



**Kaysville  
City**

**KAYSVILLE CITY  
STATE OF UTAH**

Settled in 1850

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**YEAR ENDED  
JUNE 30, 2016**

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

Comprehensive  
Annual Financial Report

Year Ended June 30, 2016

Mayor: Steve A. Hiatt

Council Members: Susan Lee  
Chris Snell  
Larry Page  
Dave Adams  
Jake Garn

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, 2016**

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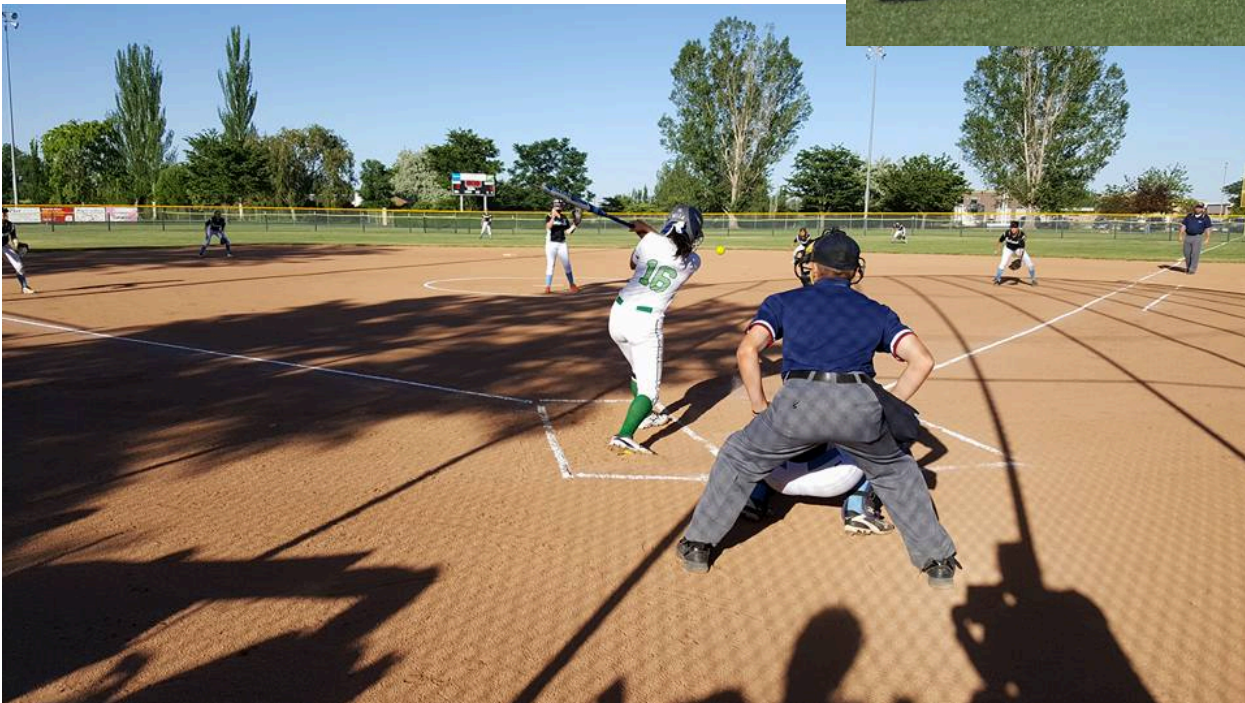
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## INTRODUCTORY SECTION

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# *Utah's Hometown*







SETTLED IN 1850

October 24, 2016

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

The Comprehensive Annual Financial Report (CAFR) of Kaysville City for the Fiscal Year 2016 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. The **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, Hansen, Bradshaw, Malmrose & Erickson, P.C. has completed this year's independent audit. Hansen, Bradshaw, Malmrose & Erickson, 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 examining, on a test





SETTLED IN 1850

October 24, 2016

basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Kaysville City's financial statements for the fiscal year ended June 30, 2016, 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, 2015. This is the twenty first 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 30,888 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 3.6%. Income levels are above the State average. The area continues to have a good labor and business climate whereas the workforce is young and well educated. The economy of Kaysville is primarily based on service industries to accommodate the residential population including grocery stores, small retail shops, gas stations, etc.

### **Transportation and Accessibility**

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

## **Major Initiatives**

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

## **Financial Reporting and Accounting Standards**

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

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. It also includes the financial activities related to Class “C” funds which funds are restricted as to use.

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

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

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:

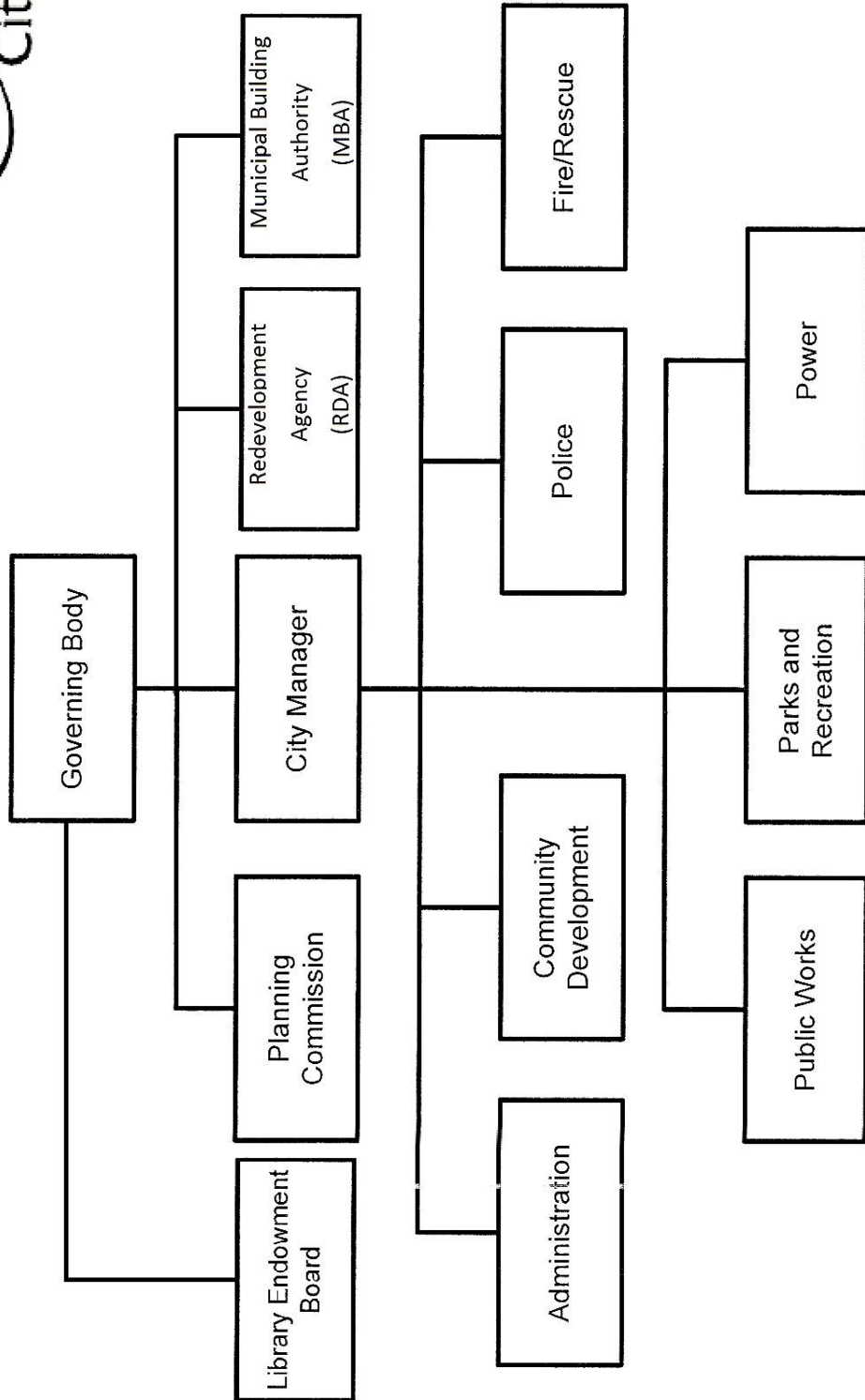
<u>Description</u>	<u>Fund Type</u>
General Fund	General Fund
Capital Projects Fund	Capital Projects Fund
Debt Service Fund	Debt Service Fund
Municipal Building Authority	Special Revenue Fund
Redevelopment Agency	Special Revenue Fund
Water Fund	Enterprise Fund
Sewer Fund	Enterprise Fund
Storm Water Fund	Enterprise Fund
Pressure Irrigation Fund	Enterprise Fund
Electric Fund	Enterprise Fund
Sanitation Fund	Enterprise Fund
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](mailto:dstorey@kaysvillecity.com) or [cmoss@kaysvillecity.com](mailto:cmoss@kaysvillecity.com), or by phone (801) 546-1235.



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



Government Finance Officers Association

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

Presented to

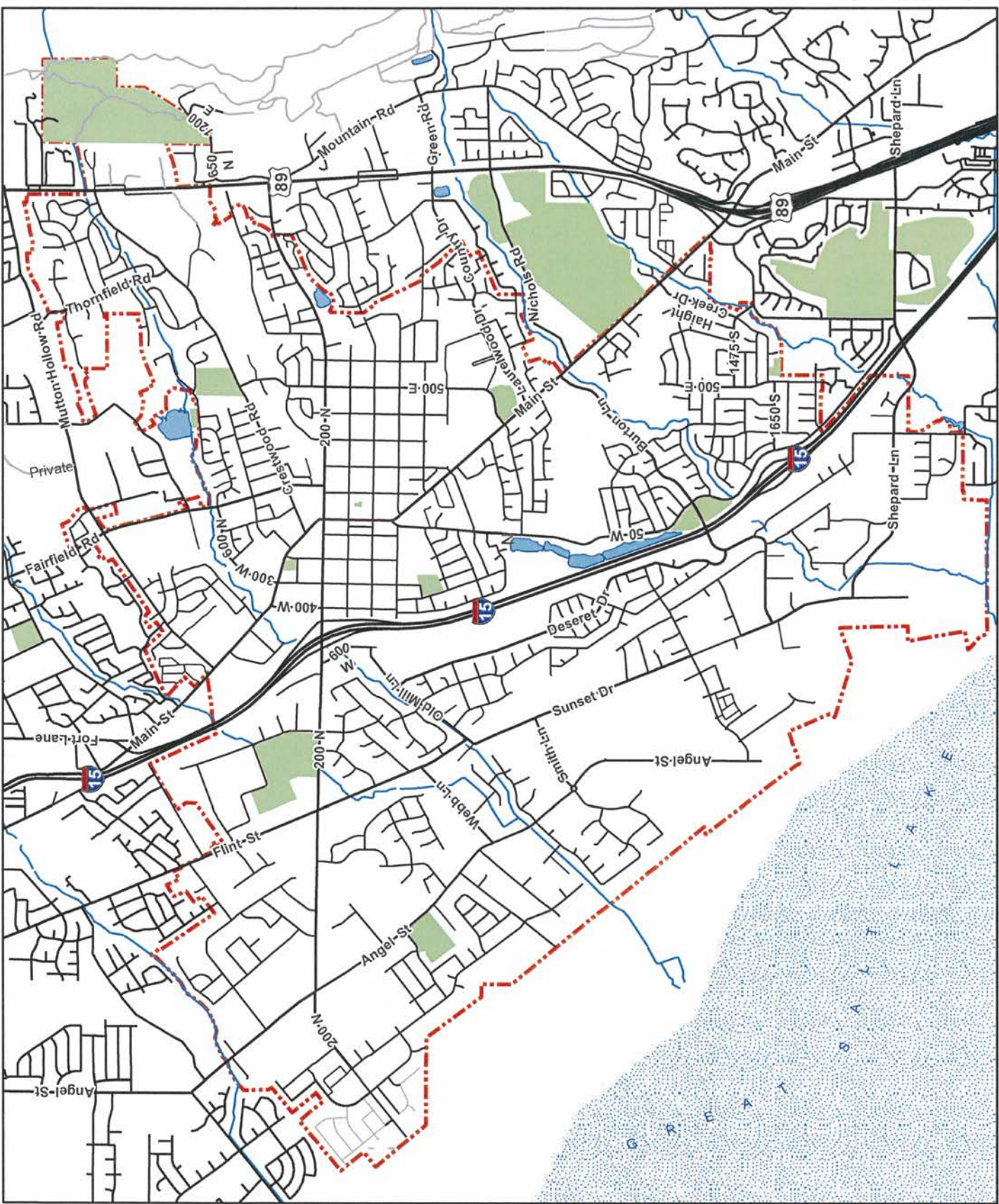
**Kaysville City  
Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO







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## FINANCIAL SECTION

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*Utah's  
Hometown*

*Cold  
Cones,  
Cool  
Cars*



# **INDEPENDENT AUDITORS' REPORT**

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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Bountiful, Utah 84010

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Jason L. Tanner, CPA  
Robert D. Wood, CPA

Aaron R. Hixson, CPA  
Ted C. Gardiner, CPA  
Jeffrey B. Miles, CPA

*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council  
Kaysville City Corporation

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Kaysville City Corporation (the City), as of and for the year ended June 30, 2016, 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 auditor's 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, 2016, 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 13-23, budgetary comparison information on pages 69-73, and pension schedules on pages 74-75 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 October 24, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

October 24, 2016



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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The following is a discussion and analysis of Kaysville City's finances for the fiscal year ended June 30, 2016. We believe that this narrative when read in conjunction with the letter of transmittal, financial profile, the financial statements and particularly the notes to the financial statements should assist the reader in understanding the finances of Kaysville City.

**Financial Highlights**

Government Wide

- The City's total net position increased by \$4,556,914 or 3.30% over the prior year. Net position of governmental activities increased by \$943,213 or 1.24%. Net position of business-type activities increased by \$3,593,701 or 5.68%.
- 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 \$141,951,172, \$122,171,466 (86.07%) includes investments in capital assets; \$6,635,516 (4.67%) in restricted uses and \$13,144,190 (9.26%) in unrestricted uses and available to meet City obligations.
- The City's restricted assets of \$829,030 increased by 12.49% from last year.
- The City's unrestricted assets of \$13,144,190, increased by 31.64% from the prior year.

Fund Level

- The fund balances in governmental funds had an increase of \$828,280 from \$7,372,061 to \$8,200,341.
- The proprietary funds had an overall net income before transfers and contributions of \$1,591,996.

Long Term Debt

- Overall the City's long term liabilities decreased in the amount of \$494,599 over the prior year. As of June 30, 2016, the long term liabilities balance for governmental activities is \$5,908,586 and \$665,331 for business-type activities.

**Overview of the Financial Statements**

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

**KAYSVILLE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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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).

Fund Financial Statements

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

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

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

Notes to Financial Statements

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

**KAYSVILLE CITY, UTAH  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Financial Analysis of Government-wide Statements**

Net Position

Kaysville City's Net Position is as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Assets</b>						
Current and Other Assets	\$12,761,129	\$13,833,963	\$ 14,447,950	\$16,136,250	\$ 27,209,079	\$29,970,213
Capital Assets	78,935,864	78,236,068	48,728,979	50,148,199	127,664,843	128,384,267
Deferred Outflow	482,247	1,572,804	138,764	404,654	621,011	1,977,458
<b>Total Assets &amp; Deferred Outflow</b>	<b>\$92,179,240</b>	<b>\$93,642,835</b>	<b>\$63,315,693</b>	<b>\$66,689,103</b>	<b>\$155,494,933</b>	<b>\$160,331,938</b>
<b>Liabilities</b>						
Current Liabilities	\$3,739,939	\$3,875,315	\$2,631,153	\$1,994,523	\$6,371,092	\$5,869,838
Noncurrent Liabilities	7,743,392	7,973,315	875,763	1,284,948	8,619,155	9,258,263
Deferred Inflows	3,007,380	3,142,463	103,048	110,202	3,110,428	3,252,665
<b>Total Liabilities &amp; Deferred Inflow</b>	<b>\$14,490,711</b>	<b>\$14,991,093</b>	<b>\$3,609,964</b>	<b>\$3,389,673</b>	<b>\$18,100,675</b>	<b>\$18,380,766</b>
<b>Net Position</b>						
Investments in Capital (net)	\$73,170,909	\$72,688,598	\$48,431,735	\$49,482,868	\$121,602,644	\$122,171,466
Restricted	5,604,329	5,966,992	202,157	668,524	5,806,486	6,635,516
Unrestricted	(1,086,709)	(3,848)	11,071,837	13,148,038	9,985,128	13,144,190
<b>Total Net Position</b>	<b>\$77,688,529</b>	<b>\$78,651,742</b>	<b>\$59,705,729</b>	<b>\$63,299,430</b>	<b>\$137,394,258</b>	<b>\$141,951,172</b>

**Changes in Net Position:**

The City's combined net position increased over the prior year by \$4,556,914 (3.32%). Generally an increase or decrease in net position offers a measuring tool of the overall financial condition. This indicates that the City's overall financial condition has slightly improved over the prior year. The unrestricted net position and available for ongoing obligations increased by \$3,159,062. Overall liabilities increased by \$280,091.

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, 2016**

**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Revenues</b>						
General Revenues						
Property Tax	\$3,263,780	\$2,948,599	\$0	\$0	\$3,263,780	\$2,948,599
Sales Tax	\$3,665,634	\$4,098,274	\$0	\$0	\$3,665,634	\$4,098,274
Other Taxes	\$1,693,772	\$1,777,479	\$0	\$0	\$1,693,772	\$1,777,479
Interest and Investment	\$69,172	\$137,272	\$58,931	\$36,733	\$128,103	\$174,005
Grants and Contributions	\$3,751,676	\$2,539,127	\$905,801	\$2,418,872	\$4,657,477	\$4,957,999
Charges for Services	\$4,419,036	\$4,018,790	\$23,119,164	\$24,132,274	\$27,538,200	\$28,151,064
Disposition of Asset	\$6,275	\$185,713	\$0	\$0	\$6,275	\$185,713
Miscellaneous	\$115,014	\$148,027	\$0	\$16,571	\$115,014	\$164,598
<b>Total Revenues</b>	<b>\$16,984,359</b>	<b>\$15,853,281</b>	<b>\$24,083,896</b>	<b>\$26,604,450</b>	<b>\$41,068,255</b>	<b>\$42,457,731</b>
<b>Expenses</b>						
Governmental:						
General Government	\$2,380,314	\$2,490,055	\$0	\$0	\$2,380,314	\$2,490,055
Police	\$3,496,435	\$3,817,732	\$0	\$0	\$3,496,435	\$3,817,732
Fire	\$833,769	\$964,668	\$0	\$0	\$833,769	\$964,668
Community Development	\$686,765	\$722,417	\$0	\$0	\$686,765	\$722,417
Public Works	\$2,937,745	\$4,135,628	\$0	\$0	\$2,937,745	\$4,135,628
Parks, Recreation & Public Properties	\$2,640,781	\$2,490,851	\$0	\$0	\$2,640,781	\$2,490,851
Perpetual Cemetery	\$23,641	\$23,654	\$0	\$0	\$23,641	\$23,654
Interest on Long Term Debt	\$235,218	\$199,427	\$0	\$0	\$235,218	\$199,427
Business-Type:						
Water	\$0	\$0	\$2,443,152	\$2,371,766	\$2,443,152	\$2,371,766
Sewer	\$0	\$0	\$1,876,862	\$2,195,339	\$1,876,862	\$2,195,339
Electric	\$0	\$0	\$13,814,577	\$13,265,358	\$13,814,577	\$13,265,358
Pressure Irrigation	\$0	\$0	\$1,143,314	\$1,211,994	\$1,143,314	\$1,211,994
Sanitation	\$0	\$0	\$1,751,666	\$1,859,482	\$1,751,666	\$1,859,482
Storm Water	\$0	\$0	\$1,418,881	\$1,610,691	\$1,418,881	\$1,610,591
Ambulance	\$0	\$0	\$483,772	\$541,755	\$483,772	\$541,755
<b>Total Expenses</b>	<b>\$13,234,668</b>	<b>\$14,844,432</b>	<b>\$22,932,224</b>	<b>\$23,056,385</b>	<b>\$36,166,892</b>	<b>\$37,900,817</b>
Increase in net position before transfers	3,749,691	1,008,849	\$1,151,672	\$3,548,065	\$4,901,363	\$4,556,914
Transfers	(\$22,350)	(\$45,636)	\$22,350	\$45,636	\$0	\$0
Increase in net position	\$3,727,341	\$963,213	\$1,174,022	\$3,593,701	\$4,901,363	\$4,556,914
Net Position- Beginning of Fiscal Year- as previously reported	\$76,190,566	\$77,688,529	\$59,173,195	\$59,705,729	\$135,363,761	\$137,394,258
Prior Period Adjustment (GASB 68)	(\$2,229,378)	\$0	(\$641,488)	\$0	(\$2,870,866)	\$0
Net Position- Beginning of Fiscal Year- Restated	\$73,961,188	\$77,688,529	\$58,531,707	\$59,705,729	\$132,492,895	\$137,394,258
Net Position - Ending of Fiscal Year	\$77,688,529	\$78,651,742	\$59,705,729	\$63,299,430	\$137,394,258	\$141,951,172

The change in the net position is partially attributed to an increase in sales tax revenue and an increase in charges for services.



**KAYSVILLE CITY, UTAH  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Capital Assets**

The City's investment in capital assets for its governmental activities and business-type activities at June 30, 2016 is \$128,384,267 (net of accumulated depreciation). This is a net increase of \$719,424. During the year the City purchased two new ambulances for \$419,500, an electric utility truck for \$170,431, and replaced the playground at Gailey Park for \$74,996.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
Land	\$23,467,255	\$23,813,730	\$940,403	\$1,140,723	\$24,407,658	\$24,954,453
Stock (Water)	\$0	\$0	\$4,073,990	\$4,172,990	\$4,073,990	\$4,172,990
Infrastructure	\$40,925,929	\$40,437,517	\$41,350,560	\$42,236,392	\$82,276,489	\$82,673,909
Building	\$8,485,261	\$8,362,204	\$426,659	\$412,897	\$8,911,920	\$8,775,101
Improvements	\$3,463,222	\$3,302,532	\$30,302	\$28,925	\$3,493,524	\$3,331,457
Vehicles	\$1,909,793	\$1,710,009	\$1,200,983	\$1,345,272	\$3,110,776	\$3,055,281
Equipment	\$684,404	\$610,076	\$706,082	\$811,000	\$1,390,486	\$1,421,076
Net of Accum Depreciation	<u>\$78,935,864</u>	<u>\$78,236,068</u>	<u>\$48,728,979</u>	<u>\$50,148,199</u>	<u>\$127,664,843</u>	<u>\$128,384,267</u>

Additional information on the City's capital assets can be found in note 5 on pages 55-57 of this report.

**Long Term Debt / Liabilities**

Overall the City had a net increase in long term liabilities in the amount of \$204,183. Kaysville City has no general obligation debt. The table below shows the overall debt position of the City for governmental activities and business-type activities compared to the prior fiscal year. Additional detailed information regarding long term debt may be found in the Notes to the Financial Statements.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
Note Payable (RDA Project Area)	\$634,604	\$317,302	\$0	\$0	\$634,604	\$317,302
Bond Payable- Police Station	\$5,098,000	\$4,829,000	\$0	\$0	\$5,098,000	\$4,829,000
Equipment Lease (Mower)	\$61,390	\$46,895	\$0	\$0	\$61,390	\$46,895
Equipment Lease (Fire Truck)	\$491,862	\$354,273	\$0	\$0	\$491,862	\$354,273
Equipment Lease (Recycle Cans)	\$0	\$0	\$117,546	\$70,804	\$117,546	\$70,804
Equipment Lease (Vactor Truck)	\$0	\$0	\$135,580	\$91,062	\$135,580	\$91,062
Equipment Lease (Bucket Truck)	\$0	\$0	\$44,118	\$0	\$44,118	\$0
Equipment Lease (Ambulances)	\$0	\$0	\$0	\$339,561	\$0	\$339,561
	<u>\$6,285,856</u>	<u>\$5,547,470</u>	<u>\$297,244</u>	<u>\$501,427</u>	<u>\$6,583,100</u>	<u>\$6,048,897</u>

Additional information on the city's long-term debt can be found in notes 7, 8, & 9 on pages 58-61 of this report.

# KAYSVILLE CITY, UTAH MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

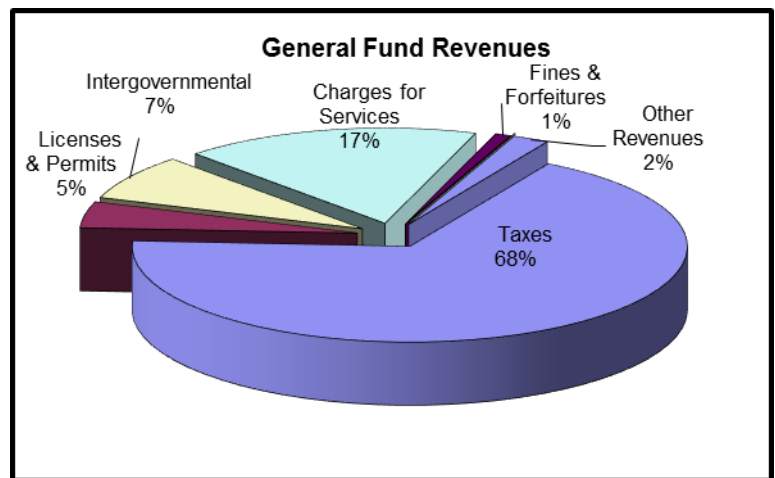
## Analysis of Financial Funds

### Governmental Funds

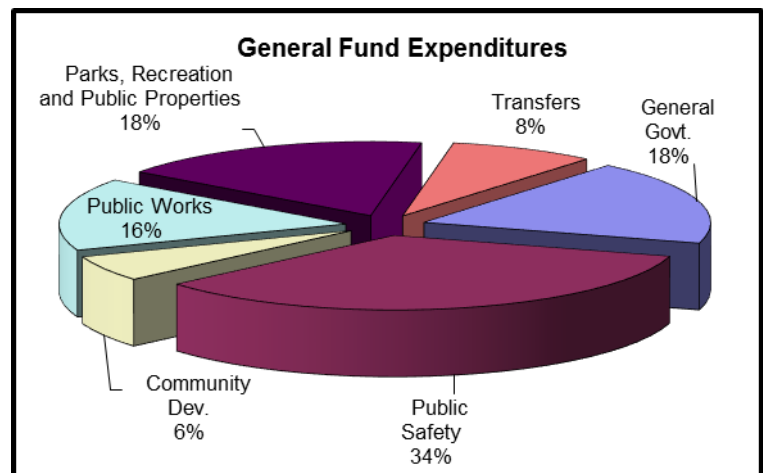
The focus of the City's governmental funds is to account for and provide information on near-term inflows, outflows and spendable resources. The primary governmental fund is the general fund. The City also maintains a capital projects fund, a debt service fund, redevelopment agency, municipal building authority 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 2016 and a comparison to fiscal year 2015.

#### Governmental Funds

<u>General Fund</u>	
Revenues:	
Taxes	\$8,824,352
Licenses and Permits	\$577,459
Intergovernmental	\$1,004,923
Charges for Services	\$2,256,517
Fines and Forfeitures	\$121,083
Other Revenues	\$276,867
	<b>\$13,061,201</b>



Expenditures:	
General Govt.	\$2,430,278
Public Safety	\$4,506,959
Community Dev.	\$738,445
Public Works,	\$2,085,285
Parks, Recreation, & Public Properties	\$2,350,488
Transfers	\$1,090,500
	<b>\$13,201,955</b>



**KAYSVILLE CITY, UTAH  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>General Fund Revenues</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>
Taxes	\$8,623,186	\$8,824,352	\$201,166	2.28%
Licenses and Permits	\$592,227	\$577,459	(\$14,768)	(2.56%)
Intergovernmental	\$903,604	\$1,004,923	\$101,319	10.08%
Service Charges	\$2,087,258	\$2,256,517	\$168,759	7.50%
Fines and Forfeitures	\$111,532	\$121,083	\$9,551	7.89%
Other Revenues	\$167,007	\$276,867	\$109,860	39.68%
	<u>\$12,484,814</u>	<u>\$13,061,201</u>	<u>\$576,387</u>	<u>4.41%</u>
<b>General Fund Expenditures</b>				
General Government	\$2,255,657	\$2,430,278	\$174,621	7.19%
Public Safety	\$4,230,409	\$4,506,959	\$276,550	6.14%
Community Development	\$719,025	\$738,445	\$19,420	2.63%
Public Works	\$1,827,115	\$2,085,285	\$258,170	12.38%
Parks, Recreation & Public Properties	\$2,487,779	\$2,350,488	(\$137,291)	(5.84%)
Debt Service	\$16,841	\$0	(\$16,841)	(100%)
Transfers (net)	\$912,350	\$1,090,500	\$178,150	16.34%
	<u>\$12,449,176</u>	<u>\$13,201,955</u>	<u>\$752,779</u>	<u>5.70%</u>

General fund revenues for fiscal year 2016 totaled \$13,061,201. This represents an increase of approximately 4.41% from fiscal year 2015. Sales tax continued to increase by 10.5% as the economy continues to recover.

General fund expenditures for fiscal year 2016 total \$13,201,955. This is a slight increase of 5.70% over fiscal year 2015 of \$12,449,176.

**Variations with Budget:**

During fiscal year 2016 it was necessary to amend the original budget that was approved by the Council for unforeseen expenditures and revenues. All amendments were done in accordance with state law and approved by the Council. It is normal and necessary to amend the original budget throughout the year for unforeseen circumstances.

**KAYSVILLE CITY, UTAH  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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Capital Projects Fund

The Capital Projects Fund was used to account for major capital projects during the fiscal year 2016. The revenues and expenditures compared to the previous year are illustrated as follows:

<b>Capital Projects Fund</b>	<b>FY 2015</b>	<b>FY 2016</b>
Revenue:		
Impact Fees	\$ 665,904	\$ 464,765
Interest	9,605	7,522
Donations	-	13,032
	<u>\$ 675,509</u>	<u>\$ 485,319</u>
Expenditures:		
Municipal Center Block	\$ 234,242	\$ 23,954
Information Systems	44,906	-
Road Projects	306,409	31,179
Transfers	-	-
	<u>\$ 585,557</u>	<u>\$ 55,133</u>

Debt Service Fund

During the fiscal year 2016, the Debt Service Fund was used to account for the payment of the fire truck lease and the parks wide area mower lease.

<b>Debt Service Fund</b>	<b>FY 2015</b>	<b>FY 2016</b>
Revenue:		
Transfers	\$ 460,000	\$ 145,500
Interest	1,648	105
	<u>\$ 461,648</u>	<u>\$ 145,605</u>
Expenditures:		
Fire Truck Lease	\$ 145,322	\$ 145,322
Parks Wide Area Mower Lease	-	16,841
2010 Road Revenue Bond	312,972	-
	<u>\$ 458,294</u>	<u>\$ 162,163</u>

**KAYSVILLE CITY, UTAH  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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Kaysville Redevelopment Agency

During the fiscal year 2016, the Kaysville Redevelopment Agency Fund was used to account for economic development activities in the City.

<b>Kaysville Redevelopment Agency</b>	<b>FY 2015</b>	<b>FY 2016</b>
Revenue:		
Interest	\$ 452	\$ 1,051
Proceeds from Sale of Real Estate Inventory	-	135,787
Sundry	-	1,080
	<u>\$ 452</u>	<u>\$ 137,918</u>
Expenditures:		
Professional Services	\$ 5,920	\$ 4,694
Improvements	398,003	37,070
Debt Service:		
Flint Property	317,302	368,071
Smith Property	264,753	-
Interest related to Long Term Debt	58,704	6,763
	<u>\$ 1,044,682</u>	<u>\$ 416,598</u>

Kaysville Municipal Building Authority

During the fiscal year 2016, the City used the Kaysville Municipal Building Authority for all expenditures for the construction of the police station and bond payments relating to the same.

<b>Kaysville Municipal Building Authority</b>	<b>FY 2015</b>	<b>FY 2016</b>
Revenue:		
Transfers	\$430,000	\$430,000
Donations	20,000	-
Grants	7,452	-
Interest	1,248	-
	<u>\$458,700</u>	<u>\$430,000</u>
Expenditures:		
Police Station Construction	\$4,235,287	\$20,335
Debt Service:		
Police Station Bond	\$349,000	\$269,000
Interest Expense	161,019	156,628
	<u>\$4,745,306</u>	<u>\$445,963</u>

**KAYSVILLE CITY, UTAH  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016, the fund balance is \$1,741,389. 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 \$687,416 with the total fund balance of \$872,696. 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 \$23,460,608. This is an increase of about 6.97% over the prior year of \$21,824,885. Most of this increase is attributable to the increased cost to supply these services. Operating expenses totaled \$23,046,119. This is an increase of approximately 0.53%. As the City continues to grow, more and more electrical resources are needed. Continued monitoring of each utility will be necessary to ensure operating revenues cover operating expenses as the costs to provide these services continue to increase.

The table below and accompanying charts show the operations for fiscal year 2016.

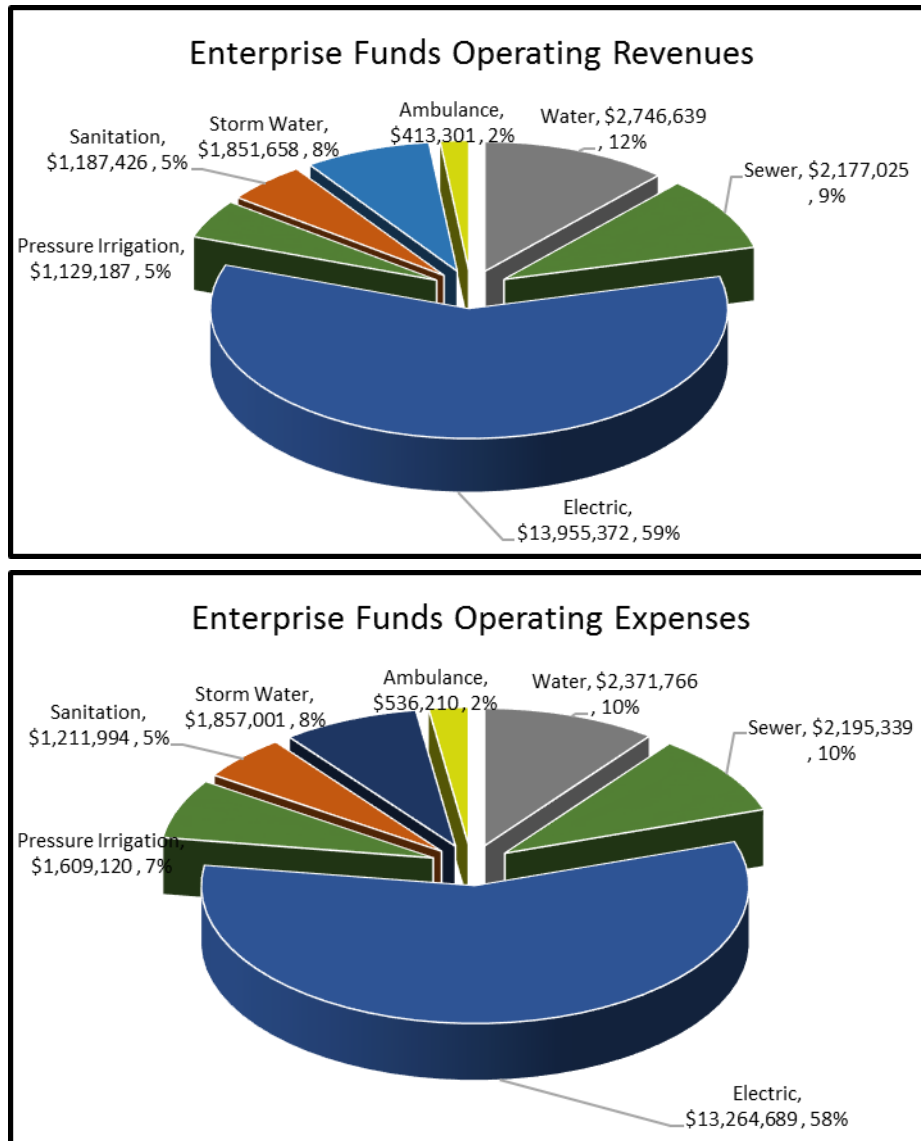
<b>Proprietary Funds</b>								<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Electric</b>	<b>Pressure Irrigation</b>	<b>Sanitation</b>	<b>Storm Water</b>	<b>Ambulance</b>	
Operating Revenues	\$2,746,639	\$2,177,025	\$13,955,372	\$1,187,426	\$1,851,658	\$1,129,187	\$413,301	\$23,460,608
Operating Expenses	\$2,371,766	\$2,195,339	\$13,264,689	\$1,211,994	\$1,857,001	\$1,609,120	\$536,210	\$23,046,119
Operating Income	\$374,873	(\$18,314)	\$690,683	(\$24,568)	(\$5,343)	(\$479,933)	(\$122,909)	\$414,489
Non Operating Revenues/(Expenses)	\$258,681	\$2,382	\$918,524	\$446	\$495	\$2,405	(\$5,426)	\$1,177,507
Income/ (Loss) Before Transfers	\$633,554	(\$15,932)	\$1,609,207	(\$24,122)	(\$4,848)	(\$477,528)	(\$128,335)	\$1,591,996
Transfer In/(Out)	(\$36,257)	(\$4,884)	\$0	\$0	(\$11,580)	(\$26,643)	\$125,000	\$45,636
Income / (Loss) before contributions	\$597,297	(\$20,816)	\$1,609,207	(\$24,122)	(\$16,428)	(\$504,171)	(\$3,335)	\$1,637,632



**KAYSVILLE CITY, UTAH  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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The Proprietary Funds are segmented and illustrated below:



**Conclusion**

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

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

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

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# **BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

**Fund Financial Statements**

**KAYSVILLE CITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 6,211,857	\$ 12,736,312	\$ 18,948,169
Investments	3,337,820	-	3,337,820
Real Estate Inventory held for Resale	251,931	-	251,931
Accounts Receivable (Net)	3,894,655	2,213,245	6,107,900
Internal Balances	70,134	(70,134)	-
Inventory	-	1,255,800	1,255,800
<b>Total Current Assets</b>	<b>13,766,397</b>	<b>16,135,223</b>	<b>29,901,620</b>
<b>Noncurrent Assets:</b>			
Cash Restricted	63,742	-	63,742
<b>Capital Assets:</b>			
Land	23,813,730	1,140,723	24,954,453
Net Depreciable Capital Assets	54,422,338	44,834,486	99,256,824
Water Stock	-	4,172,990	4,172,990
Net Pension Asset	3,824	1,027	4,851
<b>Total Noncurrent Assets</b>	<b>78,303,634</b>	<b>50,149,226</b>	<b>128,452,860</b>
<b>Total Assets</b>	<b>92,070,031</b>	<b>66,284,449</b>	<b>158,354,480</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	1,572,804	404,654	1,977,458
<b>Total Deferred Outflows of Resources</b>	<b>1,572,804</b>	<b>404,654</b>	<b>1,977,458</b>

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

**KAYSVILLE CITY**  
**STATEMENT OF NET POSITION (continued)**  
**JUNE 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 523,500	\$ 1,654,573	\$ 2,178,073
Deposits	1,885,999	127,756	2,013,755
Accrued Interest	39,567	3,579	43,146
Accrued Liabilities	465,306	-	465,306
Noncurrent Liabilities Due Within One Year	960,943	208,615	1,169,558
<b>Total Current Liabilities</b>	<b>3,875,315</b>	<b>1,994,523</b>	<b>5,869,838</b>
<b>Noncurrent Liabilities</b>			
Due In More Than One Year	4,947,643	456,716	5,404,359
Net Pension Liability	3,025,672	828,232	3,853,904
<b>Total Noncurrent Liabilities</b>	<b>7,973,315</b>	<b>1,284,948</b>	<b>9,258,263</b>
<b>Total Liabilities</b>	<b>11,848,630</b>	<b>3,279,471</b>	<b>15,128,101</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue- Property Taxes	2,754,993	-	2,754,993
Deferred Inflows Related to Pensions	387,470	110,202	497,672
<b>Total Deferred Inflows of Resources</b>	<b>3,142,463</b>	<b>110,202</b>	<b>3,252,665</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	72,688,598	49,482,868	122,171,466
Restricted for:			
Transportation Impact Fees	1,411,449	-	1,411,449
Park Impact Fees	553,210	-	553,210
Water Impact Fees	-	314,393	314,393
Power Impact Fees	-	354,131	354,131
Class C Roads	421,575	-	421,575
Beer Tax Reserves	47,162	-	47,162
Perpetual Cemetery			
Expendable	634,363	-	634,363
Nonexpendable	1,107,026	-	1,107,026
Library Endowment:			
Expendable	185,280	-	185,280
Nonexpendable	687,416	-	687,416
Debt Service	49,279	-	49,279
Capital Projects	680,083	-	680,083
MBA	19,914	-	19,914
Redevelopment Agency	170,235	-	170,235
Unrestricted	(3,848)	13,148,038	13,144,190
<b>Total Net Position</b>	<b>\$ 78,651,742</b>	<b>\$ 63,299,430</b>	<b>\$ 141,951,172</b>

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

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**KAYSVILLE CITY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 2,490,055	\$ 908,174	\$ 17,318	\$ -
Public Safety:				
Police	3,817,732	250,985	-	-
Fire	964,668	223,259	-	1,994
Community Development	722,417	750,378	-	-
Public Works	4,135,628	1,043,907	214,665	2,042,018
Parks, Recreation and Public Properties	2,490,851	842,087	263,132	-
Non-Departmental	23,654	-	-	-
Interest on Long-term Debt	199,427	-	-	-
<b>Total Governmental Activities</b>	<b>14,844,432</b>	<b>4,018,790</b>	<b>495,115</b>	<b>2,044,012</b>
<b>Business-Type Activities:</b>				
Water	2,371,766	2,813,194	184,692	671,620
Sewer	2,195,339	2,177,025	-	-
Electric	13,265,358	14,560,483	278,111	-
Pressure Irrigation	1,211,994	1,187,426	-	-
Sanitation	1,859,482	1,851,658	-	-
Storm Water	1,610,691	1,129,187	-	1,284,449
Ambulance	541,755	413,301	-	-
<b>Total Business-Type Activities</b>	<b>23,056,385</b>	<b>24,132,274</b>	<b>462,803</b>	<b>1,956,069</b>
<b>Total</b>	<b>\$ 37,900,817</b>	<b>\$ 28,151,064</b>	<b>\$ 957,918</b>	<b>\$ 4,000,081</b>

**General Revenues:**

Property Taxes  
 Sales Tax  
 Franchise Tax  
 Energy Sales and Use Charge  
 Interest and Investment Earnings  
 Disposition of Assets  
 Miscellaneous  
 Transfers

**Total General Revenues and Transfers**

**Change in Net Position**

**Net Position - Beginning**

**Net Position - Ending**

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (1,564,563)	\$ -	\$ (1,564,563)
(3,566,747)	-	(3,566,747)
(739,415)	-	(739,415)
27,961	-	27,961
(835,038)	-	(835,038)
(1,385,632)	-	(1,385,632)
(23,654)	-	(23,654)
(199,427)	-	(199,427)
<u>(8,286,515)</u>	<u>-</u>	<u>(8,286,515)</u>
-	1,297,740	1,297,740
-	(18,314)	(18,314)
-	1,573,236	1,573,236
-	(24,568)	(24,568)
-	(7,824)	(7,824)
-	802,945	802,945
-	(128,454)	(128,454)
<u>-</u>	<u>3,494,761</u>	<u>3,494,761</u>
<u>(8,286,515)</u>	<u>3,494,761</u>	<u>(4,791,754)</u>
2,948,599	-	2,948,599
4,098,274	-	4,098,274
536,596	-	536,596
1,240,883	-	1,240,883
137,272	36,733	174,005
185,713	-	185,713
148,027	16,571	164,598
(45,636)	45,636	-
<u>9,249,728</u>	<u>98,940</u>	<u>9,348,668</u>
963,213	3,593,701	4,556,914
<u>77,688,529</u>	<u>59,705,729</u>	<u>137,394,258</u>
<u>\$ 78,651,742</u>	<u>\$ 63,299,430</u>	<u>\$ 141,951,172</u>



**KAYSVILLE CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,124,318	\$ 53,202	\$ 2,724,971
Cash Restricted	-	-	-
Investments	2,001,948	-	-
Real Estate Inventory Held for Resale	-	-	-
Due from Other Funds	181,453	-	-
Accounts Receivable	3,894,655	-	-
Total Assets	<u>\$ 8,202,374</u>	<u>\$ 53,202</u>	<u>\$ 2,724,971</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts Payable	\$ 393,990	\$ 3,923	\$ 80,229
Accrued Liabilities	465,306	-	-
Due to Other Funds	-	-	-
Deposits	1,885,999	-	-
Total Liabilities	<u>2,745,295</u>	<u>3,923</u>	<u>80,229</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue- Property Taxes	2,754,993	-	-
Total Deferred Inflows of Resources	<u>2,754,993</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>			
<b>Non-Spendable:</b>			
Library Endowment	-	-	-
Cemetery Perpetual Care	-	-	-
Real Estate Inventory Held for Resale	-	-	-
<b>Restricted for:</b>			
Transportation Impact Fees	-	-	1,411,449
Park Impact Fees	-	-	553,210
Class C Roads	421,575	-	-
Beer Tax Funds	47,162	-	-
Perpetual Care	-	-	-
Library Endowment	-	-	-
<b>Assigned:</b>			
Debt Service	-	49,279	-
Capital Projects	-	-	680,083
Municipal Building Authority	-	-	-
Unassigned	2,233,349	-	-
Total Fund Balances	<u>2,702,086</u>	<u>49,279</u>	<u>2,644,742</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,202,374</u>	<u>\$ 53,202</u>	<u>\$ 2,724,971</u>

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

Special Revenue Fund		Permanent Funds		Total
Redevelopment Agency	Municipal Building Authority	Perpetual Cemetery	Library Endowment	Governmental Funds
\$ 31,153	\$ -	\$ 677,569	\$ 600,644	\$ 6,211,857
-	63,742	-	-	63,742
-	-	1,063,820	272,052	3,337,820
251,931	-	-	-	251,931
-	-	-	-	181,453
-	-	-	-	3,894,655
<u>\$ 283,084</u>	<u>\$ 63,742</u>	<u>\$ 1,741,389</u>	<u>\$ 872,696</u>	<u>\$ 13,941,458</u>
\$ 1,530	\$ 43,828	\$ -	\$ -	\$ 523,500
-	-	-	-	465,306
111,319	-	-	-	111,319
-	-	-	-	1,885,999
<u>112,849</u>	<u>43,828</u>	<u>-</u>	<u>-</u>	<u>2,986,124</u>
-	-	-	-	2,754,993
-	-	-	-	2,754,993
-	-	-	687,416	687,416
-	-	1,107,026	-	1,107,026
251,931	-	-	-	251,931
-	-	-	-	1,411,449
-	-	-	-	553,210
-	-	-	-	421,575
-	-	-	-	47,162
-	-	634,363	-	634,363
-	-	-	185,280	185,280
-	-	-	-	49,279
-	-	-	-	680,083
-	19,914	-	-	19,914
(81,696)	-	-	-	2,151,653
<u>170,235</u>	<u>19,914</u>	<u>1,741,389</u>	<u>872,696</u>	<u>8,200,341</u>
<u>\$ 283,084</u>	<u>\$ 63,742</u>	<u>\$ 1,741,389</u>	<u>\$ 872,696</u>	<u>\$ 13,941,458</u>

**KAYSVILLE CITY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

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

Total Fund Balances- Total Governmental Funds	\$ 8,200,341
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	23,813,730	
Buildings, net of \$1,627,819 accumulated depreciation	8,362,204	
Improvements, net of \$3,292,403 accumulated depreciation	3,302,532	
Infrastructure, net of \$27,419,039 accumulated depreciation	40,437,517	
Equipment, net of \$1,631,195 accumulated depreciation	610,076	
Vehicles, net of \$3,241,875 accumulated depreciation	<u>1,710,009</u>	78,236,068

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	3,824	
Deferred Pension Outflow	1,572,804	
Net Pension Liability	(3,025,672)	
Deferred Pension Inflow	<u>(387,470)</u>	(1,836,514)

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	(4,829,000)	
Notes and Capital Leases Payable	(718,470)	
Accrued Interest	(39,567)	
Compensated Absences	<u>(361,116)</u>	(5,948,153)

Total Net Position Governmental Activities	<u><u>\$ 78,651,742</u></u>
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The notes to the financial statements are an integral part of this statement.

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**KAYSVILLE CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	General	Debt Service	Capital Projects
<b>Revenues:</b>			
Taxes	\$ 8,824,352	\$ -	\$ -
Licenses and Permits	577,459	-	-
Impact Fees	-	-	464,765
Intergovernmental	1,004,923	-	-
Charges for Services	2,256,517	-	-
Fines and Forfeitures	121,083	-	-
Interest Income	108,925	105	7,522
Donations	-	-	13,032
Miscellaneous	167,942	-	-
<b>Total Revenues</b>	<b>13,061,201</b>	<b>105</b>	<b>485,319</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	2,406,624	-	-
Public Safety	4,506,959	-	-
Community Development	738,445	-	-
Public Works	2,085,285	-	-
Parks, Recreation and Public Properties	2,350,488	-	-
Non-Departmental Expenses	23,654	-	-
<b>Debt Service:</b>			
Principal	-	152,083	-
Interest and Fiscal Charges	-	10,080	-
<b>Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>55,133</b>
<b>Total Expenditures</b>	<b>12,111,455</b>	<b>162,163</b>	<b>55,133</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>949,746</b>	<b>(162,058)</b>	<b>430,186</b>
<b>Other Financing Sources (Uses):</b>			
Disposition of Assets	303,891	-	-
<b>Transfers In</b>			
General Fund	-	145,500	-
Non-Reciprocal Utility Revenue	79,364	-	-
<b>Transfers Out</b>			
MBA Special Revenue Fund	(430,000)	-	-
RDA Special Revenue Fund	(390,000)	-	-
Debt Service Fund	(145,500)	-	-
Ambulance Fund	(125,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(707,245)</b>	<b>145,500</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>242,501</b>	<b>(16,558)</b>	<b>430,186</b>
<b>Fund balance - July 1</b>	<b>2,459,585</b>	<b>65,837</b>	<b>2,214,556</b>
<b>Fund Balance - June 30</b>	<b>\$ 2,702,086</b>	<b>\$ 49,279</b>	<b>\$ 2,644,742</b>

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

Special Revenue Fund		Permanent Funds		Total
Redevelopment Agency	Municipal Building Authority	Perpetual Cemetery	Library Endowment	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 8,824,352
-	-	-	-	577,459
-	-	-	-	464,765
-	-	-	-	1,004,923
-	-	57,125	-	2,313,642
-	-	-	-	121,083
1,051	-	15,887	3,782	137,272
-	-	-	-	13,032
1,080	-	-	-	169,022
2,131	-	73,012	3,782	13,625,550
41,764	-	-	-	2,448,388
-	-	-	-	4,506,959
-	-	-	-	738,445
-	-	-	-	2,085,285
-	-	-	-	2,350,488
				23,654
317,301	269,000	-	-	738,384
57,533	156,628	-	-	224,241
-	20,335	-	-	75,468
416,598	445,963	-	-	13,191,312
(414,467)	(445,963)	73,012	3,782	434,238
135,787	-	-	-	439,678
-	430,000	-	-	575,500
-	-	-	-	79,364
-	-	-	-	(430,000)
390,000	-	-	-	-
-	-	-	-	(145,500)
-	-	-	-	(125,000)
525,787	430,000	-	-	394,042
111,320	(15,963)	73,012	3,782	828,280
58,915	35,877	1,668,377	868,914	7,372,061
\$ 170,235	\$ 19,914	\$ 1,741,389	\$ 872,696	\$ 8,200,341

**KAYSVILLE CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

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

Net change in fund balances-total governmental funds	\$	828,280
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$4,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlays	414,553	
Depreciation expense	<u>(2,902,402)</u>	(2,487,849)

The effect of contributed capital assets from developers is not recorded in the fund financial statements, but is reported as revenues and capital assets in the government-wide financial statements.	2,042,018
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The sale of assets is recorded as a revenue in the governmental funds, but the sale reduces capital assets in the statement of net position.

Proceeds	-	
Gain (Loss) on sale of assets	<u>(253,965)</u>	(253,965)

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

Payment of note and capital lease payable	469,385	
Payment of bond principal	<u>269,000</u>	738,385

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

Accrued compensated absences	(26,397)	
Accrued Pension	97,928	
Accrued interest	<u>24,813</u>	<u>96,344</u>

Change in net position of governmental activities	\$	<u><u>963,213</u></u>
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The notes to the financial statements are an integral part of this statement.



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**KAYSVILLE CITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES**  
**JUNE 30, 2016**

	<u>Water</u>	<u>Sewer</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 2,259,168	\$ 755,625
Accounts Receivable (Net of Allowance for Uncollectibles)	256,313	196,954
Inventory	259,000	-
Total Current Assets	<u>2,774,481</u>	<u>952,579</u>
<b>Noncurrent Assets</b>		
<b>Capital Assets:</b>		
Land	120,094	-
Net Depreciable Capital Assets	15,251,829	20,644
Water Stock	460,140	-
Net Pension Asset	234	-
Total Noncurrent Assets	<u>15,832,297</u>	<u>20,644</u>
Total Assets	<u>18,606,778</u>	<u>973,223</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pensions	92,696	-
Total Deferred Outflows of Resources	<u>92,696</u>	<u>-</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	17,725	206,965
Due to Other Fund	-	-
Deposits	19,331	-
Interest Accrued	-	-
Noncurrent Liabilities Due Within One Year	9,120	-
Total Current Liabilities	<u>46,176</u>	<u>206,965</u>
<b>Noncurrent Liabilities</b>		
Due In More Than One Year	36,480	-
Net Pension Liability	182,777	-
Total Noncurrent Liabilities	<u>219,257</u>	<u>-</u>
Total Liabilities	<u>265,433</u>	<u>206,965</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions	23,776	-
Total Deferred Inflows of Resources	<u>23,776</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	15,786,463	20,644
Restricted for:		
Impact Fees	314,393	-
Unrestricted	2,309,409	745,614
Total Net Position	<u>\$ 18,410,265</u>	<u>\$ 766,258</u>

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

<u>Electric</u>	<u>Storm Water</u>	<u>Pressure Irrigation</u>	<u>Sanitation</u>	<u>Ambulance</u>	<u>Total</u>
\$ 7,114,854	\$ 1,345,599	\$ 160,420	\$ 1,014,440	\$ 86,206	\$ 12,736,312
1,116,484	97,198	106,562	169,354	270,380	2,213,245
996,800	-	-	-	-	1,255,800
<u>9,228,138</u>	<u>1,442,797</u>	<u>266,982</u>	<u>1,183,794</u>	<u>356,586</u>	<u>16,205,357</u>
1,004,307	-	16,322	-	-	1,140,723
16,878,201	11,725,847	-	502,525	455,440	44,834,486
-	-	3,712,850	-	-	4,172,990
665	104	-	24	-	1,027
<u>17,883,173</u>	<u>11,725,951</u>	<u>3,729,172</u>	<u>502,549</u>	<u>455,440</u>	<u>50,149,226</u>
<u>27,111,311</u>	<u>13,168,748</u>	<u>3,996,154</u>	<u>1,686,343</u>	<u>812,026</u>	<u>66,354,583</u>
267,456	41,198	-	3,304	-	404,654
<u>267,456</u>	<u>41,198</u>	<u>-</u>	<u>3,304</u>	<u>-</u>	<u>404,654</u>
1,058,795	14,825	136,198	210,855	9,210	1,654,573
70,134	-	-	-	-	70,134
108,425	-	-	-	-	127,756
-	974	-	381	2,224	3,579
17,324	51,527	-	47,955	82,689	208,615
<u>1,254,678</u>	<u>67,326</u>	<u>136,198</u>	<u>259,191</u>	<u>94,123</u>	<u>2,064,657</u>
69,294	71,220	-	22,849	256,873	456,716
550,094	81,234	-	14,127	-	828,232
<u>619,388</u>	<u>152,454</u>	<u>-</u>	<u>36,976</u>	<u>256,873</u>	<u>1,284,948</u>
<u>1,874,066</u>	<u>219,780</u>	<u>136,198</u>	<u>296,167</u>	<u>350,996</u>	<u>3,349,605</u>
73,405	10,567	-	2,454	-	110,202
<u>73,405</u>	<u>10,567</u>	<u>-</u>	<u>2,454</u>	<u>-</u>	<u>110,202</u>
17,795,890	11,603,100	3,729,172	431,721	115,878	49,482,868
354,131	-	-	-	-	668,524
7,281,275	1,376,499	130,784	959,305	345,152	13,148,038
<u>\$ 25,431,296</u>	<u>\$ 12,979,599</u>	<u>\$ 3,859,956</u>	<u>\$ 1,391,026</u>	<u>\$ 461,030</u>	<u>\$ 63,299,430</u>

**KAYSVILLE CITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

	<u>Water</u>	<u>Sewer</u>
<b>Operating Revenues:</b>		
Charges for Services (Net of uncollectibles)	\$ 2,710,382	\$ 2,172,141
Charges for Services (Reciprocal)	-	-
Charges for Services (Non-Reciprocal)	<u>36,257</u>	<u>4,884</u>
<b>Total Operating Revenues</b>	<u>2,746,639</u>	<u>2,177,025</u>
<b>Operating Expenses:</b>		
Personnel Services	591,585	15,944
Contractual Services	54,812	-
Administrative Charges from General Fund	150,000	62,000
Interfund Services	85,000	-
Purchases Water/Treatment/Power/Refuse	467,885	2,059,070
Supplies, Maintenance, and Miscellaneous Operating	483,087	57,637
Energy Sales and Use Tax Charge	-	-
Depreciation	<u>539,397</u>	<u>688</u>
<b>Total Operating Expenses</b>	<u>2,371,766</u>	<u>2,195,339</u>
<b>Operating Income (Loss)</b>	<u>374,873</u>	<u>(18,314)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Connection Fees	66,555	-
Extension Fees	-	-
Impact Fees	184,692	-
Interest Income	5,595	2,382
Miscellaneous	1,839	-
Interest Expense	<u>-</u>	<u>-</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>258,681</u>	<u>2,382</u>
<b>Income (Loss) Before Contributions and Transfers</b>	633,554	(15,932)
Contributions From Developers	671,620	-
Transfers In (Out):		
General Fund	-	-
Non-Reciprocal Utility Services	<u>(36,257)</u>	<u>(4,884)</u>
<b>Change in Net Position</b>	1,268,917	(20,816)
<b>Net Position - Beginning</b>	<u>17,141,348</u>	<u>787,074</u>
<b>Net Position - Ending</b>	<u><u>\$ 18,410,265</u></u>	<u><u>\$ 766,258</u></u>

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

<u>Electric</u>	<u>Storm Water</u>	<u>Pressure Irrigation</u>	<u>Sanitation</u>	<u>Ambulance</u>	<u>Total</u>
\$ 13,751,665	\$ 1,102,544	\$ 1,187,426	\$ 1,840,078	\$ 413,301	\$ 23,177,537
203,707	-	-	-	-	203,707
-	26,643	-	11,580	-	79,364
<u>13,955,372</u>	<u>1,129,187</u>	<u>1,187,426</u>	<u>1,851,658</u>	<u>413,301</u>	<u>23,460,608</u>
1,477,007	306,900	2,302	24,695	403,037	2,821,470
514,223	101,466	-	4,791	68,157	743,449
180,000	60,000	60,000	90,000	-	602,000
150,000	59,000	-	5,000	6,800	305,800
8,905,687	-	1,146,724	1,613,586	-	14,192,952
358,252	308,909	2,968	16,157	51,925	1,278,935
760,201	-	-	-	-	760,201
919,319	772,845	-	102,772	6,291	2,341,312
<u>13,264,689</u>	<u>1,609,120</u>	<u>1,211,994</u>	<u>1,857,001</u>	<u>536,210</u>	<u>23,046,119</u>
<u>690,683</u>	<u>(479,933)</u>	<u>(24,568)</u>	<u>(5,343)</u>	<u>(122,909)</u>	<u>414,489</u>
128,301	-	-	-	-	194,856
476,810	-	-	-	-	476,810
278,111	-	-	-	-	462,803
21,239	3,976	446	2,976	119	36,733
14,732	-	-	-	-	16,571
(669)	(1,571)	-	(2,481)	(5,545)	(10,266)
<u>918,524</u>	<u>2,405</u>	<u>446</u>	<u>495</u>	<u>(5,426)</u>	<u>1,177,507</u>
1,609,207	(477,528)	(24,122)	(4,848)	(128,335)	1,591,996
-	1,284,449	-	-	-	1,956,069
-	-	-	-	125,000	125,000
-	(26,643)	-	(11,580)	-	(79,364)
<u>1,609,207</u>	<u>780,278</u>	<u>(24,122)</u>	<u>(16,428)</u>	<u>(3,335)</u>	<u>3,593,701</u>
<u>23,822,089</u>	<u>12,199,321</u>	<u>3,884,078</u>	<u>1,407,454</u>	<u>464,365</u>	<u>59,705,729</u>
<u>\$ 25,431,296</u>	<u>\$ 12,979,599</u>	<u>\$ 3,859,956</u>	<u>\$ 1,391,026</u>	<u>\$ 461,030</u>	<u>\$ 63,299,430</u>

**KAYSVILLE CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

	Water	Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 2,661,093	\$ 2,149,800
Cash Payments to Suppliers for Goods and Services	(971,807)	(2,097,339)
Cash Payments to Employees for Services	(599,124)	(15,944)
Cash Payments for Interfund Services	(235,000)	(62,000)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>855,162</b>	<b>(25,483)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers from (to) Other Funds	-	-
<b>Net Cash Provided (Used in) Non-Capital Financing Activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Impact, Extension and Connection Fees	253,086	-
Acquisition of Capital Assets	(171,368)	-
Principal Paid on Bonds and Notes	-	-
Proceeds from Bonds and Notes	-	-
Interest Paid	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>81,718</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Received	5,595	2,382
<b>Net Cash Provided from Investing Activities</b>	<b>5,595</b>	<b>2,382</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>942,475</b>	<b>(23,101)</b>
<b>Cash/Equivalents at Beginning of Year</b>	<b>1,316,693</b>	<b>778,726</b>
<b>Cash/Equivalents at End of Year</b>	<b>\$ 2,259,168</b>	<b>\$ 755,625</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ 374,873	\$ (18,314)
Reconciling Adjustments:		
Depreciation	539,397	688
Calculated Pension	(5,653)	-
Non-Reciprocal Utility Services	(36,257)	(4,884)
Changes in Assets and Liabilities:		
Changes in Receivables	(46,989)	(22,341)
Changes in Inventory	51,000	-
Changes in Accounts Payable	(17,023)	19,368
Changes in Deposits	(2,300)	-
Changes in Compensated Absences	(1,886)	-
<b>Total Adjustments</b>	<b>480,289</b>	<b>(7,169)</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 855,162</b>	<b>\$ (25,483)</b>
<b>Noncash investing and capital activities:</b>		
Contributions from Developers	\$671,620	-

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

Electric	Storm Water	Pressure Irrigation	Sanitation	Ambulance	Total
\$ 13,722,046	\$ 1,102,304	\$ 1,184,339	\$ 1,836,848	\$ 422,541	\$ 23,078,971
(11,397,393)	(412,344)	(1,106,254)	(1,548,903)	(169,416)	(17,703,456)
(1,486,752)	(300,283)	(2,302)	(24,695)	(403,037)	(2,832,137)
(330,000)	(119,000)	(60,000)	(95,000)	(6,800)	(907,800)
507,901	270,677	15,783	168,250	(156,712)	1,635,578
-	-	-	-	125,000	125,000
-	-	-	-	125,000	125,000
897,954	-	-	-	-	1,151,040
(1,007,098)	(164,311)	-	(42,186)	(419,500)	(1,804,463)
(44,118)	(44,518)	-	(46,742)	(84,939)	(220,317)
				424,500	424,500
(802)	(2,047)	-	(2,732)	(3,320)	(8,901)
(154,064)	(210,876)	-	(91,660)	(83,259)	(458,141)
21,239	3,976	446	2,976	119	36,733
21,239	3,976	446	2,976	119	36,733
375,076	63,777	16,229	79,566	(114,852)	1,339,170
6,739,778	1,281,822	144,191	934,874	201,058	11,397,142
\$ 7,114,854	\$ 1,345,599	\$ 160,420	\$ 1,014,440	\$ 86,206	\$ 12,736,312
\$ 690,683	\$ (479,933)	\$ (24,568)	\$ (5,343)	\$ (122,909)	\$ 414,489
919,319	772,845	-	102,772	6,291	2,341,312
(15,704)	(2,514)	-	-	-	(23,871)
-	(26,643)	-	(11,580)	-	(79,364)
(235,476)	(240)	(3,087)	(3,230)	9,240	(302,123)
(108,800)	-	-	-	-	(57,800)
(750,230)	(1,969)	43,438	85,631	(49,334)	(670,119)
2,150	-	-	-	-	(150)
5,959	9,131	-	-	-	13,204
(182,782)	750,610	40,351	173,593	(33,803)	1,221,089
\$ 507,901	\$ 270,677	\$ 15,783	\$ 168,250	\$ (156,712)	\$ 1,635,578
-	\$1,284,449	-	-	-	\$1,956,069



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**NOTES TO  
BASIC FINANCIAL STATEMENTS**

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

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

**Blended Component Units**

The Municipal Building Authority (MBA) and the Redevelopment Agency (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 generally accepted accounting principles, 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, 2016**

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

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

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, 2016**

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

The City has a total of fourteen funds, including seven governmental funds and seven proprietary funds, each 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 and Equity**

**Deposits and Investments**

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

Investments are stated at cost which approximates fair value.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the 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 defined by the government as assets with an initial, individual cost of more than \$4,000 (amount not rounded) and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair market value at the date of donation.

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

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

Major outlays for capital assets and improvements are capitalized 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, 2016**

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

**Capital Assets (Continued)**

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

<u>Assets</u>	<u>Years</u>
Buildings	60
Other Infrastructure	40
Water System	35
Electrical System	35
Improvements	30
Equipment	7
Vehicles	5-7

**Compensated Absences**

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee.

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

**Deferred Inflows and Outflows of Resources**

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



**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Long-term Liabilities**

The City reports long-term liabilities at face value in the applicable governmental activities, business-type activities or proprietary fund type 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 another financial source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Bonds payable are reported net of the applicable bond premium or discount.

**Equity**

*Fund financial statements*

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

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

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Equity (Continued)**

*Government-wide Statements*

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

- a. Net Investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**Interfund Transactions**

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

All other interfund transactions, except interfund services provided and used, are reported as transfers. All other interfund transfers are reported as 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 - all unexpended Class “C” Road payments at the end of the fiscal year are restricted by state law to be appropriated in the following budget year.

Beer Tax Reserves- all unexpended Beer Tax payments at the end of the fiscal year are restricted by state law to be appropriated in the following budget year.

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

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Restricted Net Position (Continued)**

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

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

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

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

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

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

**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.

**Investments**

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

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivision of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act.

As of June 30, 2016, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)				Quality Ratings
		Less than 1	1-5	6-10	More than 10	
PTIF Investments	\$ 8,073,111	\$ 8,073,111	\$ -	\$ -	\$ -	not rated
Money Market	1,027,728	1,027,728	-	-	-	not rated
Certificates of Deposit	272,052	123,203	148,849	-	-	not rated
Moreton Asset Management	3,046,052	655,667	2,390,385	-	-	not rated
	<u>\$12,418,943</u>	<u>\$ 9,879,709</u>	<u>\$2,539,234</u>	<u>\$ -</u>	<u>\$ -</u>	

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

*Credit risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed. The PTIF is not registered with the SEC as an investment company and it is also unrated.

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

*Custodial credit risk* – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to. The City does not have a formal deposit policy for custodial credit risk. 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, 2016 \$13,547,787 of the City's bank balances of \$14,283,885 (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.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

Components of cash and investments (including interest earning deposits) at June 30, 2016, are as follows:

Cash on hand and on deposit:	
Cash on hand	\$ 250
Cash on deposit	9,910,822
PTIF investment	8,073,111
Moreton Asset Management	3,065,768
Money market	1,027,728
Certificates of deposit	272,052
Total cash and investments	<u>\$22,349,731</u>

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

Cash and cash equivalents	\$18,948,169
Restricted cash	63,742
Investments	3,337,820
Total cash and investments	<u>\$22,349,731</u>

**3. ACCOUNTS RECEIVABLE**

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

	General	Water	Sewer	Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
Receivables:									
Intergovernmental	\$3,894,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$3,894,655
Due from Other Fund	181,453	-	-	-	-	-	-	-	181,453
Utility charges	-	264,731	203,818	1,135,279	110,423	175,464	100,850	417,869	2,408,434
Other receivables	-	-	-	27,203	-	-	-	-	27,203
Gross receivables	<u>4,076,108</u>	<u>264,731</u>	<u>203,818</u>	<u>1,162,482</u>	<u>110,423</u>	<u>175,464</u>	<u>100,850</u>	<u>417,869</u>	<u>6,511,745</u>
Allowance	<u>-</u>	<u>(8,418)</u>	<u>(6,864)</u>	<u>(45,998)</u>	<u>(3,861)</u>	<u>(6,110)</u>	<u>(3,652)</u>	<u>(147,489)</u>	<u>(222,392)</u>
Net receivables	<u>\$4,076,108</u>	<u>\$256,313</u>	<u>\$196,954</u>	<u>\$1,116,484</u>	<u>\$106,562</u>	<u>\$ 169,354</u>	<u>\$97,198</u>	<u>\$ 270,380</u>	<u>\$6,289,353</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, and also includes an interfund loan from the general fund to the redevelopment special revenue fund.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**4. ACCOUNTS PAYABLE**

Payables as of the fiscal year end are as follows:

	General	Debt Service	Capital Projects	RDA	MBA	Water	Sewer	Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
Accounts Payables:	\$393,990	\$ 3,923	\$80,229	\$ 1,530	\$ 43,828	\$17,725	\$206,965	\$1,058,795	\$136,198	\$210,855	\$14,825	\$ 9,210	\$2,178,073
Due to Other Fund	-	-	-	111,319	-	-	-	70,134	-	-	-	-	181,453
Gross payables	\$393,990	\$3,923	\$80,229	\$112,849	\$ 43,828	\$17,725	\$206,965	\$1,128,929	\$136,198	\$210,855	\$14,825	\$ 9,210	\$2,359,526

"Due to other 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, and also includes an interfund loan to the redevelopment special revenue fund from general fund.

**5. CAPITAL ASSETS**

Capital asset activity in the governmental activities for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated					
Land	\$23,467,255	\$ 598,406	\$ (251,931)	\$ -	\$23,813,730
Total capital assets, not being depreciated	23,467,255	598,406	(251,931)	-	23,813,730
Capital assets, being depreciated					
Infrastructure	66,381,765	1,474,791	-	-	67,856,556
Buildings	9,945,889	44,134	-	-	9,990,023
Improvements	6,519,939	74,996	-	-	6,594,935
Vehicles	5,162,284	201,539	(439,129)	27,190	4,951,884
Equipment	2,198,800	62,705	(20,234)	-	2,241,271
Total capital assets, being depreciated	90,208,677	1,858,165	(459,363)	27,190	91,634,669
Accumulated Depreciation for:					
Infrastructure	(25,455,836)	(1,963,203)	-	-	(27,419,039)
Buildings	(1,460,628)	(167,191)	-	-	(1,627,819)
Improvements	(3,056,717)	(235,686)	-	-	(3,292,403)
Vehicles	(3,252,491)	(401,323)	439,129	(27,190)	(3,241,875)
Equipment	(1,514,396)	(134,999)	18,200	-	(1,631,195)
Total accumulated depreciation	(34,740,068)	(2,902,402)	457,329	(27,190)	(37,212,331)
Total capital assets being depreciated, net	55,468,609	(1,044,237)	(2,034)	-	54,422,338
Governmental activities capital assets, net	\$78,935,864	\$ (445,831)	\$ (253,965)	\$ -	\$78,236,068

Zions Bank commissioned Chad Hawkins to create a painting on behalf of the City. The value used for financial purposes was the commissioned value of \$20,000.

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 106,122
Public Safety	
Police	231,947
Fire	144,013
Community Development	15,574
Public Works	2,083,864
Parks and Recreation	<u>320,882</u>

Total Governmental Activities Depreciation Expense	<u><u>\$ 2,902,402</u></u>
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Capital asset activity in the business-type activities for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities</b>					
Capital assets, not being depreciated					
Land	\$ 940,403	\$ 200,320	\$ -	\$ -	\$ 1,140,723
Water Stock	4,073,990	99,000	-	-	4,172,990
Total capital assets, not being depreciated	<u>5,014,393</u>	<u>299,320</u>	<u>-</u>	<u>-</u>	<u>5,313,713</u>
Capital assets, being depreciated					
Buildings	825,794	-	-	-	825,794
Improvements	41,320	-	-	-	41,320
Infrastructure	66,350,609	2,819,045	-	-	69,169,654
Vehicles	2,642,902	419,500	(214,770)	(27,190)	2,820,442
Machinery and Equipment	1,944,445	222,667	-	-	2,167,112
Total capital assets, being depreciated	<u>71,805,070</u>	<u>3,461,212</u>	<u>(214,770)</u>	<u>(27,190)</u>	<u>75,024,322</u>
Accumulated Depreciation for:					
Buildings	(399,135)	(13,762)	-	-	(412,897)
Improvements	(11,018)	(1,377)	-	-	(12,395)
Infrastructure	(25,000,049)	(1,933,213)	-	-	(26,933,262)
Vehicles	(1,441,919)	(275,211)	214,770	27,190	(1,475,170)
Machinery and Equipment	(1,238,363)	(117,749)	-	-	(1,356,112)
Total accumulated depreciation	<u>(28,090,484)</u>	<u>(2,341,312)</u>	<u>214,770</u>	<u>27,190</u>	<u>(30,189,836)</u>
Total capital assets, being depreciated, net	<u>43,714,586</u>	<u>1,119,900</u>	<u>-</u>	<u>-</u>	<u>44,834,486</u>
Business-type activities capital assets, net	<u><u>\$48,728,979</u></u>	<u><u>\$1,419,220</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$50,148,199</u></u>

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions as follows:

Business-type Activities:

Water	\$ 539,397
Sewer	688
Electric	919,319
Sanitation	102,772
Storm Water	772,845
Ambulance	<u>6,291</u>

Total Business-type Activities Depreciation Expense	<u><u>\$ 2,341,312</u></u>
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Capital assets by proprietary fund are as follows:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Electric Utility</u>	<u>Pressure Irrigation</u>	<u>Sanitation Utility</u>	<u>Storm Water</u>	<u>Ambulance</u>	<u>Total</u>
Land	\$ 120,094	\$ -	\$ 1,004,307	\$ 16,322	\$ -	\$ -	\$ -	\$ 1,140,723
Water Stock	460,140	-	-	3,712,850	-	-	-	4,172,990
Buildings	123,869	41,289	660,636	-	-	-	-	825,794
Improvements	41,320	-	-	-	-	-	-	41,320
Infrastructure	22,670,201	-	26,223,247	-	-	20,276,206	-	69,169,654
Vehicles	319,066	-	1,445,900	-	126,935	356,041	572,500	2,820,442
Equipment	217,410	-	503,985	-	1,360,430	12,709	72,578	2,167,112
Total	<u>23,952,100</u>	<u>41,289</u>	<u>29,838,075</u>	<u>3,729,172</u>	<u>1,487,365</u>	<u>20,644,956</u>	<u>645,078</u>	<u>80,338,035</u>
Accum Depr	<u>(8,120,037)</u>	<u>(20,645)</u>	<u>(11,955,567)</u>	<u>-</u>	<u>(984,840)</u>	<u>(8,919,109)</u>	<u>(189,638)</u>	<u>(30,189,836)</u>
Net	<u><u>\$15,832,063</u></u>	<u><u>\$ 20,644</u></u>	<u><u>\$17,882,508</u></u>	<u><u>\$3,729,172</u></u>	<u><u>\$ 502,525</u></u>	<u><u>\$11,725,847</u></u>	<u><u>\$ 455,440</u></u>	<u><u>\$50,148,199</u></u>

**6. DEPOSITS**

General Fund - Deposits in the general fund as of June 30, 2016 are as follows:

Business license bonds refundable	\$ 3,700
Builders' deposits	332,075
Excavation deposits	110,000
Escrow deposits	<u>1,440,224</u>
Total	<u><u>\$ 1,885,999</u></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, 2016 deposits are as follows:

Utility deposits	\$ 108,425
Water meter deposits	<u>19,331</u>
Total deposits	<u><u>\$ 127,756</u></u>



**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**7. LEASES**

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

The assets acquired through outstanding capital leases are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>		
		<b>Sanitation Fund</b>	<b>Storm Drain Fund</b>	<b>Ambulance Fund</b>
Vehicles	\$ 832,850	\$ -	\$ 306,743	\$ 419,500
Equipment	78,231	210,234	-	-
Less: Accumulated Amortization	(260,926)	(63,070)	(122,698)	-
<b>Total</b>	<b>\$ 650,155</b>	<b>\$ 147,164</b>	<b>\$ 184,045</b>	<b>\$ 419,500</b>

**Government-type activities:**

The City has two lease agreements as lessee for the acquisition of a fire truck and wide area mower.

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

<b>Year Ended June 30,</b>	<b>Capital Lease (Fire Truck)</b>		
	<b>1.69%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 139,923	\$ 5,399	\$ 145,322
2018	142,298	3,024	145,322
2019	72,053	609	72,662
<b>Totals</b>	<b>\$ 354,274</b>	<b>\$ 9,032</b>	<b>\$ 363,306</b>

The wide area mower lease purchase agreement bears an interest rate of 3.755%. Annual payments are made with final payment being made in October 2018.

<b>Year Ended June 30,</b>	<b>Capital Lease (Wide Area Mower)</b>		
	<b>3.755%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 15,049	\$ 1,792	\$ 16,841
2018	15,624	1,217	16,841
2019	16,221	620	16,841
<b>Totals</b>	<b>\$ 46,894</b>	<b>\$ 3,629</b>	<b>\$ 50,523</b>

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**7. LEASES (continued)**

**Business-type activities:**

At the end of the fiscal year the City has three lease agreements for the acquisition of recycling cans, a vactor truck, and two ambulances.

The bucket truck lease purchase agreement bears an interest rate of 2.42%. Semi-annual payments were made with final payment being made in fiscal year 2016. Payments were made from the Electric Utility Fund.

The recycling cans lease purchase agreement bears an interest rate of 2.58%. Semi-annual payments are made with final payment being made in fiscal year 2018. Payments are made from the Sanitation Fund.

<b>Year Ended June 30,</b>	<b>Capital Lease (Recycling Cans)</b>		
	<b>2.58%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 47,955	\$ 1,520	\$ 49,475
2018	22,849	295	23,144
<b>Totals</b>	<b>\$ 70,804</b>	<b>\$ 1,815</b>	<b>\$ 72,619</b>

The vactor truck lease purchase agreement bears an interest rate of 1.51%. Annual payments are made with final payment made in fiscal year 2018. Payments are made from the Storm Water Fund.

<b>Year Ended June 30,</b>	<b>Capital Lease (Vactor Truck)</b>		
	<b>1.51%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 45,190	\$ 1,375	\$ 46,565
2018	45,872	693	46,565
<b>Totals</b>	<b>\$ 91,062</b>	<b>\$ 2,068</b>	<b>\$ 93,130</b>

The two ambulances lease purchase agreement bears an interest rate of 1.75%. Semi-annual payments are made with final payment made in fiscal year 2020. Payments are made from the Ambulance Fund.

<b>Year Ended June 30,</b>	<b>Capital Lease (Ambulances)</b>		
	<b>1.75%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 82,689	\$ 5,571	\$ 88,260
2018	84,140	4,120	88,260
2019	85,615	2,645	88,260
2020	87,117	1,143	88,260
<b>Totals</b>	<b>\$ 339,561</b>	<b>\$ 13,479</b>	<b>\$ 353,040</b>

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**8. LONG-TERM LIABILITIES**

**Governmental activities:**

**Note Payable – Land**

The City is obligated for a note payable issued in July 2006 in the amount of \$3,923,013 for the purchase of property. Payments are made annually on July 31 with the final payment being made on July 31, 2016. The note payable bears an interest rate of 8.00%. This note was transferred from the Electric Utility fund to the Redevelopment Agency Fund during fiscal year 2014. The amortization of the note is as follows:

<b>Year Ended June 30,</b>	<b>Note Payable – Land 8.00%</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 317,302	\$ 25,385	\$ 342,687
<b>Totals</b>	<b>\$ 317,302</b>	<b>\$ 25,385</b>	<b>\$ 342,687</b>

**Lease Revenue Bond- Police Station**

The City is obligated for the repayment of bonds issued in 2014 in the amount of \$5,447,000 to finance the construction of a new police station. Interest payments are paid on December 1 and June 1 of each year and principal payments are made on June 1. Interest rate is variable with an average rate of 3.572% yearly. The bonds will mature on June 1, 2031. The amortization of the bond is as follows:

<b>Year Ended June 30,</b>	<b>Lease Revenue Bond Police Station</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 272,000	\$ 152,509	\$ 424,509
2018	276,000	149,110	425,110
2019	279,000	145,384	424,384
2020	283,000	141,199	424,199
2021	290,000	135,397	425,397
2022-2026	1,566,000	557,136	2,123,136
2027-2031	1,863,000	262,357	2,125,357
<b>Totals</b>	<b>\$4,829,000</b>	<b>\$1,543,092</b>	<b>\$6,372,092</b>

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2016 is as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Series 2014 Lease Revenue Bonds (Police Station)	\$5,098,000	\$ -	\$ (269,000)	\$4,829,000	\$ 272,000
Note Payable (Land)	634,604	-	(317,302)	317,302	317,302
Capital Lease (Fire Truck)	491,862	-	(137,588)	354,274	139,923
Capital Lease (Wide Area Mower)	61,390	-	(14,496)	46,894	15,049
Total Debt	6,285,856	-	(738,386)	5,547,470	744,274
Compensated Absences	334,717	227,229	(200,830)	361,116	216,669
<b>Total Governmental Activities</b>	<b>\$6,620,573</b>	<b>\$ 227,229</b>	<b>\$(939,216)</b>	<b>\$5,908,586</b>	<b>\$ 960,943</b>

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
<b>Business-type Activities:</b>					
Capital Lease (Bucket Truck)	\$ 44,118	\$ -	\$ (44,118)	\$ -	\$ -
Capital Lease (Recycling Cans)	117,546	-	(46,742)	70,804	47,955
Capital Lease (Vactor Truck)	135,580	-	(44,518)	91,062	45,190
Capital Lease (Ambulances)	-	424,500	(84,939)	339,561	82,689
Total Debt	297,244	424,500	(220,317)	501,427	175,834
Compensated Absences	150,699	43,345	(30,140)	163,904	32,781
<b>Total Business-type Activities</b>	<b>\$ 447,943</b>	<b>\$467,845</b>	<b>\$ (250,457)</b>	<b>\$ 665,331</b>	<b>\$ 208,615</b>

For the year ended June 30, 2016, \$224,241 in interest was charged to expenditures in the Governmental Funds and \$10,266 was charged to expenses in the Proprietary Funds. No interest was capitalized for the year ended June 30, 2016, in Governmental or Business-type Activities.

**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.

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**10. RETIREMENT SYSTEMS (continued)**

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 employees, 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](http://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, 2016**

**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: Up to 4% 2.00% per year July 1975 to present	
Public Safety System	Highest 3 years	20 years any age 10 years age 60	2.5% per year up to 20 years; Up to 2.5% 2.0% per year over 20 years to 4%	depending on the employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public 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%

\* with actuarial reductions

\*\* 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.

Contributions – 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 are as follows:

Utah Retirement Systems

	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	16.67%	1.78%
Noncontributory System				
15 – Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety Retirement System				
75 – Other Division A Noncontributory Tier 1	N/A	N/A	35.71%	N/A
122 – Other Division A Contributory Tier 2	N/A	N/A	23.66%	1.33%
Firefighters Retirement System				
31- Other Division A	N/A	15.05%	3.99%	N/A
Tier 2 DC Only				
211- Local Government	N/A	N/A	6.69%	10.00%

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

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**11. RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

For fiscal year ended June 30, 2016, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 590,639	N/A
Contributory System	12,194	-
Public Safety System	438,678	-
Firefighters System	1,279	-
Tier 2 Public Employees System	65,140	-
Tier 2 Public Safety and Firefighter	56,360	-
Tier 2 DC Only System	5,391	N/A
Total Contributions	\$ 1,169,681	\$ -

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.

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

At June 30, 2016, we reported a net pension asset of \$4,909 and a net pension liability of \$3,853,904.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3712689%	\$0	\$2,100,820
Contributory System	0.1931699%	\$0	\$135,770
Public Safety System	0.9028963%	\$0	\$1,617,314
Tier 2 Public Employees System	0.0623104%	\$136	\$0
Tier 2 Public Safety and Firefighter System	0.3267187%	\$4,715	\$0
Total Net Pension Asset/Liability		\$4,851	\$3,853,904

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 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, 2016, the City recognized pension expense of \$1,046,337. At June 30, 2016, 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	\$829	\$269,145
Changes in assumptions	\$0	\$227,203
Net difference between projected and actual earnings on pension plan investments	\$1,271,685	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$120,250	\$1,324
Contributions subsequent to the measurement date	\$584,694	\$0
Total	\$1,977,458	\$497,672

**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**11. RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

\$584,637 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, 2015. 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 pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflow) of Resources
2016	\$181,409
2017	\$182,065
2018	\$227,097
2019	\$307,176
2020	(\$419)
Thereafter	(\$2,233)

Actuarial Assumptions – The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary Increases	3.50 – 10.50 percent, average, including inflation
Investment rate of return	7.50 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. The actuarial assumptions used in the June 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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. 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	
	Target Asset Allocation	Real Return Arithmetic Basis
Equity securities	40%	7.06%
Debt securities	20%	0.80%
Real assets	13%	5.10%
Private equity	9%	11.30%
Absolute return	18%	3.15%
Cash and cash equivalents	0%	0.00%
Totals	100%	
		5.23%
Inflation		2.75%
Expected arithmetic normal return		7.98%



**KAYSVILLE CITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**11. RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability is 7.50 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.

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$4,438,824	\$2,100,820	\$149,055
Contributory System	\$239,104	\$135,770	\$49,017
Public Safety System	\$3,424,789	\$1,617,314	\$145,696
Tier 2 Public Employees System	\$24,944	(\$136)	(\$19,145)
Tier 2 Public Safety and Firefighter	\$8,114	(\$4,773)	(\$14,670)
Total	\$8,135,775	\$3,848,995	\$309,953

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) 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:

	2016	2015	2014
401 (k) Plan			
Employer Contributions	\$24,520	\$8,509	\$3,261
Employee Contributions	\$34,739	\$350	\$266
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$1,410	\$330	\$0

**KAYSVILLE CITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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.

**13. INTERFUND TRANSACTIONS**

Transfers In/Out

Transfers for the year ended June 30, 2016 were as follows:

Transfers Out	Transfers In				Total
	Debt Service Fund	Municipal Building Authority	RDA Special Revenue	Ambulance Fund	
General Fund	\$ 145,500	\$ 430,000	\$ 390,000	\$ 125,000	\$1,090,500
Totals	\$ 145,500	\$ 430,000	\$ 390,000	\$ 125,000	\$1,090,500

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 to make the annual bond payment for the construction of the police station.

**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 and reciprocal 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 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 \$36,257 for water, \$4,884 for sewer, \$11,580 for sanitation, and \$26,643 for storm drain.

Reciprocal interfund activity includes repayments from the fund responsible for particular expenditures or expenses to the fund that initially paid for them. The services provided by the electric utility fund to governmental funds are treated as an interfund reimbursement in the amount of \$203,707 for those services.

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## **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**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property Taxes - Current	\$ 2,649,257	\$ 2,649,257	\$ 2,588,810	\$ (60,447)
Property Taxes - Redemptions	75,743	75,743	90,786	15,043
Property Taxes - Payments in Lieu	20,000	20,000	29,166	9,166
Motor Vehicle Fee in Lieu	225,000	225,000	239,837	14,837
Sales Tax	3,700,000	3,700,000	4,098,274	398,274
Utility License Tax	675,000	675,000	536,596	(138,404)
Energy Sales and Use Charge	1,250,000	1,250,000	1,240,883	(9,117)
	<u>8,595,000</u>	<u>8,595,000</u>	<u>8,824,352</u>	<u>229,352</u>
Licenses and Permits:				
Business Licenses	62,000	62,000	71,110	9,110
Building Permits	450,000	450,000	492,849	42,849
Building Permit Bonds Forfeitures	-	-	13,500	13,500
	<u>512,000</u>	<u>512,000</u>	<u>577,459</u>	<u>65,459</u>
Intergovernmental:				
Class "C" Road	850,000	850,000	898,115	48,115
Local Option Active Transportation	-	-	87,496	
State Beer Tax	18,000	18,000	17,318	(682)
State Grants	3,500	3,500	1,994	(1,506)
	<u>871,500</u>	<u>871,500</u>	<u>1,004,923</u>	<u>45,927</u>
Charges for Services:				
Administrative Charges	602,000	602,000	602,374	374
Zoning/ Plan Check	155,000	155,000	172,919	17,919
Maps and Publications	500	500	-	(500)
Fire Protection	175,000	175,000	223,259	48,259
Law Enforcement	125,000	125,000	129,902	4,902
Streets	2,500	2,500	58,296	55,796
Parks and Recreation	583,000	583,000	588,558	5,558
Facilities Maintenance	6,000	6,000	-	(6,000)
Cemetery Lots	60,000	60,000	73,000	13,000
Burial Fees	80,000	80,000	96,815	16,815
GIS/Information System Services	215,000	215,000	215,000	-
Fleet Mgmt Services	90,800	90,800	90,800	-
Miscellaneous Charges	17,171	17,171	5,594	(11,577)
	<u>2,111,971</u>	<u>2,111,971</u>	<u>2,256,517</u>	<u>144,546</u>
Fines and Forfeitures	<u>96,000</u>	<u>96,000</u>	<u>121,083</u>	<u>25,083</u>

Basis of budgeting is the same as GAAP

(continued)

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Other Revenues:</b>				
Interest and Dividend Earnings	20,000	20,000	108,925	88,925
Rents	25,000	25,000	26,589	1,589
Sale of Materials	-	-	18,265	18,265
Community Events	89,350	89,350	94,686	5,336
Sundry	20,000	20,000	28,402	8,402
	<u>154,350</u>	<u>154,350</u>	<u>276,867</u>	<u>122,517</u>
<b>Total Revenues</b>	<u>12,340,821</u>	<u>12,340,821</u>	<u>13,061,201</u>	<u>632,884</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
City Council	101,850	105,976	105,610	366
City Manager	177,450	204,876	201,969	2,907
Administrative Services	784,800	817,429	783,493	33,936
Information Services	484,681	491,809	472,390	19,419
Legal Services	145,000	145,000	118,697	26,303
Elections	12,000	23,250	23,084	166
Animal Control	50,000	50,000	51,002	(1,002)
Fleet Maintenance	318,100	321,285	243,861	77,424
Reciprocal Utility Fees	195,000	195,000	203,707	(8,707)
Non-Reciprocal Utility Expense	80,100	80,100	79,364	736
Vehicle Replacement Program	125,000	125,000	123,447	1,553
	<u>2,473,981</u>	<u>2,559,725</u>	<u>2,406,624</u>	<u>153,101</u>
<b>Public Safety:</b>				
Police Department	3,672,384	3,771,703	3,693,057	78,646
Fire Department	863,249	881,395	813,902	67,493
	<u>4,535,633</u>	<u>4,653,098</u>	<u>4,506,959</u>	<u>146,139</u>
<b>Community Development:</b>				
Planning and Zoning	296,651	306,490	285,042	21,448
Code Enforcement	446,239	459,932	453,403	6,529
	<u>742,890</u>	<u>766,422</u>	<u>738,445</u>	<u>27,977</u>
<b>Public Works:</b>				
Public Works	969,217	992,238	963,882	28,356
Class "C" Roads	850,000	1,250,000	1,121,403	128,597
	<u>1,819,217</u>	<u>2,242,238</u>	<u>2,085,285</u>	<u>156,953</u>

(continued)

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Parks, Recreation and Public Properties:</b>				
Buildings	134,100	135,180	100,147	35,033
Parks	970,100	997,564	972,720	24,844
Recreation	870,200	885,503	845,013	40,490
Community Events	237,750	240,313	254,108	(13,795)
Cemetery	186,550	192,128	178,500	13,628
	<u>2,398,700</u>	<u>2,450,688</u>	<u>2,350,488</u>	<u>100,200</u>
<b>Non-Departmental Expenses</b>				
Radar Reader Boards	-	8,000	7,730	270
Vehicle Repairs	-	16,000	15,924	76
	<u>-</u>	<u>16,000</u>	<u>23,654</u>	<u>76</u>
<b>Total Expenditures</b>	<u>11,970,421</u>	<u>12,688,171</u>	<u>12,111,455</u>	<u>584,446</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>370,400</u>	<u>(347,350)</u>	<u>949,746</u>	<u>1,297,096</u>
<b>Other Financing Sources (Uses):</b>				
Disposition of Assets			303,891	303,891
Transfers In (Out):				
MBA Special Revenue Fund	(430,000)	(430,000)	(430,000)	-
RDA Special Revenue Fund	(390,000)	(390,000)	(390,000)	-
Debt Service Fund	(145,500)	(145,500)	(145,500)	-
Capital Projects Fund	(350,000)	(350,000)	-	350,000
Non-Reciprocal Utility Revenue	80,100	80,100	79,364	(736)
Ambulance Fund	(125,000)	(125,000)	(125,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,360,400)</u>	<u>(1,360,400)</u>	<u>(707,245)</u>	<u>653,155</u>
<b>Net Change in Fund Balance</b>	<u>(990,000)</u>	<u>(1,707,750)</u>	<u>242,501</u>	<u>1,950,251</u>
<b>Fund Balance - July 1</b>	<u>2,459,585</u>	<u>2,459,585</u>	<u>2,459,585</u>	<u>-</u>
<b>Fund Balance - June 30</b>	<u>\$ 1,469,585</u>	<u>\$ 751,835</u>	<u>\$ 2,702,086</u>	<u>\$ 1,950,251</u>

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND- KAYSVILLE REDEVELOPMENT AGENCY**  
**YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Interest Income	\$ -	\$ -	\$ 1,051	\$ 1,051
Sundry	-	-	1,080	1,080
Sale of Property	-	860,000	135,787	(724,213)
<b>Total Revenues</b>	<b>-</b>	<b>860,000</b>	<b>137,918</b>	<b>(722,082)</b>
<b>EXPENDITURES:</b>				
Professional Services	20,000	20,000	4,694	15,306
Improvements		40,000	37,070	2,930
Debt Service:				
Flint Property	370,000	370,000	368,071	1,929
Interest Expense	-	-	6,763	(6,763)
<b>Total Expenditures</b>	<b>390,000</b>	<b>430,000</b>	<b>416,598</b>	<b>13,402</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(390,000)</b>	<b>430,000</b>	<b>(278,680)</b>	<b>(708,680)</b>
<b>Other Financing Sources (Uses):</b>				
Transfer In	390,000	390,000	390,000	-
Interfund Loan Repayment	-	(925,000)	-	925,000
<b>Total Other Financing Sources (Uses)</b>	<b>390,000</b>	<b>(535,000)</b>	<b>390,000</b>	<b>925,000</b>
<b>Change in Fund Balance</b>	<b>-</b>	<b>(105,000)</b>	<b>111,320</b>	<b>216,320</b>
<b>Fund Balance at Beginning of Year</b>	<b>58,915</b>	<b>58,915</b>	<b>58,915</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 58,915</b>	<b>\$ (46,085)</b>	<b>\$ 170,235</b>	<b>\$ 216,320</b>



**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND- MUNICIPAL BUILDING AUTHORITY**  
**YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Interest Income	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Police Station	-	-	20,335	(20,335)
Police Station Debt Service	430,000	430,000	269,000	161,000
Project Retainage & Encumbrance	250,000	250,000	-	-
Interest Expense	-	-	156,628	(156,628)
<b>Total Expenditures</b>	<b>680,000</b>	<b>680,000</b>	<b>445,963</b>	<b>(15,963)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(680,000)</b>	<b>(680,000)</b>	<b>(445,963)</b>	<b>234,037</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Bond	250,000	250,000	-	(250,000)
Transfers In (Out): General Fund	430,000	430,000	430,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>680,000</b>	<b>680,000</b>	<b>430,000</b>	<b>(250,000)</b>
<b>Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(15,963)</b>	<b>(15,963)</b>
<b>Fund Balance at Beginning of Year</b>	<b>35,877</b>	<b>35,877</b>	<b>35,877</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 35,877</b>	<b>\$ 35,877</b>	<b>\$ 19,914</b>	<b>\$ (15,963)</b>

# 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	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
<b>2016</b>					
Proportion of the net pension liability (asset)	0.3712689%	0.1931699%	0.9028963%	0.6231040%	0.3267187%
Proportionate share of the net pension liability (asset)	\$2,100,820	\$135,770	\$1,617,314	(\$136)	(\$4,773)
Covered employee payroll	\$3,142,903	\$82,307	\$1,230,772	\$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%	-0.03%	-2.45%
Plan fiduciary net position as a percentage of the total pension liability	87.8%	85.7%	87.1%	100.2%	110.7%
<b>2015</b>					
Proportion of the net pension liability (asset)	0.3498119%	0.1495670%	0.8693386%	0.0557657%	0.1876971%
Proportionate share of the net pension liability (asset)	\$1,518,966	\$43,142	\$1,093,265	(\$1,690)	(\$2,777)
Covered employee payroll	\$2,975,806	\$80,034	\$1,197,771	\$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%	-0.60%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	94.0%	90.5%	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
<b>Noncontributory System</b>	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%
<b>Contributory System</b>	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%
<b>Public Safety System</b>	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%
<b>Firefighters System</b>	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	1,279	1,279	-	4,933	25.93%
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%
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%
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%

\* 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**  
**Pension Beginning and Ending Values**  
(Provided by Utah Retirement Systems)

<b>GASB 68 Schedule</b>	Beginning Values			Ending Values		
	NPL/ (NPA)	Asset	Liability	NPL/ (NPA)	Asset	Liability
Noncontributory	1,518,966	-	1,518,966	2,100,820	-	2,100,820
Contributory	43,142	-	43,142	135,770	-	135,770
Public Safety	1,093,265	-	1,093,265	1,617,314	-	1,617,314
Firefighters	-	-	-	-	-	-
Judges	-	-	-	-	-	-
Governors & Legislators	-	-	-	-	-	-
Tier 2 public employees	(1,690)	1,690.00	-	(136)	136	-
Tier 2 public safety & firefighters	(2,777)	2,777.00	-	(4,773)	4,773	-
<b>Total</b>	<b>2,650,906</b>	<b>4,467</b>	<b>2,655,373</b>	<b>3,848,995</b>	<b>4,909</b>	<b>3,853,904</b>

Retirement System	Net Pension Liability/ (Asset) at 12/31/2014			Net Pension Liability/ (Asset) at 12/31/2015		
	System Total NPL/ (NPA)	Proportionate Share	Beginning Values	System Total NPL/ (NPA)	Proportionate Share	Ending Values
<b>Noncontributory</b>						
Local Government	434,223,527	0.3498119%	1,518,966	565,848,640	0.3712689%	2,100,820
State School	2,512,528,676	0.0000000%	-	3,141,286,375	0.0000000%	-
<b>Contributory</b>						
Local Government	28,844,354	0.1495670%	43,142	70,285,442	0.1931699%	135,770
State School	10,964,846	0.0000000%	-	62,665,215	0.0000000%	-
<b>Public Safety</b>						
Other DIV A	125,758,305	0.8693386%	1,093,265	179,125,130	0.9028963%	1,617,314
State of Utah	185,823,830	0.0000000%	-	215,286,507	0.0000000%	-
SLC	72,876,185	0.0000000%	-	85,106,335	0.0000000%	-
Ogden	16,593,951	0.0000000%	-	18,295,061	0.0000000%	-
Provo	10,123,567	0.0000000%	-	12,665,826	0.0000000%	-
Logan	4,968,069	0.0000000%	-	6,714,361	0.0000000%	-
Bountiful	4,953,805	0.0000000%	-	6,448,887	0.0000000%	-
Other DIV B	39,543,268	0.0000000%	-	48,795,133	0.0000000%	-
<b>Firefighters</b>						
Other DIV A	(5,706,385)	0.0000000%	-	(1,811,196)	0.0000000%	-
Other DIV B	(11,004,766)	0.0000000%	-	17,015,827	0.0000000%	-
<b>Judges</b>	28,450,908	0.0000000%	-	35,239,076	0.0000000%	-
<b>Utah Governors &amp; Legislators</b>	1,901,250	0.0000000%	-	2,207,830	0.0000000%	-
<b>Tier 2 Public Employees</b>	(3,030,447)	0.0557657%	(1,690)	(218,300)	0.0623104%	(136)
<b>Tier 2 PS and Firefighters</b>	(1,479,323)	0.1876971%	(2,777)	(1,461,032)	0.3267187%	(4,773)
<b>Total</b>	<b>3,456,333,620</b>		<b>2,650,906</b>	<b>4,463,495,117</b>		<b>3,848,995</b>

**KAYSVILLE CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2016**

**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 2016 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, 2016**

**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 following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.5%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

## **OTHER SUPPLEMENTARY INFORMATION**

**Debt Service Fund**

**Capital Projects Fund**

**Permanent Fund- Perpetual Cemetery**

**Permanent Fund- Library Endowment**

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Interest Income	\$ -	\$ -	\$ 105	\$ 105
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>105</u>	<u>105</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Parks Wide Area Mower Lease	-	17,000	16,841	159
Fire Apparatus Payment	<u>145,500</u>	<u>145,500</u>	<u>145,322</u>	<u>178</u>
<b>Total Expenditures</b>	<u>145,500</u>	<u>162,500</u>	<u>162,163</u>	<u>337</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(145,500)</u>	<u>(162,500)</u>	<u>(162,058)</u>	<u>442</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In (Out):				
General Fund	<u>145,500</u>	<u>145,500</u>	<u>145,500</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>145,500</u>	<u>145,500</u>	<u>145,500</u>	<u>-</u>
<b>Change in Fund Balance</b>	<u>-</u>	<u>(17,000)</u>	<u>(16,558)</u>	<u>442</u>
<b>Fund Balance at Beginning of Year</b>	<u>65,837</u>	<u>65,837</u>	<u>65,837</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 65,837</u>	<u>\$ 48,837</u>	<u>\$ 49,279</u>	<u>\$ 442</u>



**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Park Development Impact Fees	\$ -	\$ -	\$ 250,100	\$ 250,100
Transportation Impact Fees	-	50,000	214,665	164,665
Donations	-	-	13,032	13,032
Interest Income	-	-	7,522	7,522
<b>Total Revenues</b>	<b>-</b>	<b>50,000</b>	<b>485,319</b>	<b>435,319</b>
<b>EXPENDITURES:</b>				
Capital Outlay:				
Municipal Center Block	315,000	28,500	23,954	4,546
Street Improvements	350,000	50,000	31,179	18,821
<b>Total Expenditures</b>	<b>665,000</b>	<b>78,500</b>	<b>55,133</b>	<b>23,367</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(665,000)</b>	<b>(28,500)</b>	<b>430,186</b>	<b>458,686</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In (Out):				
General Fund	350,000	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>350,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Fund Balance</b>	<b>(315,000)</b>	<b>(28,500)</b>	<b>430,186</b>	<b>458,686</b>
<b>Fund Balance at Beginning of Year</b>	<b>2,214,556</b>	<b>2,214,556</b>	<b>2,214,556</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 1,899,556</b>	<b>\$ 2,186,056</b>	<b>\$ 2,644,742</b>	<b>\$ 458,686</b>

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PERMANENT FUND- PERPETUAL CEMETERY**  
**YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES:</b>				
Perpetual Care Fee	\$ 50,000	\$ 50,000	\$ 57,125	\$ 7,125
Interest Income	15,000	15,000	15,887	887
<b>Total Revenues</b>	<b>65,000</b>	<b>65,000</b>	<b>73,012</b>	<b>8,012</b>
<b>EXPENDITURES:</b>				
Improvements	12,000	12,000	-	12,000
<b>Total Expenditures</b>	<b>12,000</b>	<b>12,000</b>	<b>-</b>	<b>12,000</b>
 <b>Change in Fund Balance</b>	 <b>53,000</b>	 <b>53,000</b>	 <b>73,012</b>	 <b>20,012</b>
<b>Fund Balance at Beginning of Year</b>	<b>1,668,377</b>	<b>1,668,377</b>	<b>1,668,377</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 1,721,377</b>	<b>\$ 1,721,377</b>	<b>\$ 1,741,389</b>	<b>\$ 20,012</b>

**KAYSVILLE CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PERMANENT FUND- LIBRARY ENDOWMENT**  
**YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES:</b>				
Interest Income	\$ 15,000	\$ 15,000	\$ 3,782	\$ (11,218)
Sale Proceeds from Endowment	-	-	-	-
<b>Total Revenues</b>	<u>15,000</u>	<u>15,000</u>	<u>3,782</u>	<u>(11,218)</u>
<b>EXPENDITURES:</b>				
Improvements	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Change in Fund Balance</b>	 15,000	 15,000	 3,782	 (11,218)
<b>Fund Balance at Beginning of Year</b>	<u>868,914</u>	<u>868,914</u>	<u>868,914</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 883,914</u>	<u>\$ 883,914</u>	<u>\$ 872,696</u>	<u>\$ (11,218)</u>

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## STATISTICAL SECTION

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*Utah's  
Hometown*



***Chad  
Hawkins***

Renowned Artist from  
Kaysville City  
Painting of Kaysville City on  
display at Police Station

# 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.

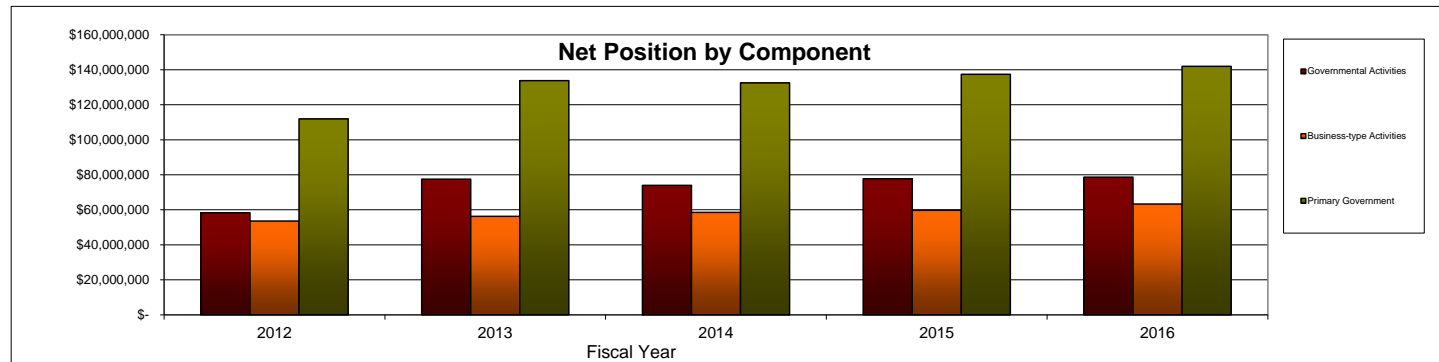
<b>Contents</b>	<b><u>Page</u></b>
Financial Trends	85-90
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	91-99
<i>These schedules contain information to help the reader assess a primary city revenue source, property tax.</i>	
Debt Capacity	100-102
<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	103-105
<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	106
<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, 2016

	2007	2008	2009	2010	2011	2012	2013	2014 (*Restated)	2015	2016
<b>Governmental Activities</b>										
Investment in Capital Assets, Net of Related Debt	\$ 28,864,094	\$ 31,559,900	\$ 47,859,814	\$ 49,104,550	\$ 50,933,344	\$ 51,804,229	\$ 70,379,749	\$ 68,417,942	\$ 73,170,909	\$ 72,688,598
Restricted	3,996,861	3,408,975	4,119,488	4,234,362	4,650,573	4,125,429	5,051,383	5,351,824	5,604,329	5,966,992
Unrestricted	936,041	1,408,627	1,919,793	1,411,551	2,419,566	2,402,159	2,074,489	191,422	(1,086,709)	(3,848)
<b>Total Governmental Activities Net Position</b>	<b>\$ 33,796,996</b>	<b>\$ 36,377,502</b>	<b>\$ 53,899,095</b>	<b>\$ 54,750,463</b>	<b>\$ 58,003,483</b>	<b>\$ 58,331,817</b>	<b>\$ 77,505,621</b>	<b>\$ 73,961,188</b>	<b>\$ 77,688,529</b>	<b>\$ 78,651,742</b>
<b>Business-type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 39,784,790	\$ 40,751,249	\$ 44,257,004	\$ 43,555,686	\$ 46,146,335	\$ 47,227,210	\$ 50,074,699	\$ 48,131,444	\$ 48,431,735	\$ 49,482,868
Restricted	640,345	55,149	96,379	131,574	180,861	211,341	6,781	-	202,157	668,524
Unrestricted	2,657,464	5,299,689	2,475,904	5,447,712	5,768,480	6,142,927	6,182,553	10,400,263	11,071,837	13,148,038
<b>Total Business-type Activities Net Position</b>	<b>\$ 43,082,599</b>	<b>\$ 46,106,087</b>	<b>\$ 46,829,287</b>	<b>\$ 49,134,972</b>	<b>\$ 52,095,676</b>	<b>\$ 53,581,478</b>	<b>\$ 56,264,033</b>	<b>\$ 58,531,707</b>	<b>\$ 59,705,729</b>	<b>\$ 63,299,430</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 68,648,884	\$ 72,311,149	\$ 92,116,818	\$ 92,660,236	\$ 97,079,679	\$ 99,031,439	\$ 120,454,448	\$ 116,549,386	\$ 121,602,644	\$ 122,171,466
Restricted	4,637,206	3,464,124	4,215,867	4,365,936	4,831,434	4,336,770	5,058,164	5,351,824	5,806,486	6,635,516
Unrestricted	3,593,505	6,708,316	4,395,697	6,859,263	8,188,046	8,545,086	8,257,042	10,591,685	9,985,128	13,144,190
<b>Total Primary Government Net Position</b>	<b>\$ 76,879,595</b>	<b>\$ 82,483,589</b>	<b>\$ 100,728,382</b>	<b>\$ 103,885,435</b>	<b>\$ 110,099,159</b>	<b>\$ 111,913,295</b>	<b>\$ 133,769,654</b>	<b>\$ 132,492,895</b>	<b>\$ 137,394,258</b>	<b>\$ 141,951,172</b>

(Accrual Basis of Accounting)



\* During FY 2015, GASB 68 was released. In accordance with GASB 68, FY 2014 was restated. See Note 16 for more details.

**KAYSVILLE CITY CORPORATION**  
**Table 2 - Changes in Net Position**  
**June 30, 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Government Activities:										
General Government	\$ 1,183,636	\$ 1,487,669	\$ 1,573,836	\$ 1,535,455	\$ 1,545,761	\$ 1,912,144	\$ 1,933,158	\$ 2,383,664	\$ 2,380,314	\$ 2,490,055
Public Safety - Police	2,027,634	2,193,793	2,164,881	2,235,372	2,213,269	2,640,849	2,956,768	3,064,397	3,496,435	3,817,732
Public Safety - Fire	450,318	527,139	531,620	446,057	483,156	423,978	540,842	863,892	833,769	964,668
Community Development	608,457	837,804	725,078	856,615	760,562	658,823	647,499	700,293	686,765	722,417
Public Works	2,119,382	2,227,389	1,746,346	3,234,262	2,964,516	2,699,309	3,090,467	3,916,960	2,937,745	4,135,628
Parks, Recreation and Public Properties	1,685,013	1,853,861	2,170,919	1,947,498	1,910,131	2,145,155	2,178,224	2,157,669	2,640,781	2,490,851
Perpetual Cemetery	-	78,348	36,000	63,770	-	-	50,867	35,347	23,641	23,654
Library Endowment	10,000	-	-	-	-	-	-	-	-	-
Special Revenue - Library	36,537	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	83,286	62,965	92,886	78,069	343,327	327,537	7,003	149,543	235,218	199,427
Total Governmental Activities Expenses	<u>8,204,263</u>	<u>9,268,968</u>	<u>9,041,566</u>	<u>10,397,098</u>	<u>10,220,722</u>	<u>10,807,795</u>	<u>11,404,828</u>	<u>13,271,765</u>	<u>13,234,668</u>	<u>14,844,432</u>
Business-type Activities:										
Water	1,603,461	2,112,958	2,055,930	2,001,788	2,035,790	2,227,960	2,261,447	2,599,457	2,443,152	2,371,766
Sewer	1,391,445	1,486,306	1,675,055	1,771,084	1,736,004	1,743,293	1,881,148	1,822,954	1,876,862	2,195,339
Electric	10,818,203	12,057,762	12,558,805	12,357,551	12,665,025	12,225,173	12,962,870	13,137,151	13,814,577	13,265,358
Pressure Irrigation	893,148	933,041	1,001,318	1,060,124	1,072,481	1,105,317	1,022,122	1,121,653	1,143,314	1,211,994
Sanitation	1,132,110	1,157,707	1,166,979	1,203,823	1,376,902	1,535,860	1,646,992	1,765,134	1,751,666	1,859,482
Storm Water	468,750	812,161	927,250	1,080,850	1,140,057	1,080,937	1,253,443	1,044,438	1,418,881	1,610,691
Ambulance	465,678	449,019	572,672	517,513	565,430	570,158	519,544	422,391	483,772	541,755
Total Business-Type Activities Expenses	<u>16,772,795</u>	<u>19,008,954</u>	<u>19,958,009</u>	<u>19,992,733</u>	<u>20,591,689</u>	<u>20,488,698</u>	<u>21,547,566</u>	<u>21,913,178</u>	<u>22,932,224</u>	<u>23,056,385</u>
Total Primary Government Expenses	<u>\$24,977,058</u>	<u>\$28,277,922</u>	<u>\$ 28,999,575</u>	<u>\$ 30,389,831</u>	<u>\$ 30,812,411</u>	<u>\$ 31,296,493</u>	<u>\$ 32,952,394</u>	<u>\$ 35,184,943</u>	<u>\$ 36,166,892</u>	<u>\$ 37,900,817</u>



**KAYSVILLE CITY CORPORATION**  
**Table 2 - Changes in Net Position (Continued)**  
**June 30, 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Government Activities:										
Charges for Services:										
General Government	\$ 519,390	\$ 613,771	\$ 647,500	\$ 648,277	\$ 647,686	\$ 760,056	\$ 765,064	\$ 770,059	\$ 827,020	\$ 908,174
Public Safety - Police	195,296	229,979	216,799	221,483	233,637	237,962	261,885	187,072	254,534	250,985
Public Safety - Fire	121,903	144,344	140,535	141,818	139,507	143,156	150,387	159,931	206,586	223,259
Community Development	194,717	419,546	301,483	375,149	602,391	410,431	656,854	770,321	759,540	750,378
Public Works	2,531,811	1,287,340	1,520,183	1,346,410	1,187,282	1,093,151	1,442,438	1,097,082	1,295,257	1,043,907
Parks, Recreation and Public Properties	1,064,075	837,388	790,532	835,546	930,176	889,793	965,001	1,043,769	1,017,174	784,962
Perpetual Cemetery	51,500	56,300	64,630	47,560	54,175	56,450	56,665	63,850	58,925	57,125
Operating Grants and Contributions	81,619	154,963	50,292	205,830	94,835	526,635	20,075	19,807	17,363	495,115
Capital Grants and Contributions	905,276	1,635,825	16,805,490	1,670,091	3,691,377	599,878	1,753,396	906,199	3,734,313	2,044,012
Total Governmental Activities Program Revenues	5,665,587	5,379,456	20,537,444	5,492,164	7,581,066	4,717,512	6,071,765	5,018,090	8,170,712	6,557,917
Business-type Activities:										
Charges for Services:										
Water	1,702,823	1,770,229	1,960,877	2,247,425	2,289,022	2,310,530	2,405,881	2,566,353	2,789,065	2,813,194
Sewer	1,455,293	1,506,782	1,733,153	1,763,771	1,794,049	1,821,529	1,843,022	1,880,801	1,875,927	2,177,025
Electric	11,257,963	12,574,279	12,177,583	11,877,444	12,189,118	12,810,922	13,894,122	14,967,518	14,004,518	14,560,483
Pressure Irrigation	908,199	969,994	1,054,672	1,080,784	1,079,514	1,101,257	1,110,690	1,124,747	1,121,755	1,187,426
Sanitation	1,243,106	1,218,953	1,260,996	1,286,007	1,429,094	1,564,996	1,622,292	1,784,714	1,767,879	1,851,658
Storm Water	740,061	938,853	973,123	991,059	1,013,729	1,075,823	1,050,462	1,091,871	1,073,364	1,129,187
Ambulance	327,783	428,495	430,491	414,505	388,818	326,368	458,305	434,899	486,656	413,301
Grants and Contributions	980,896	2,215,296	827,954	2,463,765	3,172,636	768,060	1,916,221	940,771	905,801	462,803
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	1,956,069
Total Business-Type Activities Program Revenues	18,616,124	21,622,881	20,418,849	22,124,760	23,355,980	21,779,485	24,300,995	24,791,674	24,024,965	26,551,146
Total Primary Government Program Revenues	\$24,281,711	\$27,002,337	\$ 40,956,293	\$ 27,616,924	\$ 30,937,046	\$ 26,496,997	\$ 30,372,760	\$ 29,809,764	\$ 32,195,677	\$ 33,109,063
Net (Expense) Revenue										
Governmental Activities	\$ (2,538,676)	\$ (3,889,512)	\$ 11,495,878	\$ (4,904,934)	\$ (2,639,656)	\$ (6,090,283)	\$ (5,333,063)	\$ (8,253,675)	\$ (5,063,956)	\$ (8,286,515)
Business-type Activities	1,843,329	2,613,927	460,840	2,132,027	2,764,291	1,290,787	2,753,429	2,878,496	1,092,741	3,494,761
Total Primary Government Net Expense	\$ (695,347)	\$ (1,275,585)	\$ 11,956,718	\$ (2,772,907)	\$ 124,635	\$ (4,799,496)	\$ (2,579,634)	\$ (5,375,179)	\$ (3,971,215)	\$ (4,791,754)

**KAYSVILLE CITY CORPORATION**  
**Table 2 - Changes in Net Position (Continued)**  
**June 30, 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property Taxes	\$ 1,059,034	\$ 1,246,815	\$ 1,308,424	\$ 1,400,530	\$ 1,429,796	\$ 1,423,405	\$ 1,446,480	\$ 1,484,074	\$ 3,263,780	\$ 2,948,599
Sales Taxes	3,166,266	3,249,441	2,971,247	2,744,689	2,865,286	3,109,348	3,304,756	3,471,892	3,665,634	4,098,274
Franchise Taxes	560,900	547,862	610,526	576,731	542,039	624,491	664,736	592,786	537,744	536,596
Energy Sales and Use Charge	811,194	1,059,820	1,046,355	995,454	1,047,797	1,220,618	1,178,319	1,227,956	1,156,028	1,240,883
Interest on Investments	430,623	278,111	173,831	82,802	86,925	81,760	74,144	41,085	69,172	137,272
Disposition of Assets	-	-	-	-	-	-	-	-	-	185,713
Miscellaneous	85,632	287,969	115,332	106,096	95,833	123,995	113,030	124,467	121,289	148,027
Transfers	470,000	(200,000)	(200,000)	(150,000)	(175,000)	(165,000)	100,000	(3,640)	(22,350)	(45,636)
Total governmental activities	6,583,649	6,470,018	6,025,715	5,756,302	5,892,676	6,418,617	6,881,465	6,938,620	8,791,297	9,249,728
Business-type Activities:										
Interest on investments	196,761	209,561	62,360	23,658	21,413	30,015	29,126	27,026	58,931	36,733
Gain (loss) on sale of capital assets	993,727	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	16,571
Transfers	(470,000)	200,000	200,000	150,000	175,000	165,000	(100,000)	3,640	22,350	45,636
Total business-type activities	720,488	409,561	262,360	173,658	196,413	195,015	(70,874)	30,666	81,281	98,940
Total primary government	<u>\$ 7,304,137</u>	<u>\$ 6,879,579</u>	<u>\$ 6,288,075</u>	<u>\$ 5,929,960</u>	<u>\$ 6,089,089</u>	<u>\$ 6,613,632</u>	<u>\$ 6,810,591</u>	<u>\$ 6,969,286</u>	<u>\$ 8,872,578</u>	<u>\$ 9,348,668</u>
Change in Net Position										
Governmental activities	\$ 4,044,973	\$ 2,580,506	\$ 17,521,593	\$ 851,368	\$ 3,253,020	\$ 328,334	\$ 1,548,402	\$ (1,315,055)	\$ 3,727,341	\$ 963,213
Business-type activities	2,563,817	3,023,488	723,200	2,305,685	2,960,704	1,485,802	2,682,555	2,909,162	1,174,022	3,593,701
Total primary government	<u>\$ 6,608,790</u>	<u>\$ 5,603,994</u>	<u>\$ 18,244,793</u>	<u>\$ 3,157,053</u>	<u>\$ 6,213,724</u>	<u>\$ 1,814,136</u>	<u>\$ 4,230,957</u>	<u>\$ 1,594,107</u>	<u>\$ 4,901,363</u>	<u>\$ 4,556,914</u>

(Accrual Basis of Accounting)

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

**KAYSVILLE CITY CORPORATION**
**Table 3 - Balance Sheet Fund Balances of Governmental Funds**
**June 30, 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Restricted	-	-	-	-	254,530	381,608	762,561	538,944	691,853	468,737
Unassigned	-	-	-	-	1,998,405	2,415,907	2,213,902	1,800,497	1,767,732	2,233,349
Reserved	-	-	-	26,678	-	-	-	-	-	-
Unreserved	1,591,699	1,316,904	1,643,886	1,459,383	-	-	-	-	-	-
Total General Fund	<u>1,591,699</u>	<u>1,316,904</u>	<u>1,643,886</u>	<u>1,486,061</u>	<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>
<b>Debt Service Fund</b>										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	196,304	202,292	205,233	62,483	65,837	49,279
Reserved	884,865	784,865	684,865	158,200	-	-	-	-	-	-
Unreserved	168,771	173,944	185,812	32,872	-	-	-	-	-	-
Total Debt Service Fund	<u>1,053,636</u>	<u>958,809</u>	<u>870,677</u>	<u>191,072</u>	<u>196,304</u>	<u>202,292</u>	<u>205,233</u>	<u>62,483</u>	<u>65,837</u>	<u>49,279</u>
<b>Capital Projects Fund</b>										
Restricted	-	-	-	-	2,153,201	1,033,352	1,545,251	1,172,747	1,518,347	1,964,659
Assigned	-	-	-	-	710,334	639,736	542,366	951,857	696,209	680,083
Reserved	1,032,002	377,460	1,108,014	3,108,254	-	-	-	-	-	-
Unreserved	(651,483)	173,681	450,153	272,640	-	-	-	-	-	-
Total Capital Projects Fund	<u>380,519</u>	<u>551,141</u>	<u>1,558,167</u>	<u>3,380,894</u>	<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>
<b>Redevelopment Agency</b>										
Nonspendable	-	-	-	-	-	-	-	723,956	723,956	251,931
Assigned	-	-	-	-	-	-	-	379,189	(665,041)	(81,696)
Total Redevelopment Agency Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,103,145</u>	<u>58,915</u>	<u>170,235</u>
<b>Municipal Building Authority</b>										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	4,322,483	35,877	19,914
Total Redevelopment Agency Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,322,483</u>	<u>35,877</u>	<u>19,914</u>
<b>Cemetery Perpetual Care</b>										
Nonspendable	-	-	-	-	-	-	927,126	990,976	1,049,901	1,107,026
Restricted	-	-	-	-	1,496,718	1,564,212	653,103	623,864	618,476	634,363
Reserved	1,266,593	1,388,801	1,441,422	1,434,783	-	-	-	-	-	-
Total Cemetery Perpetual Care Fund	<u>1,266,593</u>	<u>1,388,801</u>	<u>1,441,422</u>	<u>1,434,783</u>	<u>1,496,718</u>	<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>
<b>Blood Library Endowment Fund</b>										
Nonspendable	-	-	-	-	682,359	684,457	685,871	686,483	686,950	687,416
Restricted	-	-	-	-	240,630	259,518	272,238	227,765	181,964	185,280
Reserved	813,401	857,849	885,185	906,647	-	-	-	-	-	-
Total Blood Library Endowment Fund	<u>813,401</u>	<u>857,849</u>	<u>885,185</u>	<u>906,647</u>	<u>922,989</u>	<u>943,975</u>	<u>958,109</u>	<u>914,248</u>	<u>868,914</u>	<u>872,696</u>

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

**KAYSVILLE CITY CORPORATION**

**Table 4 - Changes in Fund Balance of Governmental Funds**

**June 30, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues:</b>										
Taxes	\$ 5,597,394	\$ 6,103,938	\$ 5,936,552	\$ 5,717,404	\$ 5,884,918	\$ 6,377,862	\$ 6,594,291	\$ 6,776,708	\$ 8,623,186	\$ 8,824,352
Licenses and Permits	593,434	327,165	249,940	318,626	518,582	327,420	520,908	601,533	592,227	577,459
Impact Fees	1,602,331	621,326	897,541	762,813	627,522	388,108	811,948	520,451	665,904	464,765
Intergovernmental	863,141	862,349	751,582	788,514	862,780	1,364,089	896,161	856,993	903,604	1,004,923
Charges for Services	1,445,793	1,658,923	1,705,221	1,702,069	1,762,697	1,930,090	1,978,220	2,065,694	2,146,183	2,313,642
Donations	-	-	-	-	-	-	150,000	150,850	20,000	13,032
Fines and Foreitures	78,472	92,278	102,394	105,932	99,690	102,500	98,625	58,212	111,532	121,083
Interest Income	430,623	278,111	173,831	82,802	86,925	81,760	74,144	41,085	69,172	137,272
Community Development										
Block Grant	125,000	115,036	29,703	164,335	78,932	-	-	-	7,452	-
Miscellaneous	144,764	354,523	110,905	85,880	102,494	259,422	125,537	133,475	133,707	169,022
Total Revenues	<u>10,880,952</u>	<u>10,413,649</u>	<u>9,957,669</u>	<u>9,728,375</u>	<u>10,024,540</u>	<u>10,831,251</u>	<u>11,249,834</u>	<u>11,205,001</u>	<u>13,272,967</u>	<u>13,625,550</u>
<b>Expenditures</b>										
General Government	1,273,446	1,483,191	1,433,509	1,484,457	1,504,849	1,873,699	1,897,433	2,353,025	2,692,131	2,472,042
Public Safety	2,428,211	2,700,146	2,573,660	2,623,649	2,668,934	3,171,235	4,279,877	3,702,599	4,230,409	4,506,959
Community Development	608,457	867,676	709,372	837,550	748,334	668,964	671,454	677,278	719,025	738,445
Public Works	2,000,069	2,200,177	1,555,663	1,094,628	1,072,039	1,526,450	1,745,709	2,148,751	1,827,115	2,085,285
Parks, Recreation & Properties	1,694,934	1,951,272	1,940,405	1,844,523	1,771,586	1,940,756	2,091,440	2,078,976	2,511,420	2,350,488
Library	36,537	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	479,762	490,383	351,178	1,247,250	870,000	1,606,789	387,000	428,035	1,386,188	738,384
Interest & Fiscal Charges	83,286	62,704	92,886	78,071	76,327	47,487	32,838	129,156	257,174	224,241
Capital Projects	6,008,152	577,849	721,404	826,208	844,231	382,270	450,364	1,673,607	4,820,844	75,468
Total Expenditures	<u>14,612,854</u>	<u>10,333,398</u>	<u>9,378,077</u>	<u>10,036,336</u>	<u>9,556,300</u>	<u>11,217,650</u>	<u>11,556,115</u>	<u>13,191,427</u>	<u>18,444,306</u>	<u>13,191,312</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (3,731,902)</u>	<u>\$ 80,251</u>	<u>\$ 579,592</u>	<u>\$ (307,961)</u>	<u>\$ 468,240</u>	<u>\$ (386,399)</u>	<u>\$ (306,281)</u>	<u>\$ (1,986,426)</u>	<u>\$ (5,171,339)</u>	<u>\$ 434,238</u>
<b>Other Financing Sources (Uses):</b>										
Transfers In	\$ 3,153,958	\$ 585,405	\$ 345,000	\$ 865,000	\$ 951,000	\$ 1,660,000	\$ 687,000	\$ 1,437,729	\$ 967,650	\$ 654,864
Transfers Out	(2,565,950)	(785,405)	(545,000)	(1,015,000)	(1,126,000)	(1,825,000)	(587,000)	(489,463)	(990,000)	(700,500)
Capital Leases	340,000	-	-	-	-	-	832,850	-	-	-
Other Financing Sources	-	-	946,245	1,458,078	39,784	-	-	5,711,753	84,506	439,678
Total Other Financing Sources (Uses)	<u>928,008</u>	<u>(200,000)</u>	<u>746,245</u>	<u>1,308,078</u>	<u>(135,216)</u>	<u>(165,000)</u>	<u>932,850</u>	<u>6,660,019</u>	<u>62,156</u>	<u>394,042</u>
Net change in fund balances	<u>\$ (2,803,894)</u>	<u>\$ (119,749)</u>	<u>\$ 1,325,837</u>	<u>\$ 1,000,117</u>	<u>\$ 333,024</u>	<u>\$ (551,399)</u>	<u>\$ 626,569</u>	<u>\$ 4,673,593</u>	<u>\$ (5,109,183)</u>	<u>\$ 828,280</u>
Debt service as a percentage of noncapital expenditures	7.47%	7.22%	5.76%	14.14%	10.51%	16.41%	4.11%	5.07%	13.63%	7.52%

(Modified Accrual Basis of Accounting)

# KAYSVILLE CITY CORPORATION

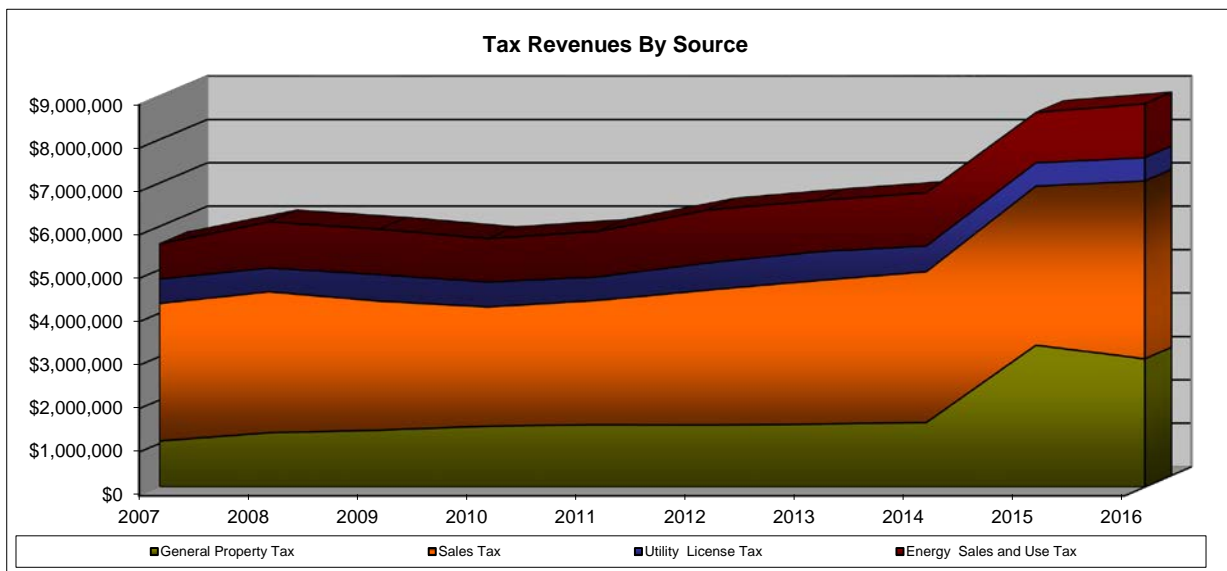
**Table 5 - Governmental Tax Revenues by Source**

June 30, 2016

Fiscal Year	General Property Tax	Sales Tax	Utility License Tax	Energy Sales and Use Tax	Total Tax Revenue
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
2010	\$1,400,530	\$2,744,689	\$576,731	\$995,454	\$5,717,404
2009	\$1,308,424	\$2,971,247	\$610,526	\$1,046,355	\$5,936,552
2008	\$1,246,815	\$3,249,441	\$547,862	\$1,059,820	\$6,103,938
2007	\$1,059,034	\$3,166,266	\$560,900	\$811,194	\$5,597,394

Notes: (1) General Property tax includes: property taxes current and delinquent, and motor vehicle in-lieu tax  
General property tax also includes the allocation to the library special revenue fund (FY 2004-2005)

Source: Kaysville City Finance Department



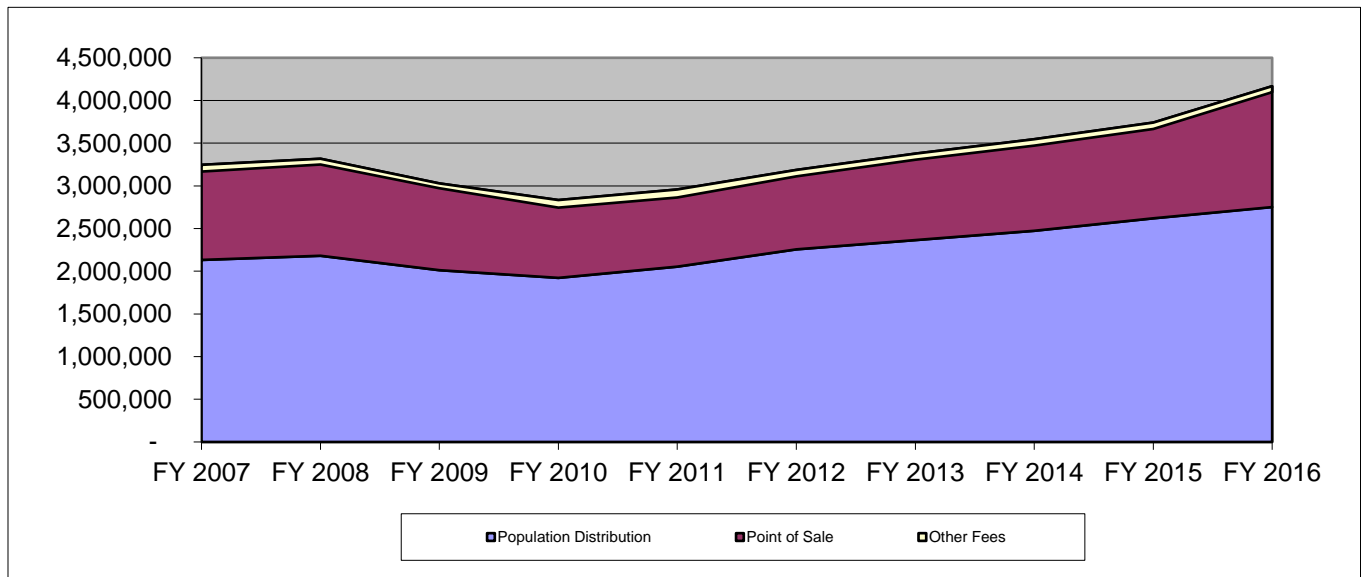
# KAYSVILLE CITY CORPORATION

**Table 6 - Sales Tax Revenue Trends**

**June 30, 2016**

	<u>Population Distribution</u>	<u>Point of Sale</u>	<u>Administrative Fees</u>	<u>Total Distribution</u>
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
FY 2010	\$1,921,984	\$910,113	(\$87,406)	\$2,744,691
FY 2009	\$2,012,040	\$1,015,571	(\$56,365)	\$2,971,246
FY 2008	\$2,179,092	\$1,137,279	(\$66,930)	\$3,249,441
FY 2007	\$2,131,039	\$1,114,459	(\$79,232)	\$3,166,266

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



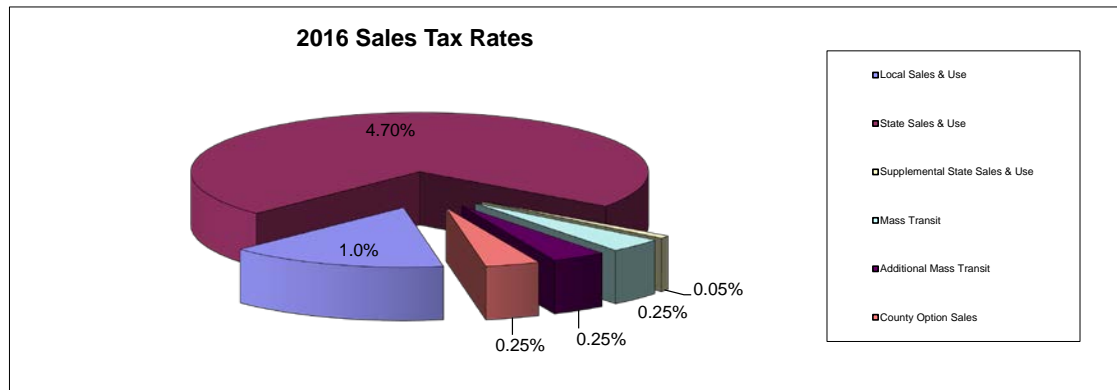
**KAYSVILLE CITY CORPORATION**  
**Table 7- Sales Tax Rates and Overlapping Governments**  
**June 30, 2016**

	<u>Local Sales &amp; Use</u>	<u>State Sales &amp; Use</u>	<u>Supplemental State Sales &amp; Use</u>	<u>Mass Transit</u>	<u>Additional Mass Transit</u>	<u>Transportation Infrastructure *</u>	<u>County Option Sales</u>	<u>Total Sales Tax Rate</u>
FY 2016	1.0%	4.70%	0.05%	0.25%	0.25%	0.25%	0.25%	6.75%
FY 2015	1.0%	4.70%	0.05%	0.25%	0.25%	-	0.25%	6.50%
FY 2014	1.0%	4.70%	0.05%	0.25%	0.25%	-	0.25%	6.50%
FY 2013	1.0%	4.70%	0.05%	0.25%	0.25%	-	0.25%	6.50%
FY 2012	1.0%	4.70%	0.05%	0.25%	0.25%	-	0.25%	6.50%
FY 2011	1.0%	4.70%	0.05%	0.25%	0.25%	-	0.25%	6.50%
FY 2010	1.0%	4.70%	0.05%	0.25%	0.25%	-	0.25%	6.50%
FY 2009	1.0%	4.65%	0.05%	0.25%	0.25%	-	0.25%	6.45%
FY 2008	1.0%	4.75%	0.05%	0.25%	0.25%	-	0.25%	6.55%
FY 2007	1.0%	4.75%	-	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, 2016

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
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
2009	\$1,361,717,087	0.000907	\$1,232,460	\$1,161,304	94.20%	\$1,978	\$1,163,282
2008	\$1,384,658,738	0.000829	\$1,189,004	\$1,092,021	91.80%	\$36,121	\$1,128,142
2007	\$1,127,214,832	0.000925	\$1,073,872	\$1,013,619	94.40%	\$34,389	\$1,048,008
2006	\$904,985,329	0.001004	\$948,078	\$895,885	94.50%	\$45,559	\$941,444

Notes:

(1) Information is based on a calendar year - 2015 is the most recent year

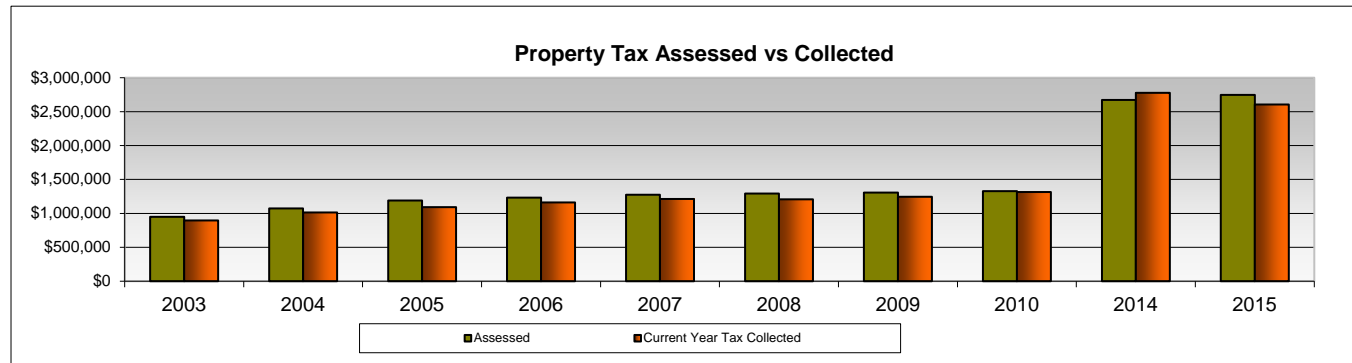
(2) Library funding was transferred to county during 2006

(3) All taxable property is assessed and taxed on the basis of its fair market value. Utah law requires that the fair market value of property is assessed by the County Assessor, using a comparable sales or a cost appraisal method, excluding expenses related to property sales transactions. For tax purposes, the fair market value of primary residential property is reduced by 45% under present law. Taxable value is net of Redevelopment Agency value.

(4) 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, 2016**

Calendar Year	Estimated Market Value	Taxable Value	Ratio of Total Taxable Value to Market Value
2015	\$2,561,662,045	\$1,540,915,428	60.15%
2014	\$2,459,642,177	\$1,477,768,259	60.08%
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%
2009	\$2,269,621,881	\$1,361,717,087	60.00%
2008	\$2,396,101,233	\$1,430,484,173	59.70%
2007	\$1,986,309,668	\$1,145,875,857	57.69%
2006	\$1,473,736,930	\$930,971,384	63.17%

Notes: (1) Information is based on a calendar year - 2015 is the most recent year  
(2) Does not include fee-in-lieu property

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

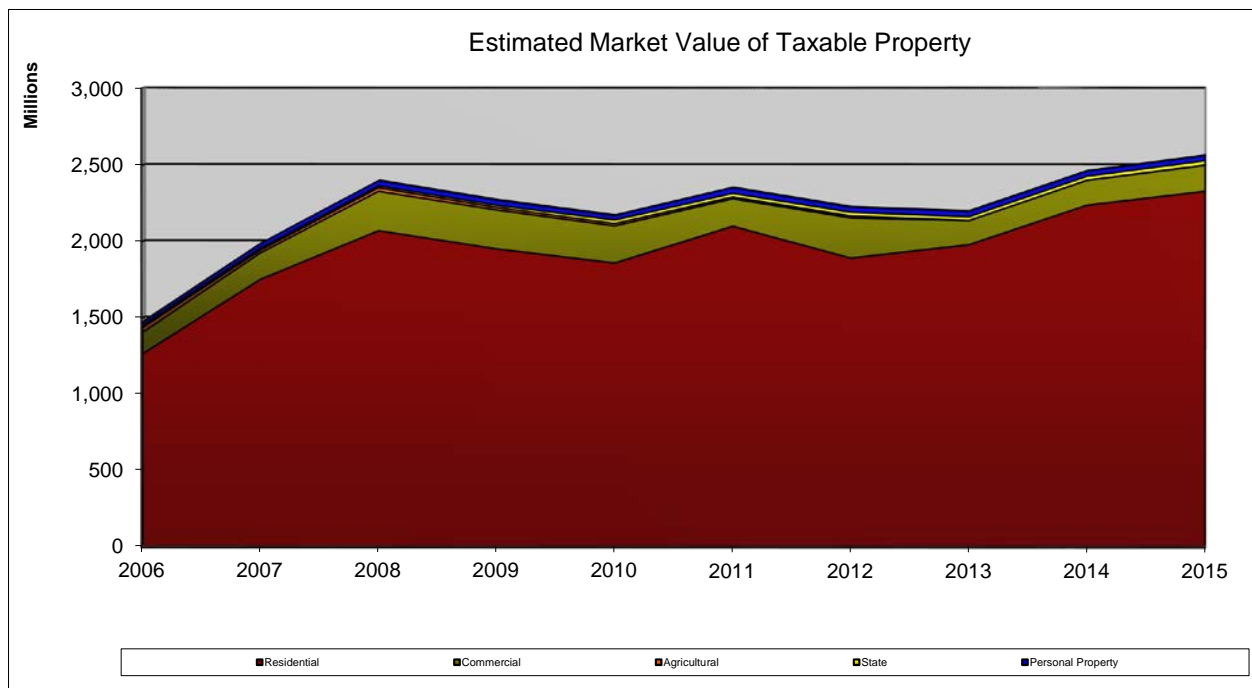
# KAYSVILLE CITY CORPORATION

**Table 10 - Estimated Market Value of Taxable Property**  
June 30, 2016

Calendar Year	Estimated Market Value	Residential	Commercial	Agricultural	State	Personal Property
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
2009	\$2,269,621,881	\$1,951,234,237	\$253,964,914	\$16,551,454	\$14,310,374	\$33,560,902
2008	\$2,396,101,233	\$2,069,875,981	\$257,292,274	\$23,107,543	\$13,198,603	\$32,626,832
2007	\$1,986,309,668	\$1,751,609,250	\$173,651,001	\$17,562,378	\$12,413,007	\$31,074,032
2006	\$1,473,736,930	\$1,264,808,373	\$139,995,013	\$31,071,400	\$11,934,850	\$25,927,294

Notes: (1) Information is based on a calendar year - 2015 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, 2016

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	
2015	0.001782	0.008125	0.002014	0.000187	0.000116	0.000342	0.000011	0.000224	0.000208	0.013009
2014	0.001826	0.008555	0.002153	0.000196	0.000122	0.000361	0.000012	0.000236	0.000216	0.013677
2013	0.000999	0.008710	0.002331	0.000210	0.000103	0.000389	0.000158	0.000112	0.000866	0.013878
2012	0.000987	0.008941	0.002391	0.000215	0.000105	0.000396	0.000168	0.000115	0.000237	0.013555
2011	0.000907	0.008861	0.002383	0.000217	0.000104	0.000392	0.000172	0.000114	0.000237	0.013387
2010	0.000829	0.007860	0.002082	0.000207	0.000097	0.000363	0.000162	0.000106	0.000227	0.011933
2009	0.000925	0.005685	0.001865	0.000188	0.000093	0.000348	0.000142	0.000100	0.000212	0.009558
2008	0.001004	0.005514	0.001776	0.0001810	0.000088	0.000332	0.000121	0.000100	0.000200	0.009316
2007	0.001519	0.005865	0.002005	0.000200	0.000099	0.000375	0.000121	0.000063	0.000220	0.010467
2006	0.001600	0.005790	0.001532	0.000178	0.000086	NA	0.000139	0.000068	0.000234	0.012518

Notes:

(1) Information is based on a calendar year - 2015 is the most recent year

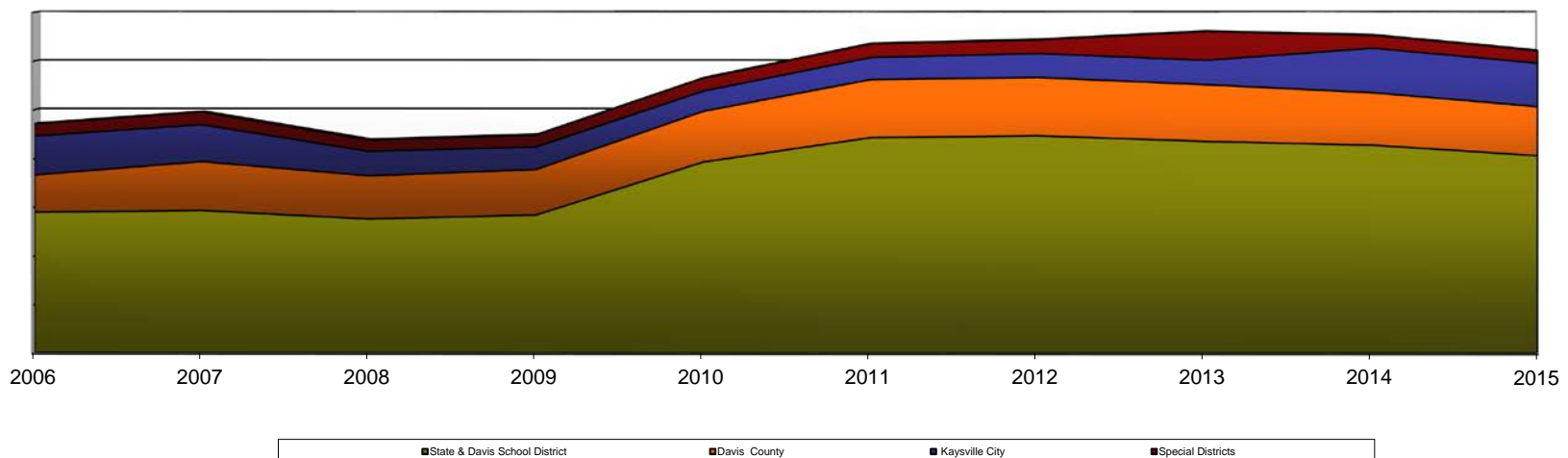
(2) Overlapping rates are those of local and county governments that apply to property owners within Kaysville City.

NA- Not Applicable- In 2007 Kaysville City Library became part of the County Library system

Source:

Davis County Auditor's Office / Kaysville City Finance Department

Property Tax Rates



**KAYSVILLE CITY CORPORATION**

**Table 12 - Principal Property Tax Payers with Comparison  
June 30, 2016**

Taxpayer	Type of Business	December 31, 2015 Taxable Valuation			December 31, 2005 Taxable Valuation		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Park Place I, LC	Investment Properties	\$7,168,516	1	0.47%	\$3,499,104	6	0.43%
Boondocks Properties, LLC	Recreational	\$5,322,220	2	0.35%			
KBP Office Group & Warehouse	Real Estate	\$5,278,992	3	0.34%	\$4,972,610	2	0.61%
IHC Health Services Inc	Medical Services	\$5,235,424	4	0.34%			
Zions First National Bank	Bank	\$4,727,440	5	0.31%			
JB Journey, LLC- Blaine Jensen	Recreational Sales	\$4,501,064	6	0.29%	\$4,904,335	3	0.60%
M2Properties Inc	Real Estate	\$3,965,000	7	0.26%			
Bates Sportsplex, LLC	Tax Software Provider	\$3,945,000	8	0.26%			
Access Park LC	Investment Properties	\$3,825,000	9	0.25%	\$3,191,800	10	0.39%
HCP Utah LLC	Distribution Warehouse	\$3,500,000	10	0.23%	\$4,228,000	4	0.52%
Fieldstone Homes	Real Estate				\$5,436,660	1	0.67%
Albertson's	Grocery				\$3,659,278	5	0.45%
Bowman Investment Company LTD	Investment Properties				\$3,373,747	7	0.42%
Questar Gas	Natural Gas Distribution				\$3,278,947	8	0.40%
Qwest Communications	Communications				\$3,196,382	9	0.39%
		\$47,468,656		3.10%	\$39,740,863		4.88%

Source: Davis County Auditor / Kaysville City Finance Department

# KAYSVILLE CITY CORPORATION

**Table 13 - Property Value of Construction in Kaysville**  
**June 30, 2016**

Year	Commercial Construction Number of Permits	Estimated Value	Residential Construction Number of Permits	Estimated Value	Estimated Increase of Property Value
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
2009	18	\$1,809,004	184	\$17,418,824	\$19,227,828
2008	26	\$5,045,536	208	\$21,547,480	\$26,593,016
2007	23	\$5,719,928	323	\$45,143,142	\$50,863,070
2006	17	\$3,696,661	536	\$93,727,957	\$97,424,618

Notes: (1) Number of Permits includes all permits including remodels and additions  
**Based on Calendar Year - 2015 - 174 Single Family Homes**

Source: Davis County Department of Community and Economic Development  
 2015 Construction Monitor

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

June 30, 2016

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Taxable Value	\$1,540,915,428
Estimated Market Value	\$2,561,662,045
Debt Limit - Four Percent of Market Value	\$102,466,482
Less: Outstanding General Obligation Bonds	\$0
Lease Revenue Bonded Debt	\$6,058,898
Legal Debt Margin - Additional Debt Capacity	\$96,407,584

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, 2016**

Entity	2015 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	\$1,540,915,428	\$1,540,915,428	100.00%	\$0	\$0
Overlapping:					
Davis County	\$18,870,014,310	\$1,540,915,428	8.17%	\$634,647,180	\$51,824,954
Davis County School District	\$18,877,150,704	\$1,540,915,428	8.16%	\$424,740,000	\$34,670,933
State of Utah	\$224,103,168,575	\$1,540,915,428	0.69%	\$2,498,895,000	\$17,182,202
Weber Basin Water District	\$47,945,468,733	\$1,540,915,428	3.21%	\$21,139,452	\$679,399
Total - Overlapping General Obligation Debt					\$104,357,488
Total - Direct and Overlapping General Obligation Debt					\$104,357,488

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, 2016

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				
2016	\$0	\$4,829,000	\$317,302	\$401,168	\$0	\$0	\$501,428	\$6,048,898	Not Available	Not Available	\$196
2015	\$0	\$5,098,000	\$634,604	\$553,252	\$0	\$0	\$297,244	\$6,583,100	Not Available	Not Available	\$218
2014	\$0	\$5,750,000	\$1,216,659	\$627,154	\$0	\$0	\$573,529	\$8,167,342	0.9339%	\$ 874,581,542	\$278
2013	\$0	\$598,000	\$0	\$760,189	\$0	\$1,269,207	\$371,524	\$2,998,920	0.3600%	\$ 833,105,779	\$105
2012	\$0	\$885,000	\$100,000	\$0	\$0	\$1,586,508	\$573,689	\$3,145,197	0.4074%	\$ 772,097,859	\$112
2011	\$0	\$1,165,000	\$1,386,955	\$0	\$0	\$1,903,809	\$264,636	\$4,720,400	0.6124%	\$770,749,022	\$173
2010	\$0	\$1,635,000	\$1,786,955	\$90,479	\$0	\$2,221,110	\$372,489	\$6,106,033	0.8600%	\$709,966,722	\$227
2009	\$0	\$398,000	\$2,839,205	\$177,202	\$0	\$2,538,411	\$474,516	\$6,427,334	0.9678%	\$664,114,615	\$246
2008	\$0	\$585,000	\$1,216,428	\$260,326	\$0	\$2,855,712	\$229,517	\$5,146,983	0.7669%	\$671,143,224	\$203
2007	\$0	\$764,000	\$777,552	\$339,999	\$0	\$3,173,010	\$22,392	\$5,076,953	0.8090%	\$627,528,773	\$206

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, 2016**

Coverage	Company	Term	Limits	Deductible
Property	Travelers	10/01/2015 - 9/30/2016	Scheduled at Value	\$10,000
General Liability	Travelers	10/01/2015 - 9/30/2016	\$1,000,000 / \$2,000,000	\$10,000
Law Enforcement	Travelers	10/01/2015 - 9/30/2016	\$1,000,000/ \$1,000,000	\$10,000
Public Officials Management	Travelers	10/01/2015 - 9/30/2016	\$1,000,000/ \$2,000,000	\$5,000
Employment Practices	Travelers	10/01/2015 - 9/30/2016	\$5,000,000/ \$5,000,000	\$10,000
Employee Benefits	Travelers	10/01/2015 - 9/30/2016	\$1,000,000 / \$3,000,000	\$1,000
Automobile - Physical Damage	Travelers	10/01/2015 - 9/30/2016	Schedule	\$1,000 - Comp & Coll.
Automobile Liability	Travelers	10/01/2015 - 9/30/2016	\$1,000,000	\$5,000
Inland Marine	Travelers	10/01/2015 - 9/30/2016	Scheduled at Value	\$10,000
Cyber Liability	Travelers	10/01/2015 - 9/30/2016	\$1,000,000	\$5,000
Crime	Travelers	10/01/2015 - 9/30/2016	\$250,000	\$1,000
ID Fraud	Travelers	10/01/2015 - 9/30/2016	\$25,000 per employee	---
Custom Excess Liability	Travelers	10/01/2015 - 9/30/2016	\$10,000,000	\$10,000
Treasurer Bond	Liberty Mutual	10/01/2015 - 9/30/2016	\$1,250,000	\$0
Deputy Treasurer Bond	Liberty Mutual	10/01/2015 - 9/30/2016	\$1,250,000	\$0

**KAYSVILLE CITY CORPORATION****Table 18 - Demographic & Economic Statistics****June 30, 2016**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2016	30,135	Not Available	Not Available	4.0%
2015	29,400	Not Available	Not Available	3.6%
2014	28,683	\$874,581,542	30,491.74	3.6%
2013	27,983	\$833,105,779	29,771.85	4.6%
2012	27,300	\$772,097,859	28,281.97	5.3%
2011	26,885	\$770,749,022	28,668.37	5.6%
2010	26,102	\$709,966,722	27,199.71	6.2%
2009	25,342	\$664,114,615	26,206.09	5.9%
2008	24,604	\$671,143,224	27,277.81	3.3%
2007	23,888	\$627,528,773	26,269.62	2.6%

# KAYSVILLE CITY CORPORATION

## Table 19 - Population Growth

June 30, 2016

Fiscal Year	Population	Increase	Percentage Increase
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%
1987	12,219	361	3.04%
1986	11,858	355	3.09%
1980	10,331	4,139	66.84%
1970	6,192	2,584	71.62%
1960	3,608	1,710	90.09%

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, 2016**

Date of Incorporation March 15, 1868

Form of Government Council - Manager

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Area in Square Miles	11	11	11	11	11	11	11	11	10.48	10.38
Miles of Streets	135	135	118	118	117	117	117	114	113	112
Fire Protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of full time / part time firefighters	5	2	2	2	2	2	2	2	2	2
Number of volunteer firefighters	33	38	32	32	32	32	32	32	31	32
Police Protection										
Number of sworn officers	26	25	23	23	20	20	20	20	20	19
Number of other employees	3	3	3	3	3	3	3	3	3	3
Parks and Recreation										
Number of Parks	11	11	11	11	11	11	11	11	9	9
Number of Acres Available	370	370	370	370	370	370	221	250	250	245
Number of Acres Developed	137	137	137	137	137	137	148	124	121	121
Education										
Number of high schools	1	1	1	1	1	1	1	1	1	1
Number of junior high schools	3	3	3	3	3	3	2	2	2	2
Number of elementaries	8	8	8	8	8	8	8	7	7	7
Public Utilities										
Number of water customers	8,433	8,238	8,033	7,875	7,747	7,651	7,504	7,365	7,203	7,002
Annual usage (gallons)	687,219,759	756,951,873	861,327,270	731,604,000	744,896,362	740,760,000	774,608,000	820,468,000	889,276,000	792,672,000
Miles of water Lines	145	124	138	138	143	140	139	138	130	127
Number of power customers	9,333	9,275	8,945	8,646	8,587	8,425	8,347	8,252	8,099	7,891
Annual kwh usage	1,412,854,164	138,681,528	138,670,161	136,008,060	133,466,016	130,836,555	128,288,144	127,513,424	126,415,924	118,508,575
Miles of power lines	147	147	145	140	232	229	137	136	135	133
Number of street lights	944	917	856	856	833	856	817	928	809	721
City Employees at June 30, 2013										
Elected	6	6	6	6	6	6	6	6	6	6
Full-time	95	90	81	81	78	78	78	78	78	72
General Governmental	13	13	11	11	11	11	11	11	11	
Police	29	28	26	26	23	23	23	23	23	
Fire/ Ambulance	5	2	2	2	2	2	2	2	2	
Community Development	8	8	8	8	8	8	8	8	8	
Public Works	16	16	15	15	15	15	15	15	15	
Parks & Cemetery	8	7	4	4	4	4	4	4	4	
Electrical	16	16	15	15	15	15	15	15	15	
Part-time/Temporary/Seasonal	30-35	30-35	30-35	30-35	30-35	30-35	30-35	40	40	40

## COMPLIANCE SECTION



*Utah's  
Hometown*



***Jared Ward***

Olympic Marathon Runner  
from Kaysville City  
Placed 6<sup>th</sup> in 2016 Olympics



# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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## **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**

### *Independent Auditors' Report*

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 24, 2016.

### ***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. 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. We did identify certain deficiencies in internal control which are described in a separate letter to management, dated October 24, 2016.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in a separate letter to management, dated October 24, 2016.

#### ***Management's Response to Findings***

The City's response to the findings identified in our audit are described in the separate letter to management. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### ***Purpose of this Report***

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

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

October 24, 2016

## **STATE COMPLIANCE AUDIT SECTION**



# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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## **REPORT IN ACCORDANCE WITH THE *UTAH STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND INTERNAL CONTROL OVER COMPLIANCE***

### *Independent Auditors' Report*

Honorable Mayor and Members of the City Council  
Kaysville City Corporation

### ***Report On Compliance with General State Compliance Requirements***

We have audited the Kaysville City Corporation's (the City) compliance with the applicable general state compliance requirements described in the *Utah State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

Cash Management	Enterprise Fund Transfers,
Budgetary Compliance	Reimbursements, Loans, and
Fund Balance	Services
Justice Courts	Restricted Taxes and Related Revenues
Impact Fees	Treasurer's Bond
Utah Retirement Systems	Open and Public Meetings Act

### ***Management's Responsibility***

Management is responsible for compliance with the general 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 compliance requirements referred to above that could have a direct and material effect on the City 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 with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on General State Compliance Requirements***

In our opinion, Kaysville City Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2016.

### ***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 a separate letter to management dated October 24, 2016. Our opinion on compliance is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the separate letter to management. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### ***Report On Internal Control over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general 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 general 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 general 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 financial reporting that might *be material weaknesses* or *significant deficiencies*. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be *material weaknesses*. However, material weaknesses may exist that have not been identified.

We did identify certain deficiencies in internal control over compliance. These matters are described in a separate letter to management, dated October 24, 2016.

***Purpose of This Report***

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

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

October 24, 2016