schedule of Findings and Responses
June 30, 2020

2020-3: General Fund Balance Compliance

Statement of Condition

For the year ended June 30, 2020, the calculated percentage for the General Fund was:

Unassigned fund balance:	\$4,662,914
Total revenue:	\$15,569,914
Percentage of total revenue:	29.9%

Criteria

Utah Code 10-6-116-(2), as interpreted by the *Utah State Compliance Audit Guide*, requires that the accumulation of unassigned fund balance in the City's General Fund may not exceed 25% of the total revenue of the City's General Fund for the current fiscal period.

Cause

This excess was a result of the City not amending the adopted budgets during the fiscal year.

Effect

By not amending the general fund's adopted budget during the fiscal year, the City is out of compliance with the related state law.

Recommendation

The City should monitor the status of its unassigned general fund balance, as compared to the current year general fund total revenues and amend the budget as necessary to ensure compliance with Utah State Code.

Management's Response

In October 2020, the City Council discussed this in a council meeting. During that meeting, the Council authorized additional expenditures for the use of Parks and Recreation improvements and equipment, in an effort to decrease the excess fund balance.