

Layton City Corporation



Comprehensive Annual Financial Report

Layton, Utah

Fiscal Year Ended June 30, 2012

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Layton, Utah

Fiscal Year Ended June 30, 2012

Prepared by:
Finance Department

LAYTON CITY CORPORATION

TABLE OF CONTENTS

Introductory Section

	<u>Page</u>
Letter of Transmittal	1
GFOA Certificate of Achievement	5
Organizational Chart	6
Listing of Principal City Officials	7

Financial Section

Independent Auditors' Report	8
Management's Discussion and Analysis	10

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets	20
Statement of Activities	21

Fund Financial Statements:

Balance Sheet – Governmental Funds	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	25
Statement of Net Assets – Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28
Notes to Financial Statements	30

Combining Fund Statements:

Nonmajor Governmental Funds:	47
Combining Balance Sheet – Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	50
Nonmajor Proprietary Funds:	52
Combining Statement of Net Assets – Nonmajor Proprietary Funds	53
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Proprietary Funds	54
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	55

LAYTON CITY CORPORATION

	<u>Page</u>
Individual Fund Schedules:	
General Fund - Comparative Balance Sheet	56
General Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	57
Emergency Dispatch Service Fund - Comparative Balance Sheet	58
Emergency Dispatch Service Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	59
Victims Services Fund - Comparative Balance Sheet	60
Victims Services Fund – Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	61
Community Development Block Grant Fund - Comparative Balance Sheet	62
Community Development Block Grant Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	63
Impact Fee Fund - Comparative Balance Sheet	64
Impact Fee Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	65
Redevelopment Agency Fund - Comparative Balance Sheet	66
Redevelopment Agency Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	67
Debt Service Fund - Comparative Balance Sheet	68
Debt Service Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	69
Capital Projects Fund - Comparative Balance Sheet	70
Capital Projects Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	71
Water Fund - Comparative Schedule of Net Assets	72
Water Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Assets	73
Storm Sewer Fund – Comparative Schedule of Net Assets	74
Storm Sewer Fund – Comparative Schedule of Revenues, Expenses and Changes in Fund Net Assets	75
Sewer Fund - Comparative Schedule of Net Assets	76
Sewer Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Assets	77
Refuse Fund - Comparative Schedule of Net Assets	78
Refuse Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Assets	79
Swimming Pool Fund - Comparative Schedule of Net Assets	80
Swimming Pool Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Assets	81
Emergency Medical Services Fund - Comparative Schedule of Net Assets	82

LAYTON CITY CORPORATION

	<u>Page</u>
Emergency Medical Services Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Assets	83
Athletic Programs Fund - Comparative Schedule of Net Assets	84
Athletic Programs Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Assets	85
UIA Telecom Infrastructure Fund – Comparative Schedule of Net Assets	86
UIA Telecom Infrastructure Fund – Comparative Schedule of Revenues, Expenses and Changes in Fund Net Assets	87

Component Unit Fund Schedules:

Davis Metro Narcotics Strike Force Fund – Comparative Balance Sheet	88
Davis Metro Narcotics Strike Force Fund – Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	89

Statistical Section

Statistical Section Description	90
Net Assets by Component	91
Changes in Net Assets	92
Governmental Activities Tax and Special Assessment Revenues by Source	94
Fund Balances of Governmental Funds	95
Changes in Fund Balances of Governmental Funds	96
Principal Sales Tax Payers	97
Direct and Overlapping Sales Tax Rates	98
Assessed and Estimated Actual Value of Taxable Property	99
Property Tax Rates – Direct and Overlapping Governments	100
Ratios of Outstanding Debt by Type	101
Ratios of General Obligation Bonded Debt Outstanding	102
Direct and Overlapping Governmental Activities Debt	103
Legal Debt Margin Information	104
Pledged Revenue Coverage – Sales Tax Revenue and Refunding Bonds	105
Demographic and Economic Statistics	106
Principal Employers	107
Full-Time Equivalent City Government Employees by Function	108
Operating Indicators by Function	109
Capital Asset Statistics by Function	110

LAYTON CITY CORPORATION

Compliance Reports

Page

Report of Independent Certified Public Accountants on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	111
Report of Independent Certified Public Accountants on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	113
Schedule of Expenditures of Federal Awards	115
Notes to Schedule of Expenditures of Federal Awards	116
Schedule of Findings and Questioned Costs	118
Independent Certified Public Accountants' Report on Compliance in Accordance with the State of Utah Legal Compliance Audit Guide	120

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Layton City Corporation

Introductory Section

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Mayor • J. Stephen Curtis
City Manager • Alex R. Jensen
Asst. City Manager • James S. Mason

• Finance Department •
Tracy R. Probert, CPA • Director
Telephone: (801) 336-3880
Fax: (801) 336-3889

November 16, 2012

To the Honorable Mayor, City Council and Citizens of Layton City, Utah

State law requires that all cities publish, within six months of the close of the fiscal year, a complete set of financial statements presented in conformance to generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a qualified, licensed certified public accounting firm. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Layton City, Utah, for the fiscal year ended June 30, 2012.

The financial statements are prepared to comply with reporting requirements promulgated by the Government Accounting Standards Board (GASB). City-wide statements consolidate all funds and component units of the City and use the full accrual basis of accounting with a flow of financial resources measurement focus. The city-wide statements make it easier to measure and analyze the changes in financial position over time.

This report consists of management's representations concerning the finances of Layton City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented herein. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse, and to compile reliable information for the preparation of the financial statements in conformity with GAAP. The City's framework of internal controls is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The cost of internal controls should not outweigh their benefit to the City. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements have been audited by Hansen, Bradshaw, Malmrose & Erickson, PC, a licensed certified public accounting firm qualified to perform audits of municipal governments. The goal of the independent audit was to provide reasonable assurance that the financial statements of Layton City for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Layton City's financial statements for



the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented at the beginning of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require that in addition to reporting on the fair presentation of the financial statements, the auditor test and report on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving federal awards and grants. These reports are included as a separate section of this report.

This comprehensive annual financial report is presented in four sections as follows:

1. The Introductory Section includes this letter of transmittal, the Government Finance Officers Associations' reporting certificate, an organizational chart and a list of elected and appointed officials.
2. The Financial Section includes the independent auditors' report, management's discussion and analysis, the basic financial statements, combining fund statements, and individual fund schedules. This section also includes fund level reports for a discretely presented component unit that does not issue separate reports.
3. The Statistical Section includes tables and graphs of selected financial and demographic information. Some tables include a ten year comparative history.
4. The Compliance Reports Section includes the independent auditors' reports that are required under the "Single Audit" for federal grants and the State legal compliance reports.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This section is found immediately following the independent auditors' report.

Brief Demographics and Government Structure

Layton City was incorporated in 1920 and is located in Davis County between the metropolitan areas of Salt Lake City to the south and Ogden City to the north. Layton is currently the largest city in Davis County with a 2010 census population of 67,311. The City is empowered by state statutes to function as a city of the second-class. Layton City has operated under a council-manager form of government since 1985. The governing body is composed of a mayor and five council members who are elected at large to four-year staggered terms. The governing body is the policy-making and legislative authority of the City. The Mayor is the chair of the governing body but only votes in case of a tie. The Mayor and City Council appoint a city manager who is delegated all administrative functions. The City Manager appoints department directors with the consent and approval of the governing body.

Reporting Entity and Services Provided

This financial report includes the financial information of three legally separate entities, namely: Layton City Corporation, Redevelopment Agency of Layton City, Utah, and Davis Metro Narcotics Strike Force. They are included in the financial report because of their nature and close



relationship. The City created the redevelopment agency to further the purposes of the City. The City voluntarily agreed to be the oversight and lead agency for the Davis Metro Narcotics Strike Force, a multi-entity drug enforcement group. Additional information about how these entities are included in the report can be found in the notes to the financial statements on page 30.

Layton City provides a full range of services, including police, fire, emergency medical, streets, water, sewer, storm sewer, planning, zoning, building inspection, parks, recreation and general administration.

Economic Conditions

The City experienced a decline in revenues for three consecutive years prior to fiscal year 2012. During fiscal year 2012 revenues have rebounded slightly, but are far from 2008 levels. Housing construction improved during the year. Revenues associated with construction, namely building permits and development impact fees, although improving, remain below the levels of three to four years ago. Sales tax has begun to improve with 10 months of monthly receipts coming in higher than the prior year. Sales tax revenues for the year were 7.27% higher than the previous year. Property tax rates and levies by the City have remained relatively constant even though property values have declined somewhat. The property tax formula, provided in state law, is revenue based and the tax rate adjusts to provide the same revenue from year to year regardless of valuation changes.

Layton City is the commercial retail hub of the northern part of the county with the only indoor mall. The City is bisected by the only north/south interstate highway in Utah and is convenient for both shoppers and businesses.

Layton City is adjacent to Hill Air Force Base, which is a major employer in the state and makes a significant contribution to the economics of northern Utah. They employ 10,000 – 15,000 with annual payroll of approximately \$750 million. Unemployment in the County is at an annual average of 6.2% for June 2012. That is somewhat favorable compared to the national unemployment rate of 8.1%.

Layton City has been able to weather the economic slowdown reasonably well. Resources have been redirected from one-time capital projects to maintain ongoing operations. There have not been cuts to services and only one employee has been laid off. A few positions have not been filled after employees have left voluntarily.

Long-term Financial Planning

Financial policy dictates that 5% to 18% of general fund revenue be kept in the unassigned fund balance of the general fund. Each year's budget plan targets an amount within that range and may be higher or lower depending on operational and capital needs of that year. The unassigned fund balance for fiscal year ended June 30, 2012, was 18.1% of revenue.

The Council and management attempt to finance all City operations on a pay as you go basis. Issuing debt is avoided if at all possible. The City has been reasonably successful and has a very low debt compared to cities of similar size and character.



The City uses a five year capital improvement plan to focus on upcoming projects that will require funding. Modification of the plan and reprioritization of projects takes place annually.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Layton City for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the seventeenth consecutive year the City received the award. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

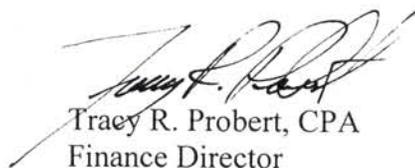
A Certificate of Achievement is valid for a period of one year. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements.

We would like to thank the finance department staff for their efforts in preparing this report. Due credit for the excellent financial condition of the City should be given to the Mayor and City Council for their support of sound financial planning and management. We believe that the financial operation of the City continues to be responsible, progressive and frugal.

Respectfully submitted,



Alex R. Jensen
City Manager



Traey R. Probert, CPA
Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Layton City Corporation
Utah

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

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



Linda C. Danison

President

Jeffrey R. Enos

Executive Director

Layton City Corporation Organization Chart



LAYTON CITY CORPORATION

Listing of Principal City Officials

Governing Body

Mayor	J. Stephen Curtis
Council Member	Michael J. Bouwhuis
Council Member	Scott Freitag
Council Member	Joyce F. Brown
Council Member	Barry T. Flitton
Council Member	Jory Francis

City Manager

City Manager	Alex R. Jensen
Assistant City Manager	James S. Mason

Management Staff

Director of Management Services	James S. Mason
Director of Public Works	Terry R. Coburn
Director of Community & Economic Development	William T. Wright
City Attorney	Gary R. Crane
Chief of Police	Terry M. Keefe
Chief of Fire	Kevin C. Ward
Director of Parks and Recreation	David R. Price
Director of Finance	Tracy R. Probert

Other Administrative Officials

City Treasurer	Seth Pilkington
City Recorder	Thieda R. Wellman
Deputy City Recorder	Tracy R. Probert
City Engineer	James F. Woodruff

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Layton City Corporation

Financial Section

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Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Layton City Corporation, Utah (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Layton City Corporation, Utah, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining nonmajor fund financial statements, the comparative individual fund schedules, budgetary comparison information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements, the comparative individual fund schedules, budgetary comparison information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

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

November 16, 2012

Management's Discussion and Analysis

The management of Layton City presents the following narrative and analysis of the financial statements and financial activities of Layton City as prescribed by the Government Accounting Standards Board (GASB). The information and analysis pertains to the fiscal year ended June 30, 2012.

Financial Highlights

The assets of Layton City exceeded its liabilities at June 30, 2012, by \$246,045,438 (net assets). Of this amount, \$17,109,908 (unrestricted net assets) may be used to meet the government's ongoing obligations.

Layton City's total net assets increased during the fiscal year by \$1,170,391. The majority of the increase came from the construction of the Layton parkway and new developments in the form of streets, parks, water, sewer, and storm sewer lines.

Layton City's governmental funds reported combined ending fund balances of \$12,640,562 at June 30, 2012, an increase of \$684,914 in comparison to the previous year. Of the ending fund balances, \$5,348,811 was unassigned and available for spending at the City's discretion.

At June 30, 2012, unassigned fund balance of the general fund was \$5,348,811, or 18.3% of total general fund expenditures for the year.

Layton City's total debt decreased \$565,000 from principal payments on bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Layton City's basic financial statements. Layton City's basic financial statements comprise 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 contains other supplementary information for individual funds, ten year historical tables and other statistical tables.

Government-wide financial statements. The government-wide financial statements are designed to provide a broad overview of Layton City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Layton City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as an indicator of changes in the financial position of the City.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes that have been levied but not received.

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

charges (business-type activities). The governmental activities of Layton City include general government, public safety, community and economic development, streets and public improvements, and parks and recreation. The business-type activities of Layton City include services for water, sewer (sanitary), storm sewer, refuse, athletic programs, swimming pool, telecom infrastructure (UIA) and emergency medical services (EMS).

The government-wide financial statements include Layton City (known as the primary government) and two separate legal entities (known as component units). The financial information for the Redevelopment Agency of Layton City, Utah (Agency), and Davis Metro Narcotics Strike Force (Strike Force) are included in the statements. Because the City's governing body is the same as the governing board of the Agency, and can substantially control it, their financial information is blended and reported together with the financial information presented for the primary government. The Strike Force is reported discretely (in separate rows and columns) from the primary government because the governing bodies of each are completely separate and the City cannot impose its will on affairs of the Strike Force. The Strike Force is included in the financial statements for Layton City because of a unique relationship. Grants that fund a substantial portion of the operating expenses can only be obtained from Federal and State governments by Layton City on behalf of the Strike Force. The Strike Force, of itself, cannot obtain the grants.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Layton City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. All funds of Layton City can be divided into two categories: governmental funds, and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Layton City maintains eight (8) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for general fund and capital projects fund, which are considered to be major funds. Data from the other six (6) governmental funds are combined into a single, aggregate presentation and are considered to be nonmajor funds. Individual fund schedules and combining statements are provided elsewhere in the report.

Layton City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Proprietary funds. Layton City maintains one type of proprietary fund known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, storm sewer, sewer, refuse, swimming pool, emergency medical services, UIA and athletic programs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, storm sewer, sewer, and refuse funds because they are considered to be major funds. Conversely, the swimming pool, emergency medical services, UIA and athletic programs funds are considered to be nonmajor and are combined into a single aggregated presentation. Individual fund schedules and combining financial statements are provided elsewhere in the report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements and individual fund schedules referred to earlier in connection with nonmajor governmental funds. They are presented immediately following the notes to the financial statements. Selected statistical information is presented in tabular and chart form. Auditor reports on compliance are included at the end of the document.

Government-wide Financial Analysis

As noted earlier, net assets is an indicator of a government’s financial position. In the case of Layton City, assets exceeded liabilities by \$246,045,438 at the close of the fiscal year.

The largest portion of the City’s net assets (91.7%) represents investment in capital assets (land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Layton City Net Assets

	Govern- mental activities 2012	Govern- mental activities 2011	Business- type activities 2012	Business- type activities 2011	Total 2012	Total 2011
Current and other assets	\$ 24,333,454	\$ 26,842,020	\$ 11,746,931	\$ 9,970,420	\$ 36,080,385	\$ 36,812,440
Capital assets	148,806,378	149,897,581	81,640,448	81,878,430	230,446,826	231,776,011
Total assets	173,139,832	176,739,601	93,387,379	91,848,850	266,527,211	268,588,451
Long-term liabilities	6,193,124	6,371,472	1,184,737	1,370,081	7,377,861	7,741,553
Other liabilities	11,672,098	14,862,130	1,431,814	1,109,724	13,103,912	15,971,854
Total liabilities	17,865,222	21,233,602	2,616,551	2,479,805	20,481,773	23,713,407
Net assets:						
Invested in capital assets, net of related debt	144,556,214	145,405,569	80,940,448	80,843,430	225,496,662	226,248,999
Restricted	2,703,393	3,012,781	735,475	1,006,543	3,438,868	4,019,324
Unrestricted	8,015,003	7,087,649	9,094,905	7,519,072	17,109,908	14,606,721
Total net assets	\$ 155,274,610	\$ 155,505,999	\$ 90,770,828	\$ 89,369,045	\$ 246,045,438	\$ 244,875,044

A portion of the City's net assets \$3,438,868 represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets of \$17,109,908 may be used to pay for the City's obligations and ongoing operations.

At June 30, 2012, the City was able to report positive balances in all three categories of net assets; governmental activities, business-type activities, and the government as a whole.

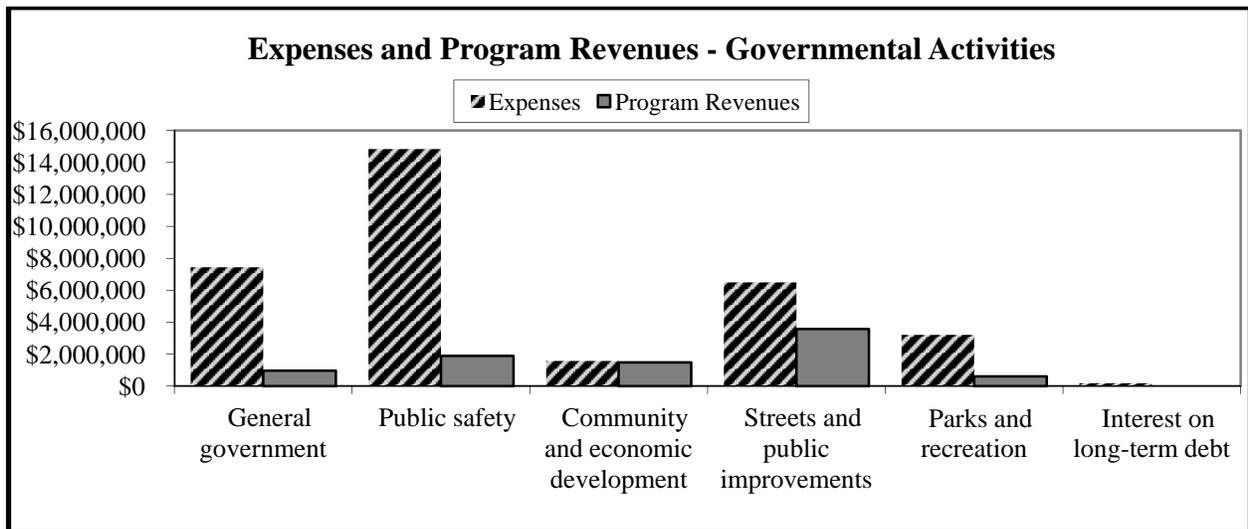
Layton City Changes in Net Assets

	Govern- mental activities 2012	Govern- mental activities 2011	Business- type activities 2012	Business- type activities 2011	Total 2012	Total 2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,511,450	\$ 2,997,429	\$ 17,960,181	\$ 16,568,735	\$ 21,471,631	\$ 19,566,164
Operating grants and Contributions	2,574,612	3,235,978	632,024	630,701	3,206,636	3,866,679
Capital grants and contributions	2,443,291	7,922,119	625,272	2,889,352	3,068,563	10,811,471
General revenues:						
Property and uniform vehicle Taxes	7,676,248	7,025,590			7,676,248	7,025,590
Sales taxes	11,283,192	10,518,822			11,283,192	10,518,822
Other taxes	5,513,509	5,435,162			5,513,509	5,435,162
Other	454,243	425,480	67,474	117,732	521,717	543,212
Total revenues	\$ 33,456,545	\$ 37,560,580	\$ 19,284,951	\$ 20,206,520	\$ 52,741,496	\$ 57,767,100
Expenses:						
General government	\$ 7,433,854	\$ 5,813,624			\$ 7,433,854	\$ 5,813,624
Public safety	14,838,923	14,513,104			14,838,923	14,513,104
Community and economic Development	1,570,675	2,098,524			1,570,675	2,098,524
Streets and public improvements	6,493,396	5,850,053			6,493,396	5,850,053
Parks and recreation	3,201,068	3,162,662			3,201,068	3,162,662
Interest on long-term debt	174,655	186,051			174,655	186,051
Water			5,153,375	4,690,063	5,153,375	4,690,063
Storm sewer			1,933,852	1,857,744	1,933,852	1,857,744
Sewer			4,507,113	4,241,115	4,507,113	4,241,115
Refuse			2,668,136	2,622,967	2,668,136	2,622,967
Swimming pool			970,385	908,394	970,385	908,394
EMS			2,317,493	2,148,668	2,317,493	2,148,668
UIA			8,252		8,252	
Athletic programs			299,928	323,522	299,928	323,522
Total expenses	\$ 33,712,571	\$ 31,624,018	\$ 17,858,534	\$ 16,792,473	\$ 51,571,105	\$ 48,416,491
Increase in net assets before Transfers	(256,026)	5,936,562	1,426,417	3,414,047	1,170,391	9,350,609
Transfers	24,637	(289,235)	(24,637)	289,235	-	-
Increase (decrease) in net assets	\$ (231,389)	\$ 5,647,327	\$ 1,401,780	\$ 3,703,282	\$ 1,170,391	\$ 9,350,609
Net assets, beginning	155,505,999	149,858,672	89,369,048	85,997,000	244,875,047	235,855,672
Prior period adjustment				(331,234)	-	(331,234)
Net assets, beginning as restated	155,505,999	149,858,672	89,369,048	85,665,766	244,875,047	235,524,438
Net assets, ending	\$ 155,274,610	\$ 155,505,999	\$ 90,770,828	\$ 89,369,048	\$ 246,045,438	\$ 244,875,047

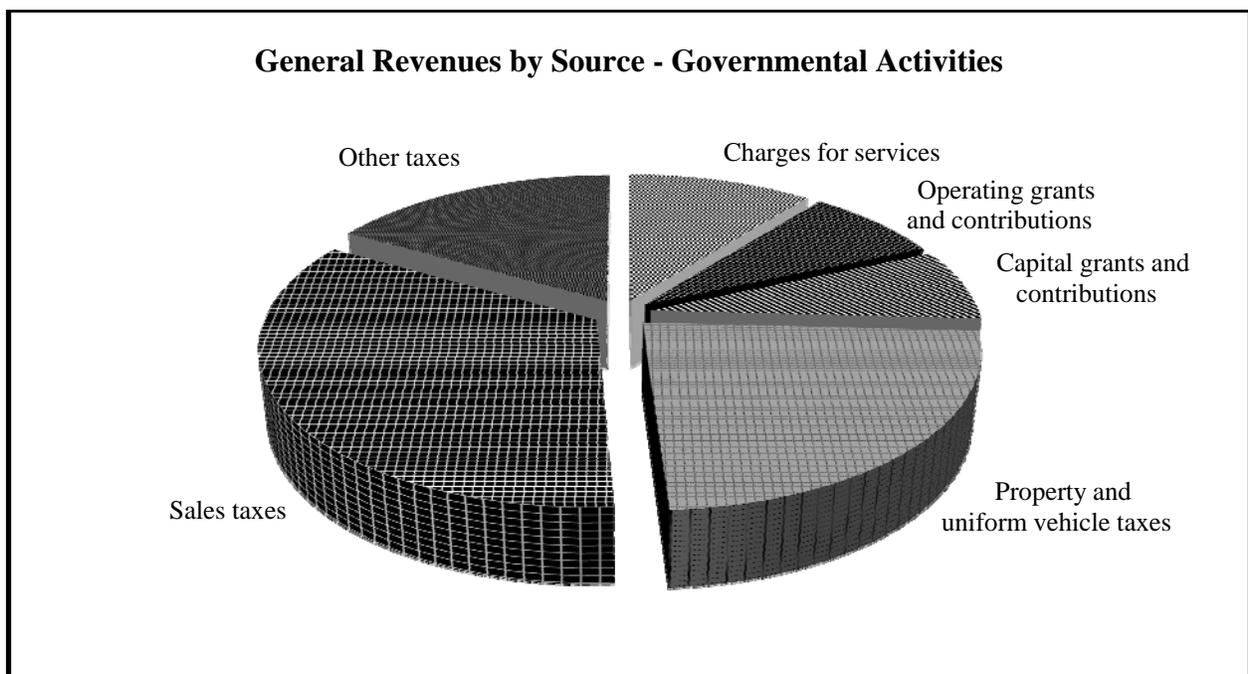
Governmental activities. As noted in the table above, governmental activities decreased the City’s net assets by (\$231,389) in the current fiscal year. Key elements affecting the decrease were as follows:

1. Capital contribution of streets and related infrastructure, including the underlying land.
2. Operations of the governmental activities.
3. Disposal of capital assets.

Traditionally general government, public safety, and parks and recreation activities are funded by general revenue sources such as taxes rather than program revenues. Community and economic development is primarily funded by fees. Streets and public improvements are funded with a combination of general revenue sources, fees, developer contributions and fuel taxes. The following chart depicts governmental activity expenses compared to program revenues attributed to the activity.



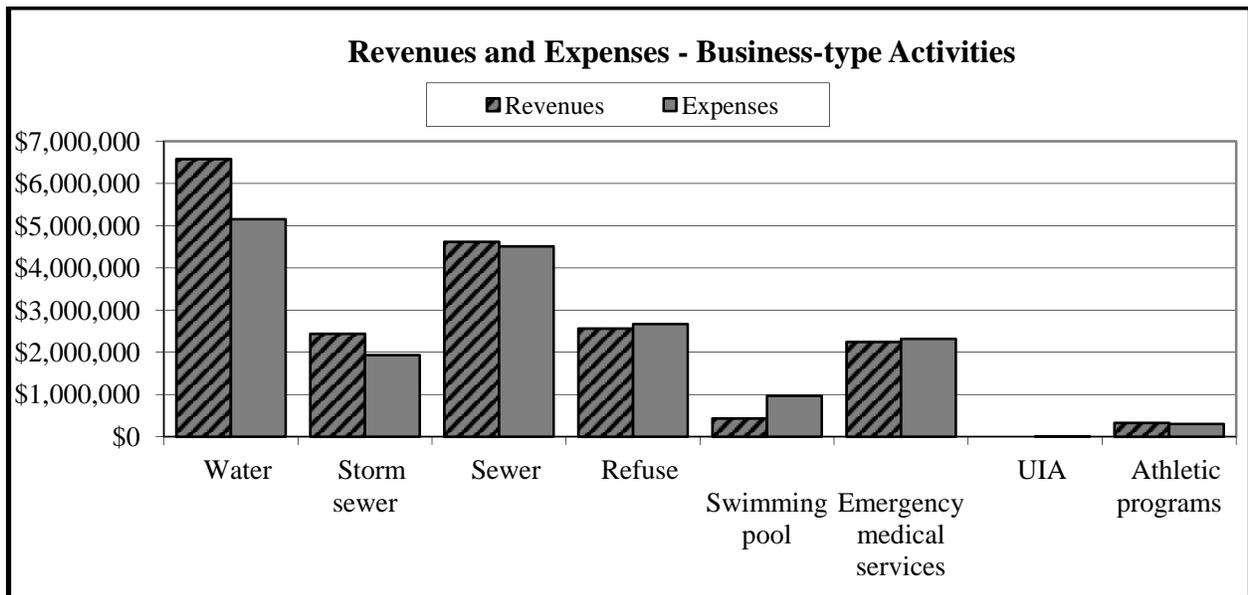
The following chart displays the major sources of general revenues for governmental activities. Taxes accounted for 73.1% of total revenue that funds governmental activities.



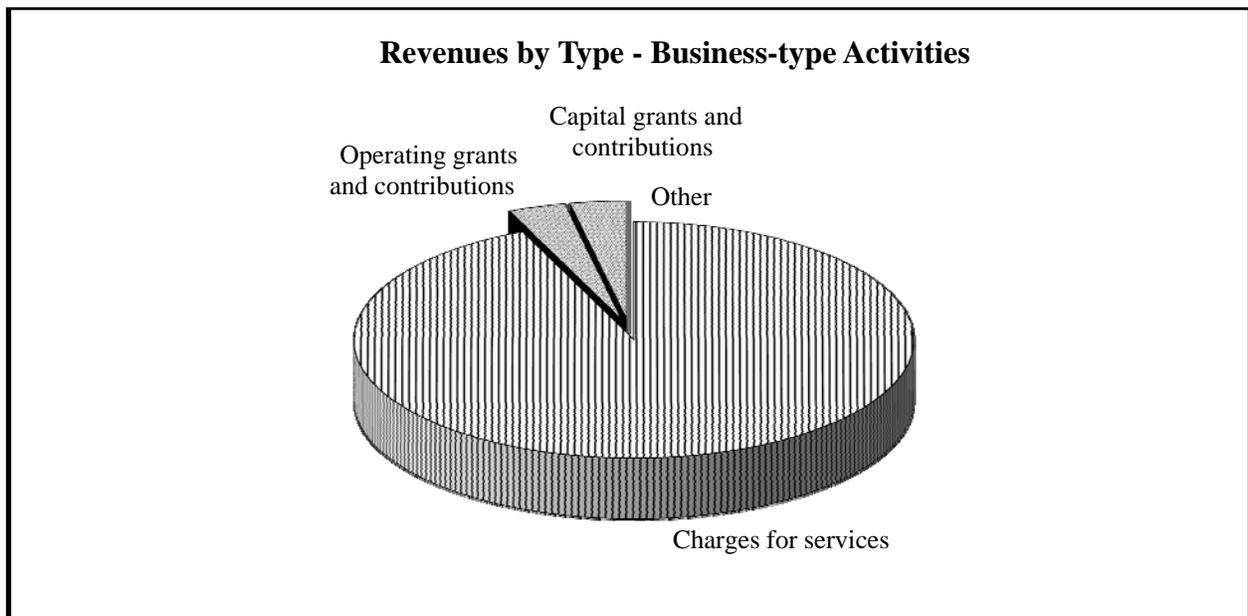
Business-type activities. As noted in the table “Layton City Changes in Net Assets,” business-type activities increased the City’s net assets by \$1,401,780. Key elements of the increase were as follows:

1. Capital contributions of \$613,251 were from developers in the form of utility lines and related systems.
2. Other increases generally resulted from regular operations and services.

Traditionally business-type activities are self supporting. The swimming pool didn’t generate enough program revenue and was supported by transfers from general revenue sources of the governmental activities. The following chart displays the business-type activities revenues compared to program expenses attributed to the activity.



Business-type activities are generally funded by charges for services and 93.3% of total revenue came from charges for services. The following chart displays the major groupings of business-type revenues:



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance is a useful measure of the government's net resources available for spending at the end of the fiscal year.

At June 30, 2012, the City's governmental funds reported combined ending fund balances of \$12,640,562, an increase of \$684,914. There are four components of fund balance; nonspendable, restricted, assigned, and unassigned. Unassigned fund balance of \$5,348,811 is available for spending at the City's discretion. Assigned fund balance of \$4,039,929 has been assigned to intended uses. Restricted fund balance of \$2,703,393 is funds that must be spent for specific purposes and may not be used for general governmental activities. Nonspendable fund balance of \$548,429 consists of prepaid expenses and a note receivable. The increase in fund balance was not projected at the beginning of the year. Revenues were higher than anticipated and expenditures were less than budgeted.

The general fund is the main operating fund of the City. At June 30, 2012, unassigned fund balance of the general fund was \$5,348,811, while the total fund balance was \$5,970,682. A comparison of the unassigned fund balance and total fund balance to total general fund expenditures is a measure of liquidity. Unassigned fund balance represented 18.3% of total general fund expenditures, while total fund balance represented 20.3% of total general fund expenditures. The City has very good liquidity.

The fund balance of the general fund increased \$459,130. The original budget plan for the year was to decrease the fund balance by \$1,605,239. Revenues were higher than anticipated and a focus on reducing expenditures made it possible to increase the fund balance instead of decrease it.

The fund balance of the capital projects fund decreased \$991,991. The decrease resulted from expenditures on funded projects. Funding of new projects was significantly lower because of reduced revenues and the need to retain funds within the general fund.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail and separated by fund.

Water fund. Unrestricted net assets at June 30, 2012, amounted to \$4,086,022, an increase of 30.3% from the previous year. Total net assets increased \$1,365,056. The primary elements of the increase were: 1) contributed assets by developers of \$503,748; and 2) income from operations of \$641,234.

Storm sewer fund. Unrestricted net assets at June 30, 2012, amounted to \$2,072,493, an increase of 31.6% from the previous year. Total net assets increased \$130,742. The primary elements of the increase were: 1) contributed assets by developers of \$94,884; and 2) income from operations of \$259,725.

Sewer fund. Unrestricted net assets at June 30, 2012, amounted to \$1,873,237, an increase of 16.6% from the previous year. Total net assets increased \$92,590. The primary elements of the increase were: 1) contributed assets by developers of \$26,640; and 2) income from operations of \$62,205.

Refuse fund. Unrestricted net assets at June 30, 2012, amounted to \$503,206, a decrease of 16.9%. Total net assets decreased \$102,104 and resulted from a loss in operations. The loss was anticipated at the beginning of the fiscal year and a user fee increase was adopted starting July 2012.

General Fund Budgetary Highlights

During the fiscal year, the general fund’s original budget for expenditures and transfers was amended from \$29,619,003 to a final budget total of \$30,321,225, an increase of \$702,222.

Actual expenditures and transfers were \$29,352,839 and were \$968,386 less than the final budget. The major element of the savings was from reduced expenditures by departments of \$968,386.

Capital Assets and Debt Administration

Capital assets. Layton City’s investment in capital assets for governmental and business-type activities as of June 30, 2012, was \$230,446,826 (net of accumulated depreciation). The investment in capital assets includes land, intangibles, water stock and rights, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. The total decrease in the City’s investment in capital assets for the current year was \$1,329,185 or .57%.

Major capital asset events during the current year included the following:

- 1) Developers contributed new subdivision streets and utility systems amounting to \$397,028.
- 2) The City expended \$3,779,775 on street projects, \$391,110 on water systems, \$936,391 on storm sewer systems, \$278,533 on sewer systems, \$137,000 on emergency medical services equipment, \$199,375 on police vehicles and equipment and \$164,575 on public works vehicles and equipment.
- 3) The main reductions in capital assets were, depreciation of \$6,177,696 and disposals of \$4,372,463, which included the Justice Center.

Layton City Capital Assets (net of depreciation)

	Governmental Activities 2012	Governmental Activities 2011	Business- type Activities 2012	Business- type Activities 2011	Total 2012	Total 2011
Land	\$ 76,757,890	\$ 76,517,899	\$ 1,106,363	\$ 1,106,363	\$ 77,864,253	\$ 77,624,262
Intangible	577,870	577,870	-	-	577,870	577,870
Water stock and rights	-	-	2,426,442	1,964,442	2,426,442	1,964,442
Buildings	15,706,805	18,988,678	2,250,824	2,250,824	17,957,629	21,239,502
Improvements other than buildings	4,239,363	4,239,363	417,579	417,579	4,656,942	4,656,942
Equipment and utility systems	16,705,012	16,378,616	110,860,745	110,139,104	127,565,757	126,517,720
Infrastructure	89,799,396	88,966,624	-	-	89,799,396	88,966,624
Construction in progress	2,918,778	850,909	1,149,385	248,937	4,068,163	1,099,846
Less Accumulated depreciation	(57,898,736)	(56,622,378)	(36,570,890)	(34,248,819)	(94,469,626)	(90,871,197)
Total	\$ 148,806,378	\$ 149,897,581	\$ 81,640,448	\$ 81,878,430	\$ 230,446,826	\$ 231,776,011

More information is available in the notes to the financial statements, note IV (G) pages 39 and 40.

Long-term debt. On June 30, 2012, the City had total bonded debt outstanding of \$4,885,000 that came from two sales tax revenue obligations. One was issued in 2003 and the second in 2006. Of the total, \$700,000 is accounted for in the water fund business-type activity.

**Layton City Outstanding Debt
General Obligations and Revenue Bonds**

	Govern- mental activities 2012	Govern- mental activities 2011	Business- type activities 2012	Business- type activities 2011	Total 2012	Total 2011
Revenue bonds	\$4,185,000	\$4,415,000	\$700,000	\$1,035,000	\$4,885,000	\$5,450,000

The City’s total debt decreased \$565,000 (10.4%) during the year from principal payments.

The City received and has maintained an ‘AAA’ rating from Standard and Poor’s and Fitch rating agencies on the 2003 sales tax revenue debt issue (\$700,000 outstanding). The original underlying ratings by Standard and Poor’s and Fitch were ‘AA-’ by both agencies. In October 2006, Standard and Poor’s upgraded their rating to ‘AA’. The ‘AAA’ rating was achieved by the use of credit insurance that guaranteed the payment of both principal and interest.

The City received and has maintained an ‘AAA’ rating from Standard and Poor’s on the 2006 sales tax revenue debt issue (\$4,185,000 outstanding). The underlying rating was ‘AA’ and credit insurance that guaranteed the payment of principal and interest increased the rating to ‘AAA’.

The Utah State Constitution limits the amount of general obligation debt a municipal government may issue at 4% of its total taxable property value. Cities of the first and second class (Layton City is a second class city) may issue debt up to an additional 4% of its total taxable property value for water systems, artificial lighting systems or sewer systems. On June 30, 2012, the City’s limitation would be in excess of one hundred million dollars under the 4% limitation and in excess of two hundred million dollars for the combined limitation. Layton City has no outstanding general obligation debt that applies to these limits. Additional information on the City’s debt is available in the notes to the financial statements, note IV (H) pages 40 and 41.

Economic Factors and Next Year’s Budgets and Rates

1. The seasonally adjusted unemployment rate for Davis County as reported by the Utah Department of Workforce Services for June 2012 was 6.2%. This is .8% lower than the 7.0% for June 2011. The rate reported for the State of Utah for June 2012 was 6.7%. These compare favorably to the national seasonally adjusted rate reported by the U.S. Department of Labor, Bureau of Labor and Statistics for June 2012 of 8.1%. County and state unemployment rates have been decreasing in recent months and may continue lower.
2. The Governor’s Office of Planning and Budget for 2013 predicted a slight increase in housing, but weaker than expected recovery. The State economy is one of the stronger in the country. Employment is projected to increase 2%.
3. Inflationary trends of the state and region compare similarly to the national indices. Home foreclosures in the City and surrounding area have slowed.

4. Construction of new single-family homes has been gradually increasing but still significantly below levels of four years earlier. Permits for the construction of multi-family dwellings experienced a substantial increase during the year and are expected to be strong during fiscal year 2013.
5. Sales tax revenues in the fiscal year ended June 30, 2012 and 2011, were 7.27% and 2.36% higher than the previous year, respectively.

These and other factors were considered in preparing Layton City's budget for the 2012-2013 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Layton City's activities for those with an interest in the City's operations and position. Questions concerning the information provided in this report or requests for additional financial information should be addressed to: Layton City, Finance Director, 437 N Wasatch Drive, Layton, UT 84041. The report is posted on the City web site www.laytoncity.org

Layton City Corporation

Basic Financial Statements

LAYTON CITY CORPORATION

STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Davis Metro Narcotics Strike Force
<u>Assets</u>				
Cash and cash equivalents	\$ 9,505,746	\$ 6,979,556	\$ 16,485,302	\$ 231,152
Investments	1,505,171	-	1,505,171	-
Receivables, net	11,307,982	3,472,556	14,780,538	85,774
Inventory	-	2,109	2,109	-
Prepaid expense	12,244	578,658	590,902	-
Note receivable	113,273	76,499	189,772	-
Contracts receivable	-	116,844	116,844	-
Deferred charges	102,370	6,331	108,701	-
Restricted assets:				
Cash and cash equivalents	1,710,647	514,378	2,225,025	144,055
Receivables	76,021	-	76,021	-
Capital assets:				
Water stocks and rights	-	2,426,442	2,426,442	-
Intangible	577,870	-	577,870	-
Land	76,757,890	1,106,363	77,864,253	-
Buildings	15,706,806	2,250,824	17,957,630	-
Improvements other than buildings	4,239,363	417,579	4,656,942	-
Infrastructure	89,799,396	-	89,799,396	-
Equipment and utility systems	16,705,011	110,860,745	127,565,756	335,170
Construction in progress	2,918,778	1,149,385	4,068,163	-
Less: accumulated depreciation	(57,898,736)	(36,570,890)	(94,469,626)	(269,436)
Total capital assets (net of accumulated depreciation)	148,806,378	81,640,448	230,446,826	65,734
Total assets	173,139,832	93,387,379	266,527,211	526,715
<u>Liabilities</u>				
Accounts payable	406,880	759,047	1,165,927	40,220
Accrued liabilities	1,915,029	532,467	2,447,496	1,026
Payable to other governments	-	2,817	2,817	-
Accrued bond interest payable	81,576	10,828	92,404	-
Deposits	1,037,412	126,655	1,164,067	144,055
Due to developers	77,490	-	77,490	-
Deferred revenue	8,153,711	-	8,153,711	-
Noncurrent liabilities:				
Due within one year	1,961,601	640,743	2,602,344	1,378
Due in more than one year	4,231,523	543,994	4,775,517	-
Total liabilities	17,865,222	2,616,551	20,481,773	186,679
<u>Net assets</u>				
Invested in capital assets, net of related debt	144,556,214	80,940,448	225,496,662	65,734
Restricted for:				
Class c roads	164,286	-	164,286	-
Street construction	340,049	-	340,049	-
Park development	248,912	-	248,912	-
Public safety	1,197,885	-	1,197,885	50,932
Community development	276,592	-	276,592	-
Debt service	475,669	389,998	865,667	-
Storm sewer development	-	345,477	345,477	-
Unrestricted	8,015,003	9,094,905	17,109,908	223,370
Total net assets	\$155,274,610	\$ 90,770,828	\$ 246,045,438	\$ 340,036

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

LAYTON CITY CORPORATION

STATEMENT OF ACTIVITIES
For the year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Davis Metro Narcotics Strike Force
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 7,433,854	\$ 750,530	\$ 49,494	\$ 168,409	\$ (6,465,421)		\$ (6,465,421)	
Public safety	14,838,923	1,325,789	333,053	234,383	(12,945,698)		(12,945,698)	
Community and economic development	1,570,675	1,271,740	207,908	-	(91,027)		(91,027)	
Streets and public improvements	6,493,396	132,107	1,984,157	1,461,640	(2,915,492)		(2,915,492)	
Parks and recreation	3,201,068	31,284	-	578,859	(2,590,925)		(2,590,925)	
Interest on long-term debt	174,655	-	-	-	(174,655)		(174,655)	
Total governmental activities	33,712,571	3,511,450	2,574,612	2,443,291	(25,183,218)		(25,183,218)	
Business-type activities:								
Water	5,153,375	6,074,551	-	503,748		1,424,924	1,424,924	
Storm sewer	1,933,852	2,345,427	-	94,884		506,459	506,459	
Sewer	4,507,113	4,592,187	-	26,640		111,714	111,714	
Refuse	2,668,136	2,563,867	-	-		(104,269)	(104,269)	
Swimming pool	970,385	431,763	-	-		(538,622)	(538,622)	
Emergency medical services	2,317,493	1,616,118	632,024	-		(69,351)	(69,351)	
UIA	8,252	8,740	-	-		488	488	
Athletic programs	299,928	327,528	-	-		27,600	27,600	
Total business-type activities	17,858,534	17,960,181	632,024	625,272		1,358,943	1,358,943	
Total primary government activities	\$ 51,571,105	\$ 21,471,631	\$ 3,206,636	\$ 3,068,563	(25,183,218)	1,358,943	(23,824,275)	
Component unit:								
Davis metro narcotics strike force	\$ 447,539		\$ 425,466					\$ (22,073)
General revenues:								
Property and uniform vehicle taxes					7,676,248	-	7,676,248	
Sales and use taxes					11,283,192	-	11,283,192	
Franchise, telecommunication and energy sales taxes					5,354,173	-	5,354,173	
Transient room tax					159,336	-	159,336	
Investment earnings					70,502	43,081	113,583	2,182
Miscellaneous					346,454	59,943	406,397	85
Gain on sale of capital assets					37,287	(35,550)	1,737	9,722
Transfers					24,637	(24,637)	-	
Total general revenues and transfers					24,951,829	42,837	24,994,666	11,989
Change in net assets					(231,389)	1,401,780	1,170,391	(10,084)
Net assets - beginning					155,505,999	89,369,048	244,875,047	350,120
Net assets - ending					\$ 155,274,610	\$ 90,770,828	\$ 246,045,438	\$ 340,036

LAYTON CITY CORPORATION

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General	Capital Projects	Other Governmental	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 3,201,841	\$ 3,546,337	\$ 2,757,568	\$ 9,505,746
Investments	1,505,171	-	-	1,505,171
Receivables	15,291,900	-	738,721	16,030,621
Due from other funds	422,912	-	-	422,912
Prepaid	12,244	-	-	12,244
Note receivable	-	-	113,273	113,273
Restricted assets:				
Cash and cash equivalents	958,386	-	752,261	1,710,647
Receivables	-	-	76,021	76,021
Total assets	<u>\$ 21,392,454</u>	<u>\$ 3,546,337</u>	<u>\$ 4,437,844</u>	<u>\$ 29,376,635</u>
<u>Liabilities and fund balance</u>				
Liabilities:				
Accounts payable	\$ 296,796	\$ 87,790	\$ 22,294	\$ 406,880
Accrued liabilities	1,913,810	-	1,219	1,915,029
Deposits	958,386	79,026	-	1,037,412
Due to developers	77,490	-	-	77,490
Due to other funds	-	-	422,912	422,912
Deferred revenue	12,175,290	-	701,060	12,876,350
Total liabilities	<u>15,421,772</u>	<u>166,816</u>	<u>1,147,485</u>	<u>16,736,073</u>
Fund balance:				
Nonspendable	435,156	-	113,273	548,429
Restricted for:				
Class c roads	96,104	68,182	-	164,286
Street construction	-	76,784	263,265	340,049
Park development	-	-	248,912	248,912
Public safety facilities	-	619,082	578,803	1,197,885
Community development	-	-	276,592	276,592
Debt service	-	-	475,669	475,669
Total restricted fund balance	<u>96,104</u>	<u>764,048</u>	<u>1,843,241</u>	<u>2,703,393</u>
Assigned to:				
General fund - for encumbrances	90,611	-	-	90,611
Capital projects fund	-	2,615,473	-	2,615,473
Debt service fund	-	-	636,091	636,091
Emergency dispatch fund	-	-	467,210	467,210
Redevelopment agency fund	-	-	227,744	227,744
Victims services fund	-	-	2,800	2,800
Total assigned fund balance	<u>90,611</u>	<u>2,615,473</u>	<u>1,333,845</u>	<u>4,039,929</u>
Unassigned	5,348,811	-	-	5,348,811
Total fund balances	<u>5,970,682</u>	<u>3,379,521</u>	<u>3,290,359</u>	<u>12,640,562</u>
Total liabilities and fund balances	<u>\$ 21,392,454</u>	<u>\$ 3,546,337</u>	<u>\$ 4,437,844</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	148,806,378
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	102,370
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,274,700)</u>
Net assets of governmental activities	<u>\$155,274,610</u>

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

LAYTON CITY CORPORATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the year ended June 30, 2012

	General	Capital Projects	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Taxes and special assessments	\$ 23,803,984	\$ -	\$ 668,965	\$ 24,472,949
Licenses and permits	1,240,476	-	-	1,240,476
Intergovernmental	2,479,045	-	260,476	2,739,521
Charges for services	831,656	-	2,388,661	3,220,317
Fines and forfeitures	317,959	-	-	317,959
Miscellaneous	885,289	-	145,719	1,031,008
Total revenues	29,558,409	-	3,463,821	33,022,230
<u>Expenditures:</u>				
Current:				
General government	4,162,485	-	127,271	4,289,756
Public safety	13,873,623	-	447,868	14,321,491
Community and economic development	1,074,480	-	486,817	1,561,297
Streets and public improvements	3,710,490	-	-	3,710,490
Parks and recreation	2,851,476	-	-	2,851,476
Debt service:				
Principal	-	-	230,000	230,000
Interest and agent fees	-	-	185,850	185,850
Pledge payments	-	-	2,078,889	2,078,889
Capital outlay	-	3,169,991	-	3,169,991
Total expenditures	25,672,554	3,169,991	3,556,695	32,399,240
Excess (deficiency) of revenues over (under) expenditures	3,885,855	(3,169,991)	(92,874)	622,990
<u>Other financing sources (uses):</u>				
Transfers in	216,273	2,178,000	2,448,649	4,842,922
Transfers out	(3,680,285)	-	(1,138,000)	(4,818,285)
Sale of capital assets	37,287	-	-	37,287
Total other financing sources (uses)	(3,426,725)	2,178,000	1,310,649	61,924
Net change in fund balances	459,130	(991,991)	1,217,775	684,914
Fund balances - beginning - restated	5,511,552	4,371,512	2,072,584	11,955,648
Fund balances - ending	\$ 5,970,682	\$ 3,379,521	\$ 3,290,359	\$ 12,640,562

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

LAYTON CITY CORPORATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2012

Net change in fund balances - total governmental funds	\$ 684,914
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.	79,329
In the statement of activities, only the gain or loss on sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the undepreciated cost of the capital assets sold.	(1,170,532)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount bond and debt repayments exceeds proceeds.	241,195
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.	<u>(66,295)</u>
Change in net assets of governmental activities:	<u><u>\$ (231,389)</u></u>

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

LAYTON CITY CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>Revenues</u>				
Taxes and special assessments	\$ 22,699,359	\$ 22,699,359	\$ 23,803,984	\$ 1,104,625
Licenses and permits	1,045,000	1,045,000	1,240,476	195,476
Intergovernmental	2,171,000	2,530,826	2,479,045	(51,781)
Charges for services	762,132	1,032,681	831,656	(201,025)
Fines and forfeitures	275,000	275,000	317,959	42,959
Miscellaneous	815,000	845,004	885,289	40,285
Total revenues	<u>27,767,491</u>	<u>28,427,870</u>	<u>29,558,409</u>	<u>1,130,539</u>
<u>Expenditures</u>				
Current:				
General government:				
Administration	810,253	833,616	809,301	24,315
Legal	762,667	744,614	711,401	33,213
Management services	1,842,596	1,867,835	1,813,867	53,968
Finance	826,790	827,919	827,916	3
Non-departmental	18,213	90,124	-	90,124
Total general government	<u>4,260,519</u>	<u>4,273,984</u>	<u>4,162,485</u>	<u>111,499</u>
Public safety:				
Police	9,994,175	10,622,476	10,035,096	587,380
Fire	3,803,659	3,935,968	3,838,527	97,441
Total public safety	<u>13,797,834</u>	<u>14,558,444</u>	<u>13,873,623</u>	<u>684,821</u>
Community and economic development	1,142,978	1,109,977	1,074,480	35,497
Streets and public improvements	3,793,936	3,743,651	3,710,490	33,161
Parks and recreation	2,919,890	2,954,884	2,851,476	103,408
Total expenditures	<u>25,915,157</u>	<u>26,640,940</u>	<u>25,672,554</u>	<u>968,386</u>
Excess of revenues over expenditures	<u>1,852,334</u>	<u>1,786,930</u>	<u>3,885,855</u>	<u>2,098,925</u>
<u>Other financing sources (uses)</u>				
Transfers in	196,273	216,273	216,273	-
Transfers out	(3,703,846)	(3,680,285)	(3,680,285)	-
Sale of capital assets	50,000	50,000	37,287	(12,713)
Total other financing sources (uses)	<u>(3,457,573)</u>	<u>(3,414,012)</u>	<u>(3,426,725)</u>	<u>(12,713)</u>
Net change in fund balance	(1,605,239)	(1,627,082)	459,130	2,086,212
Fund balance - beginning - restated	5,511,552	5,511,552	5,511,552	-
Fund balance - ending	<u>\$ 3,906,313</u>	<u>\$ 3,884,470</u>	<u>\$ 5,970,682</u>	<u>\$ 2,086,212</u>

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

LAYTON CITY CORPORATION

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2012

	Water	Storm Sewer	Sewer	Refuse	Other Proprietary Funds	Total Proprietary Funds
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 2,243,018	\$ 2,198,199	\$ 1,596,553	\$ 262,778	\$ 679,008	\$ 6,979,556
Accounts receivable, net	1,417,959	604,690	793,806	453,898	202,203	3,472,556
Contracts receivable	-	-	-	-	6,201	6,201
Restricted cash and cash equivalents	389,998	124,380	-	-	-	514,378
Inventory	-	-	-	-	2,109	2,109
Note receivable	41,141	-	-	-	-	41,141
Prepaid expense	578,658	-	-	-	-	578,658
Total current assets	4,670,774	2,927,269	2,390,359	716,676	889,521	11,594,599
Noncurrent assets:						
Note receivable	35,358	-	-	-	-	35,358
Contracts receivable	-	-	-	-	110,643	110,643
Deferred charges	6,331	-	-	-	-	6,331
Capital assets:						
Water stocks and rights	2,426,442	-	-	-	-	2,426,442
Land	355,819	718,832	30,712	-	1,000	1,106,363
Buildings	-	-	-	-	2,250,824	2,250,824
Improvements other than buildings	397,467	-	-	-	20,112	417,579
Distribution and collections systems	44,237,731	44,909,085	17,641,187	-	-	106,788,003
Equipment	1,268,038	238,841	788,581	-	1,777,282	4,072,742
Construction in progress	321,349	635,036	193,000	-	-	1,149,385
Less: accumulated depreciation	(14,985,942)	(13,064,634)	(5,731,098)	-	(2,789,216)	(36,570,890)
Total capital assets (net of accumulated depreciation)	34,020,904	33,437,160	12,922,382	-	1,260,002	81,640,448
Total noncurrent assets	34,062,593	33,437,160	12,922,382	-	1,370,645	81,792,780
Total assets	38,733,367	36,364,429	15,312,741	716,676	2,260,166	93,387,379
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	92,595	26,101	354,030	213,470	72,851	759,047
Accrued liabilities	17,895	328,732	133,382	-	52,458	532,467
Compensated absences payable	83,734	23,425	27,673	-	160,911	295,743
Customer deposits	2,275	124,380	-	-	-	126,655
Payable to other governments	-	-	-	-	2,817	2,817
Accrued bond interest payable	10,828	-	-	-	-	10,828
Bonds payable	345,000	-	-	-	-	345,000
Total current liabilities	552,327	502,638	515,085	213,470	289,037	2,072,557
Noncurrent liabilities:						
Compensated absences payable	29,116	6,661	2,037	-	40,537	78,351
Contracts payable	-	-	-	-	110,643	110,643
Bonds payable	355,000	-	-	-	-	355,000
Total noncurrent liabilities	384,116	6,661	2,037	-	151,180	543,994
Total liabilities	936,443	509,299	517,122	213,470	440,217	2,616,551
<u>Net Assets</u>						
Invested in capital assets, net of related debt	33,320,904	33,437,160	12,922,382	-	1,260,002	80,940,448
Restricted for debt service	389,998	-	-	-	-	389,998
Restricted for storm sewer development	-	345,477	-	-	-	345,477
Unrestricted	4,086,022	2,072,493	1,873,237	503,206	559,947	9,094,905
Total net assets	\$ 37,796,924	\$ 35,855,130	\$ 14,795,619	\$ 503,206	\$ 1,819,949	\$ 90,770,828

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

LAYTON CITY CORPORATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the year ended June 30, 2012

	Water	Storm Sewer	Sewer	Refuse	Other Proprietary Funds	Total Proprietary Funds
<u>Operating revenues</u>						
Charges for services	\$ 5,755,349	\$ 2,191,977	\$ 4,564,998	\$ 2,563,867	\$ 2,384,149	\$ 17,460,340
Miscellaneous	6,413	1,600	4,320	-	47,610	59,943
Total operating revenues	<u>5,761,762</u>	<u>2,193,577</u>	<u>4,569,318</u>	<u>2,563,867</u>	<u>2,431,759</u>	<u>17,520,283</u>
<u>Operating expenses</u>						
Salaries, wages and benefits	985,641	461,427	941,943	64,848	2,524,409	4,978,268
Supplies and maintenance	951,736	293,667	416,905	46,379	535,771	2,244,458
Utilities	611,181	6,511	7,627	4,226	212,984	842,529
Professional services and training	10,933	8,756	8,395	-	56,434	84,518
Contracted services	1,201,880	-	2,297,083	2,542,561	8,130	6,049,654
Insurance	21,972	9,012	16,604	2,253	41,537	91,378
Rent	161,522	125,899	140,149	7,125	-	434,695
Franchise tax	298,533	129,379	243,578	-	-	671,490
Bad debt collection fees	2,726	744	744	744	18,718	23,676
Depreciation	874,404	898,457	434,085	-	198,075	2,405,021
Total operating expenses	<u>5,120,528</u>	<u>1,933,852</u>	<u>4,507,113</u>	<u>2,668,136</u>	<u>3,596,058</u>	<u>17,825,687</u>
Operating income (loss)	<u>641,234</u>	<u>259,725</u>	<u>62,205</u>	<u>(104,269)</u>	<u>(1,164,299)</u>	<u>(305,404)</u>
<u>Nonoperating revenues (expenses)</u>						
Interest revenue	15,452	14,916	8,863	2,165	1,685	43,081
Connection charges	58,561	-	27,189	-	-	85,750
Impact fees	248,034	153,450	-	-	-	401,484
Exaction fees	12,607	-	-	-	-	12,607
Grants	-	-	-	-	632,024	632,024
Gain on sale of capital assets	-	-	-	-	(35,550)	(35,550)
Bond issuance costs	(6,331)	-	-	-	-	(6,331)
Interest expense	(26,516)	-	-	-	-	(26,516)
Total nonoperating revenues (expenses)	<u>301,807</u>	<u>168,366</u>	<u>36,052</u>	<u>2,165</u>	<u>598,159</u>	<u>1,106,549</u>
Income (loss) before contributions and transfers	<u>943,041</u>	<u>428,091</u>	<u>98,257</u>	<u>(102,104)</u>	<u>(566,140)</u>	<u>801,145</u>
Capital contributions	503,748	94,884	26,640	-	-	625,272
Transfers in	-	-	-	-	481,636	481,636
Transfers out	(81,733)	(392,233)	(32,307)	-	-	(506,273)
Change in net assets	<u>1,365,056</u>	<u>130,742</u>	<u>92,590</u>	<u>(102,104)</u>	<u>(84,504)</u>	<u>1,401,780</u>
Total net assets - beginning	<u>36,431,868</u>	<u>35,724,388</u>	<u>14,703,029</u>	<u>605,310</u>	<u>1,904,453</u>	<u>89,369,048</u>
Total net assets - ending	<u>\$ 37,796,924</u>	<u>\$ 35,855,130</u>	<u>\$ 14,795,619</u>	<u>\$ 503,206</u>	<u>\$ 1,819,949</u>	<u>\$ 90,770,828</u>

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

LAYTON CITY CORPORATION

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the year ended June 30, 2012

	Water	Storm Sewer	Sewer
<u>Cash flow from operating activities</u>			
Receipts from customers (including cash deposits)	\$ 5,205,854	\$ 1,867,373	\$ 4,497,200
Receipts from interfund services received	96,960	43,251	5,205
Payments to suppliers	(1,712,116)	(56,532)	(565,736)
Payments to other governments	(1,270,415)	(39,072)	(2,325,787)
Payments for interfund services used	(283,605)	(559,777)	(212,293)
Payments to employees	(1,012,578)	(144,285)	(827,496)
Net cash provided (used) by operating activities	<u>1,024,100</u>	<u>1,110,958</u>	<u>571,093</u>
<u>Cash flow from non-capital financing activities</u>			
Transfers from other funds	-	-	-
Transfers to other funds	(81,733)	(392,233)	(32,307)
County, state and federal grants	-	-	-
Connection fees	58,561	-	27,189
Net cash provided (used) by non-capital financing activities	<u>(23,172)</u>	<u>(392,233)</u>	<u>(5,118)</u>
<u>Cash flow from capital and related financing activities</u>			
Bond payments - principal	(335,000)	-	-
Bond payments - interest	(30,815)	-	-
Notes receivable from developers	25,486	-	-
Contracts receivable	-	-	-
Contracts payable and developer payments	-	24,492	-
Purchase of capital assets	(44,456)	-	(20,191)
Construction of capital assets	(341,549)	(801,787)	(213,763)
Impact fees	248,034	153,450	-
Exaction fees	12,607	-	-
Net cash used by capital and related financing activities	<u>(465,693)</u>	<u>(623,845)</u>	<u>(233,954)</u>
<u>Cash flow from investing activities</u>			
Interest earned on investments	15,452	14,916	8,863
Net cash provided by investing activities	<u>15,452</u>	<u>14,916</u>	<u>8,863</u>
Net increase (decrease) in cash and cash equivalents	550,687	109,796	340,884
Cash and cash equivalents at beginning of year	2,082,329	2,212,783	1,255,669
Cash and cash equivalents at end of year	<u>\$ 2,633,016</u>	<u>\$ 2,322,579</u>	<u>\$ 1,596,553</u>
<u>Reconciliation of operating income to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ 641,234	\$ 259,725	\$ 62,205
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	874,404	898,457	434,085
(Increase) decrease in accounts receivable	(458,348)	(321,953)	(66,913)
(Increase) decrease in prepaids	(11,606)	-	-
(Increase) decrease in inventories	-	-	-
Increase (decrease) in accounts payable	5,953	(81,413)	27,269
Increase (decrease) in accrued liabilities	(33,025)	318,143	-
Increase (decrease) in compensated absences	6,088	(1,001)	115,043
Increase (decrease) in customer deposits	(600)	39,000	(596)
Total adjustments	<u>382,866</u>	<u>851,233</u>	<u>508,888</u>
Net cash provided (used) by operating activities	<u>\$ 1,024,100</u>	<u>\$ 1,110,958</u>	<u>\$ 571,093</u>
<u>Noncash investing, capital and financing activities:</u>			
Contribution of water, sewer and storm drain lines from developers	\$ 41,748	\$ 70,393	\$ 26,640
Water exaction fees received as water stock shares	462,000	-	-

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

Refuse	Other Proprietary Funds	Totals
\$ 2,556,453	\$ 2,406,638	\$ 16,533,518
2,910	45,495	193,821
(1,164,409)	(766,664)	(4,265,457)
(1,405,218)	(10,666)	(5,051,158)
(29,084)	(78,588)	(1,163,347)
(64,848)	(2,581,081)	(4,630,288)
(104,196)	(984,866)	1,617,089

-	481,636	481,636
-	-	(506,273)
-	632,024	632,024
-	-	85,750
-	1,113,660	693,137

-	-	(335,000)
-	-	(30,815)
-	-	25,486
-	(110,643)	(110,643)
-	110,643	135,135
-	(180,061)	(244,708)
-	-	(1,357,099)
-	-	401,484
-	-	12,607
-	(180,061)	(1,503,553)

2,165	1,685	43,081
2,165	1,685	43,081

(102,031)	(49,582)	849,754
364,809	728,590	6,644,180
\$ 262,778	\$ 679,008	\$ 7,493,934

\$ (104,269) \$ (1,164,299) \$ (305,404)

-	198,075	2,405,021
(4,504)	20,374	(831,344)
-	-	(11,606)
-	1,223	1,223
4,577	19,666	(23,948)
-	(91,194)	193,924
-	34,522	154,652
-	(3,233)	34,571
73	179,433	1,922,493
\$ (104,196)	\$ (984,866)	\$ 1,617,089

\$ - \$ - \$ 138,781
 - - 462,000

LAYTON CITY CORPORATION
Notes to Financial Statements for year ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Layton City Corporation is a municipal government that was incorporated in 1920 as a subdivision of the State of Utah. The City is governed by an elected mayor and five-member council. The City is classified as a second class city under state statute and operates under the council-manager form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The accounting policies of Layton City Corporation and component units conform to accounting principles generally accepted in the United States as applicable to governmental entities.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board (GASB). The component units discussed below are included in the City's reporting entity because of the significance of the operational or financial relationships with the City.

The Redevelopment Agency of Layton City, Utah (Agency) was established to pursue redevelopment and economic development projects that are allowed within state statutes. The Mayor and the City Council serve as the Board of Directors. Because of the dual role of the governing body, the City has substantial direct control and can impose its will upon the Agency. Separate financial statements for the agency are not prepared but are reported as part of this report as a blended component unit. The Agency is reported as a special revenue fund. The Agency does not publish separate financial statements.

The Davis Metro Narcotics Strike Force (Strike Force) is an inter-local cooperative entity formed by the cities within Davis County and also includes the county government. The Strike Force was formed to jointly enforce drug laws. Some cities, including Layton City, provide manpower and some cities contribute cash in support of the Strike Force. The Strike Force is financed significantly by federal grants. The Strike Force, on its own, cannot qualify to be a grantee for federal grants. The City applies for and administers grants for the benefit of the Strike Force. The City Council does not have substantial direct control, nor can it impose its will upon the Strike Force. However, the Strike Force management, administration, fiscal and accounting affairs are intertwined with the public safety functions of the City. Therefore, the Strike Force has been included as a discretely presented component unit in this report because the Strike Force is deemed to be financially dependent upon the City for grant revenue and its fiscal functions. The Strike Force does not issue separate financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Notes to Financial Statements for year ended June 30, 2012

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives the cash.

The City reports the general and capital projects funds as major governmental funds:

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

The capital projects fund is used to account for the acquisition or construction of major capital facilities and equipment that are funded with general resources of the City, but excludes equipment and facilities financed by proprietary funds.

The City reports the water, storm sewer, sewer, and refuse funds as major proprietary funds:

The water fund accounts for activities of the City's culinary water utility system.

The storm sewer fund accounts for the City's storm water utility system that collects, controls and diverts storm water to avoid flooding.

The sewer fund accounts for the activities of the sanitary sewer collection system which directs sewage to a treatment plant that is operated by another government agency.

The refuse fund accounts for the activities of solid waste collection and the cost of disposing it at a facility operated by another government agency.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu of taxes and other charges between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges; 2) operating grants and contributions; and 3) capital grants

and contributions. Internally designated resources are reported as general revenues rather than as program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services and products related to such services, including connection fees. Operating expenses of the enterprise funds include the costs of providing the services and sale of products, administration costs, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources.

D. Assets, liabilities, and net assets or equity

1. Cash and cash equivalents, 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.

City and Strike Force cash and investments are kept separate from the Agency. The City and Strike Force use pooled cash and investment accounts. Each fund's share of the pooled accounts is tracked and presented on the individual fund statements as "Cash and cash equivalents."

The State of Utah established an independent State Money Management Council to set investment regulations for state and local governments and to monitor the credit worthiness of the financial institutions in which state and local governmental funds are deposited. Governmental units are allowed to keep deposits only in institutions approved by the Council and only to an established aggregate limit for government deposits. The City invested only with approved financial institutions during the fiscal year ended June 30, 2012.

Statutes authorize the City to invest in a variety of instruments including; obligations of the U.S. Treasury, commercial paper classified as "first tier" by two national rating organizations one of which must be Moody's Investors Services or Standard and Poor's, repurchase and reverse repurchase agreements with qualified depositories, negotiable and nonnegotiable deposits, bankers acceptances, tax anticipation notes or general obligations of the state and political subdivisions, and the Utah Public Treasurer's Investment Fund.

The City policy allows for the investment of temporarily idle funds in any instrument allowed by the State Money Management Council, including the Utah Public Treasurer's Investment Fund that is managed by the State Treasurer.

2. Receivables and payables

Activity between funds that represent lending/borrowing arrangements outstanding are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance adjustment is determined annually using the accounts receivable historical method of calculation.

Property taxes attach as an enforceable lien on property January 1. Taxes are levied by June 22 or if there is a property tax increase then by August 17 and are payable by November 30. Davis County bills and collects property taxes for all entities that levy property taxes within the county.

The City records water and sewer utility revenues to the date that the meters have been read. Un-billed service has been accrued as an account receivable through June 30, 2012, and has likewise been recorded as revenue.

3. Inventories and prepaid items

Inventories are valued at cost, which approximates market, using the first in/first out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain assets are classified as restricted assets because bond covenants limit their use, and most are held in separate bank accounts for that purpose. Customer deposits held in governmental funds as sureties are also classified as restricted assets. Some cash and accrued property tax receivable in the Agency fund are restricted for use by State statute for affordable housing programs.

5. Capital assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, sidewalks, and similar items), and intangibles are reported in the applicable governmental or business-type activities in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost that equals or exceeds a capitalization threshold with an estimated useful life in excess of two years. The City has separated assets into classifications for capitalization and threshold purposes. The threshold for capitalization is: 1) equipment, except vehicles and other rolling stock \$5,000; 2) vehicles and other rolling stock \$10,000; 3) improvements other than buildings \$50,000; 4) buildings \$100,000; 5) infrastructure \$100,000; and 6) intangibles \$25,000.

Property, plant, equipment, and intangibles of the City and component units are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure (utility systems)	50
Infrastructure (other)	40
Intangibles	5 - 10
Buildings	50
Improvements other than buildings	15
Equipment (except rolling stock)	5
Equipment (passenger cars)	3
Equipment (trucks)	5
Equipment (loaders, graders, etc.)	10

Intangible assets that have an indefinite useful life are not amortized.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

6. Compensated absences

Government-wide financial statements - amounts of accumulated vacation and sick leave for governmental funds that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as an expense in the government-wide statement of activities.

Governmental fund financial statements - no liability or expenditure is recorded for accumulated vacation and sick leave for governmental funds.

Proprietary fund financial statements - accumulated vacation and sick leave is recorded as a liability and an expense when accrued to the employee.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type

activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt expenditures.

8. Fund equity

GASB Statement No. 54 provided new categories for reporting fund balances in governmental funds. The categories and descriptions are as follows:

Nonspendable Fund Balance – Prepaid expenditures are nonspendable assets and therefore are classified as a nonspendable fund balance.

Restricted Fund Balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, or by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Fund balances are reported as committed when the City 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.

Assigned Fund Balance – Fund balances are reported as assigned when the City Council or City Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service and capital project funds are by their nature assigned to the purpose of those respective funds.

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 of resources for which there is fund balance available in more than one fund balance classification, the general rule is that restricted funds shall be expended first, followed by committed funds, and then assigned funds. The City Council may direct otherwise.

The City has not adopted a formal policy on minimum fund balances. However, state statute requires the City to maintain a minimum balance in the general fund equaling 5% of total revenues.

9. Comparative data

Comparative total data for the prior year have been presented for individual governmental and proprietary funds in the section of the report titled “Combining and Individual Fund Statements and Schedules.”

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between total governmental fund balances and net assets of the governmental activities as reported in the government-wide statement of net assets. The elements of that reconciliation are detailed below and primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Notes to Financial Statements for year ended June 30, 2012

Capital related items – when capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in the governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$206,705,114
Less accumulated depreciation	<u>(57,898,736)</u>
Total difference	<u>\$148,806,378</u>

Long-term obligations – long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financial statements, however all liabilities are reported in the statement of net assets. Balances at June 30, 2012, were:

Sales tax and refunding revenue bonds	\$4,185,000
Sales tax and refunding revenue bond premium	71,088
Interest payable on long-term debt	81,576
Compensated absences payable	<u>1,937,036</u>
Total difference	<u>\$6,274,700</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. The amount is shown in the reconciliation as the net difference, but the elements of this amount were as follows:

Capital outlays	\$3,454,976
Capital contributions from developers	397,028
Less depreciation expense	<u>(3,772,675)</u>
Net difference as reported	<u>\$79,329</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are prepared and adopted in accordance with accounting principles generally accepted in the United States and the "Uniform Fiscal Procedures Act for Utah Cities." The City Council must hold a public hearing and adopt the budget on or before June 22 for the following fiscal year, which begins July 1. Budgets at the fund level may be increased by the City Council's adoption of an amendment following the appropriate public hearing. Increases at the department level may be approved by the City Council by resolution without public hearing. Increases below the department level may be approved by the Budget Officer.

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

1. On or before the first regular council meeting in May, the City Manager submits to the City Council a proposed capital and operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and estimated revenues.
2. Prior to the formal adoption of the budget, the City Council holds budget workshop meetings, which are open to the public.
3. In the first City Council meeting in May, the City Council adopts a tentative budget and sets a date for a public budget hearing. At the end of the hearing or sometime thereafter, the budget as amended, is adopted by passage of a resolution.

Notes to Financial Statements for year ended June 30, 2012

4. Budgets are adopted annually for all governmental and enterprise fund types in accordance with accounting principles generally accepted in the United States. According to Utah statute, the term for capital project budgets shall "coincide with the term of the individual project or projects." However, because of other ambiguities in the statute, the Utah State Auditors' Office requires that budget and actual statements for the capital projects fund be included in the financial report.

5. Commitments outstanding for contracts, goods or services, made before the end of the fiscal year, are encumbered and shown as reservations of fund balances in governmental fund types. Unencumbered appropriations lapse at year end, except for capital projects that extend for the term of the project. Subsequent years' appropriations provide the authority to complete all encumbered transactions.

6. In connection with the budget adoption, the City establishes a property tax rate before June 22 if the tax rate is not an increase from the previous year as defined by Utah State Code. The City Recorder certifies the tax rate to the County Auditor on or before June 22. If the City determines the need to increase the property tax rate, a hearing on the tax increase and adoption of a final tax rate must be held after August 1 but on or before August 17. A final budget may then be adopted and the City Recorder must certify the increased tax rate to the County Auditor by this later date.

Utah State law prohibits the appropriation of unrestricted general fund balance until it exceeds the sum of 5 percent of the general fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted but is used to provide working capital, meet emergency expenditures, and cover unanticipated deficits. When the unreserved fund balance in the general fund is greater than 18 percent of expected revenues, the excess must be appropriated within the first budget following the year then ended.

The City Council adopted several budgetary changes during the year. All of the changes combined amounted to a net increase of \$702,222. The following are the main elements of the changes adopted:

1. Increase of expenditures related to federal and state grants awarded during the year	\$344,737
2. Increase of expenditures for wild land fire services – funded by state and federal agencies	258,370
3. Various other changes	99,115

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of June 30, 2012, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity
Utah state public treasurer's investment pool	\$17,255,190	.23 years
Corporate notes	1,505,171	1.26 years
Total	\$18,760,361	
Portfolio weighted average maturity		.51 years

Utah State law establishes the rules and regulations for deposits and investments and is known as the Utah Money Management Act. The Act established the Money Management Council that promulgates additional rules and determines which financial institutions may qualify to hold deposits and investments for state and local entities. Layton City has complied with Utah Money Management Act and rules of the Money Management Council with regard to deposits and investments.

Credit risk. Investment in the Utah State Public Treasurer's Investment Pool was unrated and not categorized as to credit risk. Investments in three corporate notes were each rated A2 by Moody's Investor Service and A by Standard and Poor's. City policy and the Money Management Council require corporate notes to be rated A or higher by one of the two rating agencies.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2012, \$624,840 of the City's \$921,952 deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Notes to Financial Statements for year ended June 30, 2012

The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done. As of the same date, the Strike Force had exposure to custodial credit risk. The Strike Force bank deposits of \$375,207 were uninsured and uncollateralized.

Custodial credit risk – investments. 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 that are in the possession of an outside party. The \$17,255,190 invested in the Utah Public Treasurer’s Investment Fund is pooled with many other state and local entities, and is managed by the Utah State Treasurer. The Fund is not categorized as to custodial credit risk. The \$1,505,171 invested in corporate notes is uninsured and unregistered and held by a brokerage firm. City policy limits investments in corporate notes and bonds to no more than 10% of the total portfolio in any single issuer.

Interest rate credit risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss from changes in interest rates is to invest in instruments that mature in two years or less.

Concentration of credit risk. City policy requires diversification and limits the amount that may be invested in the same company. First, the City may not invest more that 20% of its idle funds outside of the Utah Public Treasurer’s Investment Fund. Second, not more than 10% of the total portfolio may be invested in a single company’s credit instruments. The Utah Public Treasurer’s Investment Fund is highly diversified and must comply with various rules of the Utah State Money Management Act and Money Management Council.

B. External Investment Pools

The City invests in the Public Treasurer’s Investment Fund (PTIF), an external investment pool operated by the Utah State Treasurer. The PTIF is not registered with the SEC as an investment company. State statutes authorize the PTIF which is regulated by the Utah State Money Management Council under the provisions of the Utah Money Management Act. The ACT regulates and limits pool investments to high grade securities that keep credit risk down except in the most unusual circumstances. The PTIF reports to participants on an amortized cost basis.

Deposits in the PTIF are not insured or guaranteed and participants investing in the pool share proportionally in any realized gains or losses. The PTIF values investments at fair market value at June 30 and December 30 each year in accordance with GASB 31.

As of June 30, 2012, the City had \$17,255,190 invested in the PTIF which had a fair market value of \$17,356,354 for an unrealized gain of \$101,164. Due to the insignificance of the unrealized gain in relation to the total investment, the fair value of the investment in the PTIF is reported at the amortized cost.

C. Receivables

Receivables as of the year end for the City’s individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, were as follows:

	General	Water	Storm Sewer	Sewer	Refuse	Nonmajor Funds	Total
Receivables:							
Taxes and inter- governmental	\$10,527,422					\$701,060	\$11,228,482
Accounts	27,394	\$1,441,424	\$604,690	\$793,806	\$453,898	704,739	4,025,951
Grants	14,445					26,413	40,858
Loans	4,722,639						4,722,639
Gross total receivables	15,291,900	1,441,424	604,690	793,806	453,898	1,432,212	20,017,930
Less: Allowance for Uncollectible accounts		23,465				415,267	438,732
Net total receivables	\$15,291,900	\$1,417,959	\$604,690	\$793,806	\$453,898	\$1,016,945	\$19,579,198

Notes to Financial Statements for year ended June 30, 2012

Governmental funds report deferred revenue in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period. Governmental funds also defer revenue recognition for revenues that have been received, but not yet earned. At June 30, 2012, the components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable	\$1,290,629
Property taxes levied and receivable, but not due	6,863,082
Loan to UTOPIA for bond payments	<u>4,722,639</u>
Total deferred/unearned revenue for governmental funds	<u><u>\$12,876,350</u></u>

As of June 30, 2012, the Strike Force had receivables in the amount of \$85,774. The receivables were for state and federal grants and no allowance for uncollectible amounts was made.

D. Interfund receivables and payables

The composition of interfund balances as of June 30, 2012, is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
General	<u>\$422,912</u>	Non major governmental	<u>\$422,912</u>
Totals	<u><u>\$422,912</u></u>		<u><u>\$422,912</u></u>

The victims services fund, community development block grant fund, and redevelopment agency fund temporarily borrowed pooled cash of \$8,611, \$7,941, and \$406,360 respectively.

E. Leases

The City entered into a twenty year lease/purchase arrangement in 1989 with the Division of Facilities Construction and Management on behalf of the State Judicial Council of the State of Utah. The lease was for a building that houses two courtrooms, offices and the City police department. The State has occupied the upper floor of the facility since September 1990 and paid the City under a lease purchase contract. The lease period was completed in July 2010 and the State exercised the option to purchase the building. The State is now leasing the basement floor to the City for use by the police department. Annual lease payments are \$132,000 per year on a year to year basis.

F. Interfund transfers

During the course of normal operations, transfers are made between funds. The following table summarizes the transfers made during the year:

Transfers Out	Transfers In				Totals
	General	Capital Projects	Non-major Governmental Funds	Non-major Proprietary Funds	
General	\$10,000	\$1,060,000	\$2,128,649	\$481,636	\$3,680,285
Non-major governmental funds		818,000	320,000		1,138,000
Water	81,733				81,733
Storm sewer	92,233	300,000			392,233
Sewer	32,307				32,307
<u>Totals</u>	<u>\$216,273</u>	<u>\$2,178,000</u>	<u>\$2,448,649</u>	<u>\$481,636</u>	<u>\$5,324,558</u>

Transfers from the general fund were: 1) \$1,060,000 to the capital projects fund for street construction and \$1,644 to emergency dispatch for operations. 2) Non-major governmental funds - \$2,104,508 to the debt services fund to pay bond payments and other pledges and \$22,497 to the victims services fund to match grant revenue; and 3) Non-major proprietary funds - \$481,636 to the swimming pool fund for operations. Transfers from the impact fee fund, a non-major governmental fund, were: 1) \$818,000 to the capital project fund for street, and park projects; and 2) \$320,000 to the debt service fund to pay park facility bond payments.

Notes to Financial Statements for year ended June 30, 2012

G. Capital assets

Primary government

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

	Balance			Balance
	June 30, 2011	Additions	Reductions	
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 76,517,899	\$ 419,801	\$ 179,810	\$ 76,757,890
Construction in progress	850,909	2,654,983	587,114	2,918,778
Total capital assets, not being depreciated	77,368,808	3,074,784	766,924	79,676,668
Capital assets, being depreciated				
Buildings	18,988,678	-	3,281,872	15,706,806
Improvements other than buildings	4,239,363	-	-	4,239,363
Equipment	16,378,616	531,562	205,167	16,705,011
Infrastructure	88,966,624	832,772	-	89,799,396
Intangible	577,870	-	-	577,870
Total capital assets, being depreciated	129,151,151	1,364,334	3,487,039	127,028,446
Less accumulated depreciation for:				
Buildings	8,412,101	246,918	2,291,150	6,367,869
Improvements other than buildings	2,541,593	151,827	-	2,693,420
Equipment	13,405,864	917,108	205,167	14,117,805
Infrastructure	31,812,945	2,391,472	-	34,204,417
Intangible	449,875	65,350	-	515,225
Total accumulated depreciation	56,622,378	3,772,675	2,496,317	57,898,736
Total capital assets, being depreciated, net	72,528,773	(2,408,341)	990,722	69,129,710
Governmental activities capital assets, net	\$ 149,897,581	\$ 666,443	\$ 1,757,646	\$ 148,806,378
	Balance			Balance
	June 30, 2011	Additions	Reductions	
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,106,363	\$ -	\$ -	\$ 1,106,363
Water stock and rights	1,964,442	462,000	-	2,426,442
Construction in progress	248,937	900,448	-	1,149,385
Total capital assets, not being depreciated	3,319,742	1,362,448	-	4,682,190
Capital assets, being depreciated				
Buildings	2,250,824	-	-	2,250,824
Improvements other than buildings	417,579	-	-	417,579
Equipment and infrastructure systems	110,139,104	840,141	118,500	110,860,745
Total capital assets, being depreciated	112,807,507	840,141	118,500	113,529,148
Less accumulated depreciation for:				
Buildings	1,633,184	22,156	-	1,655,340
Improvements other than buildings	408,194	1,341	-	409,535
Equipment and infrastructure systems	32,207,441	2,381,524	82,950	34,506,015
Total accumulated depreciation	34,248,819	2,405,021	82,950	36,570,890
Total capital assets, being depreciated, net	78,558,688	(1,564,880)	35,550	76,958,258
Business-type activities capital assets, net	\$ 81,878,430	\$ (202,432)	\$ 35,550	\$ 81,640,448

Notes to Financial Statements for year ended June 30, 2012

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$138,198
Public safety	713,584
Community and economic development	11,297
Streets and public improvements	2,545,936
Parks and recreation	363,660
Total depreciation expense – governmental activities	<u>\$3,772,675</u>
Business-type activities:	
Water	\$874,404
Storm sewer	898,457
Sewer	434,085
Swimming pool	65,678
Emergency medical services (EMS)	132,397
Total depreciation expense – business-type activities	<u>\$2,405,021</u>

Construction commitments

The City had active construction projects as of June 30, 2012. They included projects for street widening, and storm sewer lines. At the year end the City's commitments with contractors were as follows:

<u>Projects:</u>	<u>Spent-to-date</u>	<u>Remaining</u>
Streets	\$2,758,829	\$33,372
Water	275,976	214,020
Storm Sewer	576,309	626,395
Sanitary sewer	128,570	126,543
Total	<u>\$3,739,684</u>	<u>\$990,330</u>

Discretely presented component unit

Activity for the Strike Force for the year ended June 30, 2012, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
	<u>July 1, 2011</u>			<u>June 30, 2012</u>
Capital assets, being depreciated:				
Equipment	\$401,230	\$7,500	\$73,560	\$335,170
Less accumulated depreciation	274,785	50,433	55,782	269,436
Strike Force capital assets, net	<u>\$126,445</u>	<u>\$(42,933)</u>	<u>\$17,778</u>	<u>\$65,734</u>

H. Long term debt - Revenue bonds

The City issued sales tax revenue bonds on July 15, 2003, in the amount of \$7,740,000. Interest rates ranged from 2.25% to 3.375%. Proceeds of \$4,615,000 were used to pay off a lease purchase agreement with the Municipal Building Authority (Authority) and \$3,125,000 was used to replace all water meters in the water fund operation with radio read type meters. The water fund will repay the portion of the debt used for water meters even though the debt is secured by sales tax revenue. The Authority used the lease purchase payment to retire all outstanding bonds and transferred title of the assets to the City. The remaining balance of \$700,000 is entirely attributable to the water fund.

In October 2006 the City issued sales tax revenue bonds in the amount of \$5,210,000. Interest rates ranged from 4.0% to 5.0%. Proceeds were used to purchase 43.6 acres of land for a future park development. The land became available and needed to be bought before it was used for other purposes.

Notes to Financial Statements for year ended June 30, 2012

Revenue bonds outstanding at the year- end were \$4,885,000 and debt service requirements to maturity are as follows:

<u>Year ending June 30</u>	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	245,000	171,475	345,000	17,803
2014	250,000	160,038	355,000	5,991
2015	270,000	147,975		
2016	285,000	134,812		
2017	300,000	121,650		
2018 – 2022	1,660,000	407,550		
2023 – 2025	1,175,000	71,900		
Total	<u>\$4,185,000</u>	<u>\$1,215,400</u>	<u>\$700,000</u>	<u>\$23,794</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Sales tax revenue bonds	\$4,415,000	-	\$230,000	\$4,185,000	\$245,000
Issuance premium	77,012	-	5,924	71,088	5,924
Total bonds payable	4,492,012	-	235,924	4,256,088	250,924
Compensated absences	1,879,460	\$1,768,253	1,710,677	1,937,036	1,710,677
Total governmental activities	<u>\$6,371,472</u>	<u>\$1,768,440</u>	<u>\$1,946,601</u>	<u>\$6,193,124</u>	<u>\$1,961,601</u>
Business-type activities:					
Sales tax revenue bonds	\$1,035,000	-	\$335,000	\$700,000	\$345,000
Contracts payable	-	110,643	-	110,643	-
Compensated absences	335,081	\$334,755	295,742	374,094	295,743
Total business-type activities	<u>\$1,370,081</u>	<u>\$445,398</u>	<u>\$630,742</u>	<u>\$1,184,737</u>	<u>\$640,743</u>

Compensated absences for the governmental activities are generally liquidated by the general fund.

I. Interest income

Interest income from the City’s pooled investments was recorded in the following funds:

General fund – unassigned	\$53,713
General fund – restricted for class c roads	1,229
Special revenue funds	14,491
Debt service funds	1,069
Subtotal	<u>70,502</u>
Enterprise funds	43,081
Total interest income	<u>\$113,583</u>

V. OTHER INFORMATION

A. Risk management

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 is a member of the Utah Risk Management Mutual Association (URMMA). URMMA is an insurance pool that provides coverage for general liability, auto liability, police professional liability, premises liability and public official errors and omissions through a claims-made insurance policy. URMMA is made up of 25 member municipalities in the state. Coverage is \$6,000,000 per occurrence with a \$15,000 deductible per occurrence.

The policy includes defense costs, attorney fees, settlements, judgments and all other costs incurred in defending a claim brought against the City. In the event URMMA becomes insolvent, the City is fully responsible for all claims. URMMA purchases umbrella insurance to protect against large claims. URMMA reviews risk management programs and gives recommendations and premium discounts to cities that adopt them. Layton City has implemented various recommendations and receives premium discounts.

The City carries workers compensation insurance for claims related to work injuries and illnesses.

Physical damage to buildings and contents are covered by commercial insurance with a deductible of \$10,000. Emergency response vehicles valued at more than \$50,000 have physical damage coverage with a \$2,500 deductible. Three fire response vehicles valued at less than \$50,000 have physical damage coverage with a \$1,000 deductible. All other vehicles are self insured for physical damage.

The City has a claims committee and a risk management committee. The claims committee reviews all claims made against the City. The committee reviews the claim and potential liability and makes a recommendation to the City Manager for settlement. All personal injury claims and property damage claims exceeding \$15,000 are handled by URMMA.

The risk management committee reviews potential risks that are brought to its attention and makes recommendations to remove or mitigate the risk of loss. It also reviews the implementation and compliance with URMMA's risk management programs.

Estimates of claims incurred but not reported, and estimated costs of claims that are reported but not settled, do not represent a material amount and they have not been accrued at year end. Settlements have not exceeded coverages for each of the last three fiscal years.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Jointly governed organization

Utah Risk Management Mutual Association (URMMA), a separate legal entity and political subdivision of the State of Utah, was formed by an inter-local agreement effective September 30, 1985, pursuant to the provisions of the Utah Inter-local Co-operation Act. The inter-local agreement has a fifty-year term. Municipalities seek membership in the Association in order to provide more comprehensive and economical risk coverage, to reduce the amount and frequency of losses, and to decrease the cost incurred in handling and litigating claims. URMMA financial statements may be obtained at their office, 360 West 920 North, Orem, Utah 84057.

The City paid premiums and loss recovery of \$189,158 to URMMA for the year ended June 30, 2012. The City paid URMMA \$23,203 for costs and claims within the deductible limit or otherwise not covered.

D. Employee retirement systems and plans

The City participates in the Utah Retirement Systems (URS) cost-sharing multiple employer defined benefit plans for public employees of the State of Utah and participating local governments. The URS is administered by the Utah State Retirement Board which is the State Treasurer and six members appointed by the governor. The systems are established and governed by sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The City is obligated to participate in the URS if it has employees meeting membership requirements.

Notes to Financial Statements for year ended June 30, 2012

The City participates and makes contributions to the Local Government Contributory Retirement System, Local Government Noncontributory Retirement System, Public Safety Retirement System (Contributory and Noncontributory Divisions), and Firefighters Retirement System. All City employees are covered by Social Security in conjunction with these systems. The City Council elected to have all general public employees hired after June 30, 1991, belong to the Local Government Noncontributory Retirement System and police officers hired after December 31, 1994, belong to the Public Safety Retirement System, Noncontributory Division. Beginning July 1, 2011, the URS also created a Tier 2 plan within the Systems. All new employees hired on or after July 1, 2011 are automatically placed on the Tier 2 plan. Within the Tier 2 plan, employees have two options; one is the Hybrid Retirement System, which combines a pension and 401(k) plan. The other option is the Defined Contribution Plan, which is 401(k) only. All contributions were equal to the required contributions.

URS provides retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes. The URS issues a publicly available financial report that includes financial statements and required supplementary information for all the systems in which the City participates. A copy of the report may be obtained by writing to Utah Retirement Systems, 540 E 200 S, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Under the URS plans, the City is required to contribute a percentage of the annual covered salary. The City makes both the employee and employer designated contribution in contributory type plans. The following were the actuarially determined contribution rates required for fiscal year ended June 30, 2012:

	Contribution Rates	
	Tier 1	Tier 2
Local Government Contributory Retirement System	15.76%	10.33%
Local Government Noncontributory Retirement System	13.77%	
Public Safety Retirement System, Contributory Division	28.07%	
Public Safety Retirement System, Noncontributory Division	27.07%	16.27%
Firefighters Retirement System	15.55%	

The City made contributions equal to the required contributions for each fiscal year ended June 30 as noted below:

System Name	Contributions		
	2012	2011	2010
Local Government Contributory Retirement System	\$ 97,113	\$ 96,474	\$ 86,492
Local Government Noncontributory Retirement System	909,413	871,644	766,031
Public Safety Retirement System, Contributory Division	22,504	17,450	15,404
Public Safety Retirement System, Noncontributory Division	1,015,940	979,797	845,879
Firefighters Retirement System	434,502	467,988	378,173

Alternate retirement plan - The URS regulations allow exemption of up to 10% of the City's employees from participation. The City Manager, department directors and a few other professional positions are given the option to participate in the URS or an alternate retirement plan. In addition, a few employees that have retired in the URS and cannot participate further in that plan participate in this plan. The alternate retirement plan is a single employer defined contribution plan, established under the Internal Revenue Code section 401A and managed by the International City Manager Association Retirement Corporation (ICMA-RC).

Other retirement contributions: 1) Employees hired prior to February 8, 1992, have a minimum of 20% contributed toward all retirement plans. Contributions are first made to the URS plans and any remainder is contributed to the single employer defined contribution plan that is the same as the "Alternate Retirement Plan" described above. Employees hired on or after February 8, 1992, are not eligible for the additional contribution. 2) A few employees were hired after they were previously retired in the URS system. URS allows a retirement contribution to be made in their behalf and sets the rate of contribution. These contributions are also deposited into the "Alternate Retirement Plan."

Contributions made by the City to the "Alternate retirement plan" for the fiscal year ended June 30, 2012, were \$320,217.

Deferred compensation plan - The City offers plans created in accordance with Internal Revenue Code section 457 and Roth IRA's. All contributions are held in trust for the participating employee and no ownership rights are retained by the City. Therefore, plan assets are not reported in these financial statements.

E. Inter-local agreements

Davis School District gymnasium construction

In 2001 the City entered into an inter-local agreement with the Davis School District to construct a gymnasium at Central Davis Junior High School. The agreement provided for a sharing of the construction cost. It further provided that the school district would own the facility and the City would have a shared use of the facility for a period of 99 years. The City capitalized the cost of \$1,572,245 under the buildings category of capital assets and has depreciated it based on the same useful life as other buildings, which is 50 years.

In 2008 the City entered into an inter-local agreement with the Davis School District to construct a gymnasium at Legacy Junior High School. The agreement provided that the school district would own the facility. The City shared in the cost of construction and will share use of the gym for a period of 100 years. The City capitalized the cost of \$2,205,000 under the buildings category of capital assets and depreciated it based on a 50 year useful life.

Utah Infrastructure Agency (UIA)

On June 7, 2010, the City joined 8 other cities in an interlocal cooperative to purchase, lease, construct or equip facilities that are designed to provide telecommunication services within the respective cities. The interlocal agreement was amended and restated on November 1, 2010. The purpose of the cooperative is to work in concert with the Utah Telecommunications Open Infrastructure Agency (UTOPIA) to complete a wholesale fiber optic network for the residences and business in each city (See note on UTOPIA pledge and loan agreement).

F. Commitments

UTOPIA pledge and loan agreement

In July 2004 the City entered into a Pledge and Loan Agreement with UTOPIA. UTOPIA is an interlocal cooperative between 11 Utah cities to finance, construct and operate a system of fiber optic communication lines within the cooperative cities. UTOPIA leases use of the fiber optic system to retail vendors of telephony, video, internet and other digital services. The pledge committed the City to set aside and deposit funds as security in a debt service reserve fund for the portion of the project related to the City. The maximum amount committed by the City in any one year, under the 2004 agreement, was \$1,676,968. Sales and use tax revenues were pledged towards replenishment of the City's share of the debt service reserve fund if withdrawals were made by the Trustee to make bond payments. The pledge was junior to any previously pledged sales and use tax revenue. On July 1, 2007, the City deposited \$1,676,968 into a UTOPIA Debt Service Reserve Fund.

In June 2008 the City entered into an Amended and Restated Pledge and Loan Agreement as part of a restructuring of UTOPIA debt. The City pledged sales and use tax revenue towards its share (initially 16.617%) of any debt service fund shortfall. The City's annual commitment increases each year and ranges from \$2,104,508 in 2012 to \$3,663,999 in 2040.

In January 2010 the Trustee of the UTOPIA bond funds notified the City that part of the UTOPIA Debt Service Reserve Fund was used to make required payments to the bondholders. Each month since then the City has received a similar notice. The City understands that these withdrawals will continue for an undetermined period of time and that replenishment payments will continue for the foreseeable future. The City is required to replenish its share of the amount withdrawn from the debt service reserve fund. Monthly replenishment payments required for calendar year 2012 total \$2,104,508. Payments for 2013 will total \$2,146,598.

According to the Amended and Restated Pledge and Loan Agreement, the amounts withdrawn from the City's share of the debt service reserve fund becomes a loan to UTOPIA. A loan receivable for \$4,722,639 is recorded in the general fund with an offsetting entry to deferred revenue. The entity-wide statements record an allowance for the full amount of the receivable because it is unclear when UTOPIA will be in a position to repay the loan.

Utah Infrastructure Agency (UIA)

On May 1, 2011, the City entered into a “Communication Service Contract” with UIA to provide connections to a fiber optic network for the residences and businesses of the City. The agreement obligates the City to financially support UIA if UIA revenues are insufficient to pay operational and debt payments. Layton City has obligated up to \$937,272 of its annual franchise tax revenue. This represents 18.20% of the combined commitment of all the cities in UIA.

The service contract also provides that the City will bill and collect connection service fees from the end users located in the City on behalf of UIA. The City may keep 5% of the fees for administrative costs and remit 95% of the fees to UIA. The City becomes a signatory party to the end user agreement, along with UIA and the end user. The City is responsible for collection of the user fees stipulated in the agreement should the end user default. During the year, the City created the UIA enterprise fund to account for UIA activities.

Weber Basin Water Conservancy District agreement

In July 2005 the City entered into a tri-lateral agreement with Weber Basin Water Conservancy District (District) and Davis and Weber Canal Company (Company). Essentially the agreement provided for water that was being or had been used by the Company for agricultural irrigation within sections of the City could be acquired by the District, treated for culinary use, and supplied to the City. The City had the option of when and how much of the water it wanted to contract for use. The deadline for exercising the option was December 31, 2012. On August 30, 2011, the City notified the District that it wanted to acquire the contract to use 1,202.1 acre feet of water and would pay the District in two equal payments of \$1,081,890 on December 31, 2012, and July 31, 2013, respectively.

Development payback agreements

As development occurs in the City and in redevelopment project areas, payback agreements have been entered into for projects where future developments will benefit from the efforts and improvements constructed by a developer or the City. These agreements represent possible future liabilities for the payment of tax increment or impact fees revenue.

G. Redevelopment agency – state report on property tax collection

South Main/South Fort Lane Project - The following is provided as required by state statute:

a) Tax increment collected	\$380,104
b) Tax increment paid to other entities	None
c) Outstanding principal amount of bonds issued	None
d) Project expenditures and administrative costs	\$0

The following is further information about tax increment money but not required by state statute:

a) Tax increment revenue restricted by statute for affordable housing current year	\$63,296
b) Total tax increment revenue restricted for affordable housing at June 30, 2012	\$251,207
c) Tax increment revenue spent on affordable housing during the year	None

East Gate Economic Development Project –

a) Tax increment collected	\$288,861
b) Tax increment paid to other entities	274,909
c) Outstanding principal amount of bonds issued	None
d) Project expenditures and administrative costs	None

The Agency collected tax increment revenue of \$288,861 at June 30, 2012. Funds in the amount of \$416,360 were loaned by Layton City to the East Gate project to install electric utility conduit and telecommunication lines into a segment of the project area and to extend a portion of 1700 East.

Notes to Financial Statements for year ended June 30, 2012

The City will be repaid as tax increment revenues become available. In addition, the RDA signed a development agreement with the East Gate property developer that in the event tax increment becomes available the developer would be paid 50% of available tax increment up to \$780,146. During the year the developer was paid \$106,500. The City was repaid \$168,409.

- H. Prior period adjustment and fund balance restatement: During the year an additional payback agreement related to the East Gate Development in the EDA was discovered. Although schedules tracking the agreement were in place, the agreement needed to be recorded in the general ledger and reported in the CAFR as a liability to the due from the RDA to the City in the amount of \$274,186.

Layton City Corporation

Combining Fund Statements

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Non-major Governmental Funds

Special Revenue Funds

Emergency Dispatch Fund — This fund accounts for the public safety emergency dispatching operation. It is funded primarily from fees imposed on telephone services. Telephone companies collect the fees and remit them to the State Tax Commission which then distributes them to the City. This fund only pays for part of the overall dispatch services. The other part is funded through the police department of the general fund.

Victims Services Fund — This fund accounts for services provided to victims of crimes to assist them in the legal process and refer them to human service agencies. This operation is primarily funded by a grant along with some matching funds from the City.

Community Development Block Grant Fund — This fund accounts for grants from the U.S. Department of Housing and Urban Development under the Community Development Block Grants. This operation is primarily funded by the grants and some income generated by some of the programs. Sub-grants are made to various human service agencies that help low and moderate income families. Funds are used to construct housing for low and moderate income families.

Impact Fee Fund — This fund accounts for development impact fees paid by developers and builders. Money is accumulated in this fund and then transferred to the Capital Projects Fund when projects are budgeted and approved. Three impact fees are tracked in this fund: transportation impact fee; park impact fee; and public safety impact fee.

Redevelopment Agency Fund — This fund accounts for the general activities of the Redevelopment Agency of Layton City, Utah and is included for financial reporting purposes as a blended component unit. Its activities include the preparation and implementation of improvements for blighted areas of the City. It also promotes economic development in areas of the City that are currently undeveloped.

Debt Service Funds

Debt Service Fund — This fund is used to accumulate funds and to make payments on revenue obligation bonds backed by sales and use tax revenues and other notes. Escrow balances for bond payments are also tracked in this fund.

LAYTON CITY CORPORATION

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue			
	Emergency Dispatch Service	Victims Services	Community Development Block Grant	Impact Fee
<u>Assets</u>				
Cash and cash equivalents	\$ 396,393	\$ -	\$ -	\$ 1,090,980
Receivables:				
Taxes and intergovernmental	-	12,546	13,867	-
Accounts	87,269	-	-	-
Note receivable	-	-	-	-
Restricted assets:				
Restricted cash and cash equivalents	-	-	-	-
Restricted receivables	-	-	-	-
 Total assets	 \$ 483,662	 \$ 12,546	 \$ 13,867	 \$ 1,090,980
<u>Liabilities and fund balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 16,452	\$ -	\$ 5,842	\$ -
Accrued liabilities	-	1,135	84	-
Due to other funds	-	8,611	7,941	-
Deferred revenue	-	-	-	-
 Total liabilities	 16,452	 9,746	 13,867	 -
<u>Fund balances</u>				
Nonspendable	-	-	-	-
Restricted for:				
Street construction	-	-	-	263,265
Park development	-	-	-	248,912
Public safety facilities	-	-	-	578,803
Community development	-	-	-	-
Debt service	-	-	-	-
Assigned	467,210	2,800	-	-
 Total fund balances	 467,210	 2,800	 -	 1,090,980
 Total liabilities and fund balances	 \$ 483,662	 \$ 12,546	 \$ 13,867	 \$ 1,090,980

<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Redevelopment Agency</u>	<u>Debt Service</u>	
634,104	\$ 636,091	\$ 2,757,568
625,039	-	651,452
-	-	87,269
113,273	-	113,273
276,592	475,669	752,261
76,021	-	76,021
<u>\$ 1,725,029</u>	<u>\$ 1,111,760</u>	<u>\$ 4,437,844</u>
\$ -	\$ -	\$ 22,294
-	-	1,219
406,360	-	422,912
701,060	-	701,060
<u>1,107,420</u>	<u>-</u>	<u>1,147,485</u>
113,273	-	113,273
-	-	263,265
-	-	248,912
-	-	578,803
276,592	-	276,592
-	475,669	475,669
227,744	636,091	1,333,845
<u>617,609</u>	<u>1,111,760</u>	<u>3,290,359</u>
<u>\$ 1,725,029</u>	<u>\$ 1,111,760</u>	<u>\$ 4,437,844</u>

LAYTON CITY CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the year ended June 30, 2012

	Special Revenue			
	Emergency Dispatch Service	Victims Services	Community Development Block Grant	Impact Fee
Revenues:				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,574	49,494	204,408	-
Charges for services	510,807	-	-	1,877,854
Miscellaneous	2,330	-	7,500	6,817
Total revenues	519,711	49,494	211,908	1,884,671
Expenditures:				
Current:				
General government	-	69,998	-	57,273
Public safety	447,868	-	-	-
Community and economic development	-	-	211,908	-
Debt service:				
Principal	-	-	-	-
Interest and agent fees	-	-	-	-
Pledge payments	-	-	-	-
Total expenditures	447,868	69,998	211,908	57,273
Excess (deficiency) of revenues over (under) expenditures	71,843	(20,504)	-	1,827,398
Other financing sources (uses):				
Transfers in	1,644	22,497	-	-
Transfers out	-	-	-	(1,138,000)
Total other financing sources (uses)	1,644	22,497	-	(1,138,000)
Net change in fund balances	73,487	1,993	-	689,398
Fund balances - beginning - restated	393,723	807	-	401,582
Fund balances - ending	\$ 467,210	\$ 2,800	\$ -	\$ 1,090,980

<u>Special Revenue</u>	<u>Debt Service</u>	Total Nonmajor Governmental Funds
<u>Redevelopment Agency</u>	<u>Debt Service</u>	
\$ 668,965	\$ -	\$ 668,965
-	-	260,476
-	-	2,388,661
<u>128,003</u>	<u>1,069</u>	<u>145,719</u>
<u>796,968</u>	<u>1,069</u>	<u>3,463,821</u>
-	-	127,271
-	-	447,868
274,909	-	486,817
-	230,000	230,000
-	185,850	185,850
-	<u>2,078,889</u>	<u>2,078,889</u>
<u>274,909</u>	<u>2,494,739</u>	<u>3,556,695</u>
<u>522,059</u>	<u>(2,493,670)</u>	<u>(92,874)</u>
-	2,424,508	2,448,649
-	-	<u>(1,138,000)</u>
-	<u>2,424,508</u>	<u>1,310,649</u>
522,059	(69,162)	1,217,775
<u>95,550</u>	<u>1,180,922</u>	<u>2,072,584</u>
<u>\$ 617,609</u>	<u>\$ 1,111,760</u>	<u>\$ 3,290,359</u>

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Non-major Proprietary Funds

Swimming Pool Fund — This fund accounts for the operations of a City owned swimming pool. The pool complex includes two pools, racquetball courts, dressing rooms, lockers, and a snack bar. Offices for the Parks and Recreation Department are also housed in the facility and rent is charged to the general fund for their use. A variety of open swimming and swimming classes are provided. Three high school swim teams use the facility for practice and competitions.

Emergency Medical Services Fund — This fund accounts for ambulance and paramedic services. These function under the Fire Department. Firefighters are cross trained as emergency medical technicians and as paramedics so that they may function as needed in an emergency.

Athletic Programs Fund — This fund accounts for various sports programs offered and supervised by the Parks and Recreation Department. Youth and adult programs are offered. Program costs not pertaining to facilities, oversight and equipment are accounted for in this fund. User fees are charged and used for costs associated with supplies, shirts, officials and other similar direct costs.

UIA (telecom infrastructure) — This fund accounts for the activities related to the communication service contract between the City and Utah Infrastructure Agency. Under the contract the City is responsible for billing and collection of connection services fees from those connected to the UTOPIA telecom network.

LAYTON CITY CORPORATION

COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2012

	Swimming Pool	Emergency Medical Services	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 295,581	\$ 272,025	\$ 111,309	\$ 93	\$ 679,008
Accounts receivable, net	-	201,808	-	395	202,203
Contracts receivable	-	-	-	6,201	6,201
Inventory	2,109	-	-	-	2,109
Total current assets	297,690	473,833	111,309	6,689	889,521
Noncurrent assets:					
Contracts receivable	-	-	-	110,643	110,643
Capital assets:					
Land	1,000	-	-	-	1,000
Buildings	2,250,824	-	-	-	2,250,824
Improvements other than buildings	20,112	-	-	-	20,112
Equipment	665,585	1,111,697	-	-	1,777,282
Less: accumulated depreciation	(2,087,357)	(701,859)	-	-	(2,789,216)
Total capital assets	850,164	409,838	-	-	1,260,002
Total noncurrent assets	850,164	409,838	-	110,643	1,370,645
Total assets	\$ 1,147,854	\$ 883,671	\$ 111,309	\$ 117,332	\$ 2,260,166
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	\$ 22,804	\$ 10,334	\$ 39,713	\$ -	\$ 72,851
Accrued liabilities	13,875	28,544	3,838	6,201	52,458
Compensated absences payable	3,656	157,255	-	-	160,911
Payable to other governments	-	2,817	-	-	2,817
Total current liabilities	40,335	198,950	43,551	6,201	289,037
Noncurrent liabilities:					
Contracts payable	-	-	-	110,643	110,643
Compensated absences payable	-	40,537	-	-	40,537
Total noncurrent liabilities	-	40,537	-	110,643	151,180
Total liabilities	40,335	239,487	43,551	116,844	440,217
<u>Net assets</u>					
Invested in capital assets, net of related debt	850,164	409,838	-	-	1,260,002
Unrestricted	257,355	234,346	67,758	488	559,947
Total net assets	\$ 1,107,519	\$ 644,184	\$ 67,758	\$ 488	\$ 1,819,949

LAYTON CITY CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 For the year ended June 30, 2012

	Swimming Pool	Emergency Medical Services	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Operating revenues</u>					
Charges for services	\$ 431,763	\$ 1,616,118	\$ 327,528	\$ 8,740	\$ 2,384,149
Miscellaneous	45,495	2,115	-	-	47,610
Total operating revenues	477,258	1,618,233	327,528	8,740	2,431,759
<u>Operating expenses</u>					
Salaries, wages and benefits	563,620	1,860,815	99,974	-	2,524,409
Supplies and maintenance	126,899	208,796	199,954	122	535,771
Utilities	204,563	8,421	-	-	212,984
Professional services and training	1,610	54,824	-	-	56,434
Contracted agreements	-	-	-	8,130	8,130
Insurance	8,015	33,522	-	-	41,537
Bad debt collection fees	-	18,718	-	-	18,718
Depreciation	65,678	132,397	-	-	198,075
Total operating expenses	970,385	2,317,493	299,928	8,252	3,596,058
Operating income (loss)	(493,127)	(699,260)	27,600	488	(1,164,299)
<u>Nonoperating revenues</u>					
Interest	-	1,685	-	-	1,685
Gain (loss) from sale of capital assets	-	(35,550)	-	-	(35,550)
Grants	-	632,024	-	-	632,024
Total nonoperating revenues	-	598,159	-	-	598,159
Income (loss) before transfers	(493,127)	(101,101)	27,600	488	(566,140)
Transfers in	481,636	-	-	-	481,636
Change in net assets	(11,491)	(101,101)	27,600	488	(84,504)
Total net assets - beginning	1,119,010	745,285	40,158	-	1,904,453
Total net assets - ending	\$ 1,107,519	\$ 644,184	\$ 67,758	\$ 488	\$ 1,819,949

LAYTON CITY CORPORATION

COMBINING STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS For the year ended June 30, 2012

	Swimming Pool	Emergency Medical Services	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Cash flow from operating activities</u>					
Receipts from customers	\$ 431,763	\$ 1,639,002	\$ 327,528	\$ 8,345	\$ 2,406,638
Receipts from interfund services provided	45,495	-	-	-	45,495
Payments to suppliers	(337,508)	(260,028)	(169,006)	(122)	(766,664)
Payments for interfund services used	(8,546)	(2,120)	-	-	(10,666)
Payments to other governments	(994)	(69,464)	-	(8,130)	(78,588)
Payments to employees	(593,443)	(1,875,474)	(112,164)	-	(2,581,081)
Net cash used by operating activities	(463,233)	(568,084)	46,358	93	(984,866)
<u>Cash flow from non-capital financing activities</u>					
Transfers (to) from other funds	481,636	-	-	-	481,636
County, state and federal grants	-	632,024	-	-	632,024
Net cash provided by non-capital financing activities	481,636	632,024	-	-	1,113,660
<u>Cash flow from capital and related financing activities</u>					
Purchase of capital assets	(42,849)	(137,212)	-	-	(180,061)
Contracts receivable	-	-	-	(110,643)	(110,643)
Contracts payable	-	-	-	110,643	110,643
Net cash used by capital and related financing activities	(42,849)	(137,212)	-	-	(180,061)
<u>Cash flow from investing activities</u>					
Interest earned on investments	-	1,685	-	-	1,685
Net cash provided by investing activities	-	1,685	-	-	1,685
Net increase (decrease) in cash and cash equivalents	(24,446)	(71,587)	46,358	93	(49,582)
Cash and cash equivalents at beginning of year	320,027	343,612	64,951	-	728,590
Cash and cash equivalents at end of year	\$ 295,581	\$ 272,025	\$ 111,309	\$ 93	\$ 679,008

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating loss	\$ (493,127)	\$ (699,260)	\$ 27,600	\$ 488	\$ (1,164,299)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	65,678	132,397	-	-	198,075
(Increase) decrease in accounts receivable	-	20,769	-	(395)	20,374
(Increase) decrease in inventories	1,223	-	-	-	1,223
Increase (decrease) in accounts payable	(7,184)	(4,098)	30,948	-	19,666
Increase (decrease) in accrued liabilities	(31,024)	(47,980)	(12,190)	-	(91,194)
Increase (decrease) in compensated absences	1,201	33,321	-	-	34,522
Increase (decrease) in amounts due to other governments	-	(3,233)	-	-	(3,233)
Total adjustments	29,894	131,176	18,758	(395)	179,433
Net cash used by operating activities	\$ (463,233)	\$ (568,084)	\$ 46,358	\$ 93	\$ (984,866)

Layton City Corporation

Individual Fund Schedules

LAYTON CITY CORPORATION

GENERAL FUND
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Cash and cash equivalents	\$ 3,201,841	\$ 4,288,370
Investments	1,505,171	1,248,750
Receivables:		
Taxes and intergovernmental	10,541,867	10,137,122
Accounts	27,394	51,746
Loans	4,722,639	2,629,188
Due from other funds	422,912	425,203
Prepaid	12,244	16,005
Restricted assets:		
Cash and cash equivalents	958,386	636,116
 Total assets	 <u>\$ 21,392,454</u>	 <u>\$ 19,432,500</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 296,796	\$ 661,346
Accrued liabilities	1,913,810	2,601,784
Customer deposits	958,386	636,116
Due to developers	77,490	77,490
Deferred revenue	12,175,290	9,944,212
 Total liabilities	 <u>15,421,772</u>	 <u>13,920,948</u>
Fund balance:		
Nonspendable	435,156	16,005
Restricted for class c roads	96,104	221,767
Assigned	90,611	92,883
Unassigned	5,348,811	5,180,897
 Total fund balance	 <u>5,970,682</u>	 <u>5,511,552</u>
 Total liabilities and fund balance	 <u>\$ 21,392,454</u>	 <u>\$ 19,432,500</u>

LAYTON CITY CORPORATION

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the years ended June 30, 2012 and 2011

	2012	2011
<u>Revenues</u>		
Taxes and special assessments	\$ 23,803,984	\$ 22,663,094
Licenses and permits	1,240,476	1,023,154
Intergovernmental	2,479,045	2,310,131
Charges for services	831,656	665,648
Fines and forfeitures	317,959	239,567
Miscellaneous	885,289	962,229
	<hr/>	<hr/>
Total revenues	\$ 29,558,409	\$ 27,863,823
<u>Expenditures</u>		
Current:		
General government	\$ 4,162,485	\$ 4,041,495
Public safety	13,873,623	13,308,543
Community and economic development	1,074,480	1,182,918
Streets and public improvements	3,710,490	3,316,435
Parks and recreation	2,851,476	2,724,591
Total expenditures	<hr/>	<hr/>
	25,672,554	24,573,982
	<hr/>	<hr/>
Excess of revenues over expenditures	3,885,855	3,289,841
<u>Other financing sources (uses)</u>		
Transfers in:		
B&C road fund	10,000	-
Water fund	81,733	76,206
Storm sewer fund	92,233	73,777
Sewer fund	32,307	29,195
Total transfers in	<hr/>	<hr/>
	216,273	179,178
Transfers out:		
B&C road fund	(10,000)	-
Swimming pool fund	(481,636)	(468,413)
Debt service fund	(2,104,508)	(1,834,240)
Capital projects fund	(1,060,000)	(801,894)
Emergency medical	(1,644)	-
Victim services fund	(22,497)	(20,000)
Total transfers out	<hr/>	<hr/>
	(3,680,285)	(3,124,547)
Sale of capital assets	<hr/>	<hr/>
	37,287	158,931
	<hr/>	<hr/>
Total other financing sources and (uses)	(3,426,725)	(2,786,438)
	<hr/>	<hr/>
Net change in fund balance	459,130	503,403
Fund balance - beginning - restated	5,511,552	5,008,149
	<hr/>	<hr/>
Fund balance - ending	\$ 5,970,682	\$ 5,511,552
	<hr/>	<hr/>

LAYTON CITY CORPORATION

EMERGENCY DISPATCH SERVICE FUND
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 396,393	\$ 365,435
Receivables - accounts	87,269	59,296
	<hr/>	
Total assets	\$ 483,662	\$ 424,731
	<hr/>	
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 16,452	\$ 31,008
	<hr/>	
Total liabilities	16,452	31,008
	<hr/>	
Fund balance:		
Assigned	467,210	393,723
	<hr/>	
Total fund balance	467,210	393,723
	<hr/>	
Total liabilities and fund balance	\$ 483,662	\$ 424,731
	<hr/>	

LAYTON CITY CORPORATION

EMERGENCY DISPATCH SERVICE FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the year ended June 30, 2012

(with comparative actual amounts for year ended June 30, 2011)

	2012			Variance With Final Budget - Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
State and federal grants	\$ -	\$ 6,574	\$ 6,574	\$ -	\$ 39,254
Charges for services:					
Telephone fees	465,000	465,000	510,807	45,807	449,209
Miscellaneous:					
Interest	2,000	2,000	2,330	330	1,775
Total revenues	\$ 467,000	\$ 473,574	\$ 519,711	\$ 46,137	\$ 490,238
<u>Expenditures</u>					
Current:					
Public safety:					
Salaries, wages and benefits	\$ 330,802	\$ 330,802	\$ 329,520	\$ 1,282	\$ 309,943
Materials and supplies	142,254	142,254	111,130	31,124	200,008
Equipment	-	8,218	7,218	1,000	12,045
Total expenditures	473,056	481,274	447,868	33,406	521,996
Excess (deficiency) of revenues over (under) expenditures	(6,056)	(7,700)	71,843	79,543	(31,758)
<u>Other financing sources</u>					
Transfers in - general fund	-	1,644	1,644	-	-
Net change in fund balance	(6,056)	(6,056)	73,487	79,543	(31,758)
Fund balance - beginning	393,723	393,723	393,723	-	425,481
Fund balance - ending	\$ 387,667	\$ 387,667	\$ 467,210	\$ 79,543	\$ 393,723

LAYTON CITY CORPORATION

VICTIMS SERVICES FUND
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Receivables - grants	\$ 12,546	\$ 12,401
Total assets	<u>\$ 12,546</u>	<u>\$ 12,401</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ -	\$ 119
Accrued liabilities	1,135	3,158
Due to other funds	8,611	8,317
Total liabilities	<u>9,746</u>	<u>11,594</u>
Fund balance		
Assigned	<u>2,800</u>	<u>807</u>
Total fund balance	<u>2,800</u>	<u>807</u>
Total liabilities and fund balance	<u>\$ 12,546</u>	<u>\$ 12,401</u>

LAYTON CITY CORPORATION

VICTIMS SERVICES FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the year ended June 30, 2012

(with comparative actual amounts for year ended June 30, 2011)

	2012			Variance With Final Budget - Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
VOCA grant	\$ 49,393	\$ 49,643	\$ 49,494	\$ (149)	\$ 49,373
Total revenues	49,393	49,643	49,494	(149)	49,373
<u>Expenditures</u>					
Current:					
General government:					
Salaries, wages and benefits	67,800	67,800	67,398	402	66,048
Materials and supplies	4,090	4,340	2,600	1,740	2,752
Total expenditures	71,890	72,140	69,998	2,142	68,800
Deficiency of revenues under expenditures	(22,497)	(22,497)	(20,504)	1,993	(19,427)
<u>Other financing sources:</u>					
Transfers in	22,497	22,497	22,497	-	20,000
Net change in fund balance	-	-	1,993	1,993	573
Fund balance (deficit) - beginning	807	807	807		234
Fund balance - ending	\$ 807	\$ 807	\$ 2,800	\$ 1,993	\$ 807

LAYTON CITY CORPORATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUND
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<hr/>		
<u>Assets</u>		
Receivables - grants	\$ 13,867	\$ 18,332
Total assets	<u>\$ 13,867</u>	<u>\$ 18,332</u>
<u>Liabilities</u>		
Liabilities:		
Accounts payable	\$ 5,842	\$ 15,290
Accrued liabilities	84	2,514
Due to other funds	<u>7,941</u>	<u>528</u>
Total liabilities	<u>\$ 13,867</u>	<u>\$ 18,332</u>

LAYTON CITY CORPORATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUND
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

For the year ended June 30, 2012
 (with comparative actual amounts for year ended June 30, 2011)

	2012			Variance With Final Budget - Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
Community development block grants	\$ 311,196	\$ 499,501	\$ 203,204	\$ (296,297)	\$ 380,464
Department of energy grant	-	1,205	1,204	(1)	369,182
Miscellaneous:					
Sundry	-	-	7,500	7,500	1,500
Total revenue	311,196	500,706	211,908	(288,798)	751,146
<u>Expenditures</u>					
Current:					
Community and economic development:					
Salaries, wages and benefits	45,835	45,835	30,538	15,297	33,072
Materials, supplies and programs	63,083	78,493	75,080	3,413	83,542
Housing, sidewalk, and other projects	202,278	376,378	106,290	270,088	634,532
Total expenditures	311,196	500,706	211,908	288,798	751,146
Net change in fund balance	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

LAYTON CITY CORPORATION

IMPACT FEE FUND
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 1,090,980	\$ 401,582
Total assets	<u>\$ 1,090,980</u>	<u>\$ 401,582</u>
 <u>Liabilities and fund balance</u>		
Fund balance:		
Restricted for street construction	\$ 263,265	\$ 7
Restricted for park development	248,912	3,498
Restricted for public safety facilities	578,803	398,077
Total fund balance	<u>1,090,980</u>	<u>401,582</u>
Total liabilities and fund balance	<u>\$ 1,090,980</u>	<u>\$ 401,582</u>

LAYTON CITY CORPORATION

IMPACT FEE FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the year ended June 30, 2012

(with comparative actual amounts for year ended June 30, 2011)

	2012			Variance With Final Budget - Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Charges for services:					
Transportation impact fees	\$ 849,693	\$ 818,000	\$ 1,079,612	\$ 261,612	\$ 702,601
Park impact fees	605,227	320,000	563,859	243,859	305,021
Public safety impact fees	192,340	192,340	234,383	42,043	136,811
Miscellaneous:					
Interest	-	-	6,817	6,817	4,486
Total revenues	1,647,260	1,330,340	1,884,671	554,331	1,148,919
<u>Expenditures</u>					
General government	-	57,273	57,273	-	-
Excess of revenue over expenditures	1,647,260	1,273,067	1,827,398	554,331	1,148,919
<u>Other financing uses</u>					
Transfers out:					
Debt service fund:	414,850	320,000	320,000	-	420,100
Capital projects fund:					
Street projects	850,000	818,000	818,000	-	1,135,600
Park projects	190,000	-	-	-	168,300
Total other financing uses	1,454,850	1,138,000	1,138,000	-	1,724,000
Net change in fund balance	192,410	135,067	689,398	554,331	(575,081)
Fund balance - beginning	401,582	401,582	401,582		976,663
Fund balance - ending	\$ 593,992	\$ 536,649	\$ 1,090,980	\$ 554,331	\$ 401,582

LAYTON CITY CORPORATION

REDEVELOPMENT AGENCY FUND
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Cash and cash equivalents	\$ 634,104	\$ 311,340
Receivables - taxes	625,039	436,012
Note receivable	113,273	-
Restricted assets:		
Restricted cash and cash equivalents - affordable housing	276,592	200,570
Restricted receivables - taxes - affordable housing	76,021	50,637
Total assets	<u>\$ 1,725,029</u>	<u>\$ 998,559</u>
<u>Liabilities and fund balance</u>		
Due to other funds	\$ 406,360	\$ 416,360
Deferred revenue	701,060	486,649
Total liabilities	<u>1,107,420</u>	<u>903,009</u>
Fund balance:		
Nonspendable	113,273	-
Restricted for affordable housing	276,592	200,570
Assigned	227,744	-
Unrestricted	-	(105,020)
Total fund balance	<u>617,609</u>	<u>95,550</u>
Total liabilities and fund balance	<u>\$ 1,725,029</u>	<u>\$ 998,559</u>

LAYTON CITY CORPORATION

REDEVELOPMENT AGENCY FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the year ended June 30, 2012

(with comparative actual amounts for year ended June 30, 2011)

	2012			Variance With Final Budget - Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Property taxes - development increment	\$ 450,000	\$ 667,013	\$ 668,965	\$ 1,952	\$ 316,480
Miscellaneous	-	-	128,003	128,003	1,346
Total revenues	450,000	667,013	796,968	129,955	317,826
<u>Expenditures</u>					
Current:					
Community and economic development:					
Materials and supplies	21,000	21,000	-	21,000	2,900
Capital outlay - projects	214,500	823,521	-	823,521	142,174
Payback agreements	214,500	276,409	274,909	1,500	-
Total expenditures	450,000	1,120,930	274,909	846,021	145,074
Net change in fund balance	-	(453,917)	522,059	975,976	172,752
Fund balance - beginning - restated	95,550	95,550	95,550		(77,202)
Fund balance - ending	\$ 95,550	\$ (358,367)	\$ 617,609	\$ 975,976	\$ 95,550

LAYTON CITY CORPORATION

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 636,091	\$ 338,142
Cash and cash equivalents - restricted	475,669	842,780
	<hr/>	
Total assets	\$ 1,111,760	\$ 1,180,922
	<hr/>	
<u>Liabilities and fund balance</u>		
Fund balance:		
Restricted	\$ 475,669	\$ 842,780
Assigned	636,091	338,142
	<hr/>	
Total liabilities and fund balance	\$ 1,111,760	\$ 1,180,922
	<hr/>	

LAYTON CITY CORPORATION

DEBT SERVICE FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the year ended June 30, 2012

(with comparative actual amounts for year ended June 30, 2011)

	2012			Variance With Final Budget - Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Miscellaneous:					
Interest	\$ 1,000	\$ 1,000	\$ 1,069	\$ 69	\$ 6,951
Total revenues	1,000	1,000	1,069	69	6,951
<u>Expenditures</u>					
Debt service:					
Principal	230,000	230,000	230,000	-	225,000
Interest and agent fees	185,850	185,850	185,850	-	196,100
Pledge payments - UTOPIA debt service reserve	2,199,713	2,199,713	2,078,889	120,824	1,559,250
Total expenditures	2,615,563	2,615,563	2,494,739	120,824	1,980,350
Deficiency of revenues under expenditures	(2,614,563)	(2,614,563)	(2,493,670)	120,893	(1,973,399)
<u>Other financing sources (uses)</u>					
Transfer in - general fund	2,199,713	2,104,863	2,104,508	(355)	1,834,240
Transfer in - impact fee fund	414,850	414,850	320,000	(94,850)	420,100
Total other financing sources (uses)	2,614,563	2,519,713	2,424,508	(95,205)	2,254,340
Net change in fund balance	-	(94,850)	(69,162)	25,688	280,941
Fund balance - beginning	1,180,922	1,180,922	1,180,922		899,981
Fund balance - ending	\$ 1,180,922	\$ 1,086,072	\$ 1,111,760	\$ 25,688	\$ 1,180,922

LAYTON CITY CORPORATION

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Cash and cash equivalents	\$ 3,546,337	\$ 4,687,296
Total assets	<u>\$ 3,546,337</u>	<u>\$ 4,687,296</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 87,790	\$ 315,784
Retainage payable	<u>79,026</u>	<u>-</u>
Total liabilities	<u>166,816</u>	<u>315,784</u>
Fund balance:		
Restricted for:		
Street construction - class c roads	68,182	196,032
Street construction - transportation impact fees	76,784	357,251
Public safety facilities - public safety impact fees	<u>619,082</u>	<u>623,633</u>
Total restricted	764,048	1,176,916
Assigned	<u>2,615,473</u>	<u>3,194,596</u>
Total fund balance	<u>3,379,521</u>	<u>4,371,512</u>
Total liabilities and fund balance	<u>\$ 3,546,337</u>	<u>\$ 4,687,296</u>

LAYTON CITY CORPORATION

CAPITAL PROJECTS FUND
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

For the year ended June 30, 2012
 (with comparative actual amounts for year ended June 30, 2011)

	2012			2011	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Expenditures</u>					
Capital outlay	\$ 2,275,000	\$ 5,973,008	\$ 3,169,991	\$ 2,803,017	\$ 2,662,808
Total expenditures	2,275,000	5,973,008	3,169,991	2,803,017	2,662,808
Deficiency of revenues under expenditures	(2,275,000)	(5,973,008)	(3,169,991)	2,803,017	(2,662,808)
<u>Other financing sources</u>					
Transfers in:					
Impact fee fund	1,040,000	818,000	818,000	-	1,303,900
Storm sewer fund	300,000	300,000	300,000	-	-
General fund - class c roads	1,000,000	960,000	960,000	-	801,894
General fund - other	-	100,000	100,000	-	-
Total transfers in	2,340,000	2,178,000	2,178,000	-	2,105,794
Total other financing sources	2,340,000	2,178,000	2,178,000	-	2,105,794
Net change in fund balance	65,000	(3,795,008)	(991,991)	2,803,017	(557,014)
Fund balance - beginning	4,371,512	4,371,512	4,371,512		4,928,526
Fund balance - ending	\$ 4,436,512	\$ 576,504	\$ 3,379,521	\$ 2,803,017	\$ 4,371,512

LAYTON CITY CORPORATION

WATER FUND COMPARATIVE SCHEDULE OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,243,018	\$ 1,758,288
Accounts receivable, net	1,417,959	959,611
Restricted cash and cash equivalents	389,998	324,041
Note receivable	41,141	34,403
Prepaid expense	578,658	567,052
Total current assets	<u>4,670,774</u>	<u>3,643,395</u>
Noncurrent assets:		
Note receivable	35,358	67,582
Deferred charges	<u>6,331</u>	<u>12,662</u>
Capital assets:		
Water stocks and rights	2,426,442	1,964,442
Land	355,819	355,819
Improvements other than buildings	397,467	397,467
Distribution system	44,237,731	44,126,221
Equipment	1,268,038	1,223,582
Construction in progress	321,349	49,562
Less: accumulated depreciation	<u>(14,985,942)</u>	<u>(14,111,538)</u>
Total capital assets (net of accumulated depreciation)	<u>34,020,904</u>	<u>34,005,555</u>
Total noncurrent assets	<u>34,062,593</u>	<u>34,085,799</u>
Total assets	<u>38,733,367</u>	<u>37,729,194</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	92,595	86,642
Accrued liabilities	17,895	50,920
Compensated absences payable	83,734	82,541
Customer deposits	2,275	2,875
Accrued bond interest payable	10,828	15,127
Bonds payable	345,000	335,000
Total current liabilities	<u>552,327</u>	<u>573,105</u>
Noncurrent liabilities:		
Compensated absences payable	29,116	24,221
Bonds payable	<u>355,000</u>	<u>700,000</u>
Total noncurrent liabilities	<u>384,116</u>	<u>724,221</u>
Total liabilities	<u>936,443</u>	<u>1,297,326</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	33,320,904	32,970,555
Restricted for debt service	389,998	324,041
Unrestricted	<u>4,086,022</u>	<u>3,137,272</u>
Total net assets	<u>\$ 37,796,924</u>	<u>\$ 36,431,868</u>

LAYTON CITY CORPORATION

WATER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<u>Operating revenues</u>		
Charges for services	\$ 5,755,349	\$ 5,351,894
Miscellaneous	6,413	10,102
Total operating revenues	<u>5,761,762</u>	<u>5,361,996</u>
<u>Operating expenses</u>		
Salaries wages and benefits	985,641	1,017,811
Supplies and maintenance	951,736	513,948
Utilities	611,181	546,026
Professional services and training	10,933	11,744
Water purchases	1,201,880	1,203,274
Insurance	21,972	20,709
Rent	161,522	161,522
Franchise tax	298,533	326,672
Bad debt collection fees	2,726	1,936
Depreciation	874,404	844,181
Total operating expenses	<u>5,120,528</u>	<u>4,647,823</u>
Operating income	<u>641,234</u>	<u>714,173</u>
<u>Nonoperating revenues (expenses)</u>		
Interest revenue	15,452	9,485
Connection charges	58,561	46,702
Impact fees	248,034	124,500
Exaction fees	12,607	6,314
Bond issuance costs	(6,331)	(6,331)
Interest expense	(26,516)	(35,911)
Total nonoperating revenues (expenses)	<u>301,807</u>	<u>144,759</u>
Income before contributions and transfers	943,041	858,932
Capital contributions - infrastructure	41,748	614,181
Capital contributions - water stock	462,000	168,030
Transfers out	(81,733)	(76,206)
Change in net assets	1,365,056	1,564,937
Total net assets - beginning	<u>36,431,868</u>	<u>34,866,931</u>
Total net assets - ending	<u>\$ 37,796,924</u>	<u>\$ 36,431,868</u>

LAYTON CITY CORPORATION

STORM SEWER FUND COMPARATIVE SCHEDULE OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,198,199	\$ 2,127,403
Accounts receivable, net	604,690	282,737
Restricted cash and cash equivalents	124,380	85,380
Total current assets	<u>2,927,269</u>	<u>2,495,520</u>
Noncurrent assets:		
Capital assets:		
Land	718,832	718,832
Collection system	44,909,085	44,537,336
Equipment	238,841	238,841
Construction in progress	635,036	134,605
Less accumulated depreciation	<u>(13,064,634)</u>	<u>(12,166,177)</u>
Total noncurrent assets	<u>33,437,160</u>	<u>33,463,437</u>
Total assets	<u>36,364,429</u>	<u>35,958,957</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	26,101	107,514
Accrued liabilities	328,732	10,588
Compensated absences payable	23,425	20,068
Customer deposits	124,380	85,380
Total current liabilities	<u>502,638</u>	<u>223,550</u>
Noncurrent liabilities:		
Compensated absences payable	<u>6,661</u>	<u>11,019</u>
Total liabilities	<u>509,299</u>	<u>234,569</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	33,437,160	33,463,437
Restricted for increased system development	345,477	685,378
Unrestricted	<u>2,072,493</u>	<u>1,575,573</u>
Total net assets	<u>\$ 35,855,130</u>	<u>\$ 35,724,388</u>

LAYTON CITY CORPORATION

STORM SEWER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<u>Operating revenues</u>		
Charges for services	\$ 2,191,977	\$ 2,171,713
Miscellaneous	1,600	18,880
Total operating revenues	<u>2,193,577</u>	<u>2,190,593</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	461,427	464,007
Supplies and maintenance	293,667	248,831
Utilities	6,511	6,453
Professional services and training	8,756	7,160
Insurance	9,012	14,940
Rent	125,899	125,899
Franchise tax	129,379	128,024
Bad debt collection fees	744	638
Depreciation	898,457	861,791
Total operating expenses	<u>1,933,852</u>	<u>1,857,743</u>
Operating income	<u>259,725</u>	<u>332,850</u>
<u>Nonoperating revenues</u>		
Interest	14,916	9,504
Impact fees	153,450	317,238
Total nonoperating revenues	<u>168,366</u>	<u>326,742</u>
Income before contributions and transfers	428,091	659,592
Capital contributions	94,884	1,250,947
Transfers out	<u>(392,233)</u>	<u>(73,777)</u>
Change in net assets	130,742	1,836,762
Total net assets - beginning	<u>35,724,388</u>	<u>33,887,626</u>
Total net assets - ending	<u>\$ 35,855,130</u>	<u>\$ 35,724,388</u>

LAYTON CITY CORPORATION

SEWER FUND COMPARATIVE SCHEDULE OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,596,553	\$ 1,255,669
Accounts receivable, net	793,806	726,893
Total current assets	<u>2,390,359</u>	<u>1,982,562</u>
Noncurrent assets:		
Capital assets:		
Land	30,712	30,712
Collection system	17,641,187	17,529,014
Equipment	788,581	768,390
Construction in progress	193,000	64,770
Less accumulated depreciation	<u>(5,731,098)</u>	<u>(5,297,014)</u>
Total capital assets (net of accumulated depreciation)	<u>12,922,382</u>	<u>13,095,872</u>
Total noncurrent assets	<u>12,922,382</u>	<u>13,095,872</u>
Total assets	<u>15,312,741</u>	<u>15,078,434</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	354,030	326,760
Accrued liabilities	133,382	18,339
Compensated absences payable	<u>27,673</u>	<u>23,771</u>
Total current liabilities	<u>515,085</u>	<u>368,870</u>
Noncurrent liabilities:		
Compensated absences payable	<u>2,037</u>	<u>6,535</u>
Total liabilities	<u>517,122</u>	<u>375,405</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	12,922,382	13,095,872
Unrestricted	<u>1,873,237</u>	<u>1,607,157</u>
Total net assets	<u>\$ 14,795,619</u>	<u>\$ 14,703,029</u>

LAYTON CITY CORPORATION

SEWER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<u>Operating revenues</u>		
Charges for services	\$ 4,564,998	\$ 4,205,024
Miscellaneous	4,320	3,080
Total operating revenues	<u>4,569,318</u>	<u>4,208,104</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	941,943	950,900
Supplies and maintenance	416,905	252,066
Utilities	7,627	7,569
Professional services and training	8,395	8,705
Sewage treatment contract	2,297,083	2,216,509
Insurance	16,604	41,941
Rent	140,149	140,149
Franchise tax	243,578	204,859
Bad debt collection fees	744	638
Depreciation	434,085	417,779
Total operating expenses	<u>4,507,113</u>	<u>4,241,115</u>
Operating income (loss)	<u>62,205</u>	<u>(33,011)</u>
<u>Nonoperating revenues</u>		
Interest	8,863	6,710
Connection charges	27,189	17,011
Total nonoperating revenues	<u>36,052</u>	<u>23,721</u>
Income (loss) before contributions and transfers	98,257	(9,290)
Capital contributions	26,640	408,142
Transfers out	<u>(32,307)</u>	<u>(29,195)</u>
Change in net assets	92,590	369,657
Total net assets - beginning	<u>14,703,029</u>	<u>14,333,372</u>
Total net assets - ending	<u>\$ 14,795,619</u>	<u>\$ 14,703,029</u>

LAYTON CITY CORPORATION

REFUSE FUND
COMPARATIVE SCHEDULE OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<hr/>		
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 262,778	\$ 364,809
Accounts receivable, net	453,898	449,394
	<hr/>	<hr/>
Total assets	716,676	814,203
	<hr/>	<hr/>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	213,470	208,893
	<hr/>	<hr/>
Total liabilities	213,470	208,893
	<hr/>	<hr/>
<u>Net assets</u>		
Unrestricted	503,206	605,310
	<hr/>	<hr/>
Total net assets	\$ 503,206	\$ 605,310
	<hr/>	<hr/>

LAYTON CITY CORPORATION

REFUSE FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<hr/>		
<u>Operating revenues</u>		
Charges for services	\$ 2,563,867	\$ 2,530,248
Total operating revenues	<u>2,563,867</u>	<u>2,530,248</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	64,848	68,684
Supplies and maintenance	46,379	46,315
Utilities	4,226	4,231
Refuse collection and disposal contracts	2,542,561	2,493,617
Insurance	2,253	2,357
Rent	7,125	7,125
Bad debt collection fees	744	638
Total operating expenses	<u>2,668,136</u>	<u>2,622,967</u>
Operating income (loss)	(104,269)	(92,719)
<u>Nonoperating revenues</u>		
Interest revenue	<u>2,165</u>	<u>2,135</u>
Change in net assets	(102,104)	(90,584)
Total net assets - beginning	<u>605,310</u>	<u>695,894</u>
Total net assets - ending	<u>\$503,206</u>	<u>\$605,310</u>

LAYTON CITY CORPORATION

SWIMMING POOL FUND
COMPARATIVE SCHEDULE OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 295,581	\$ 320,027
Inventory	2,109	3,332
Total current assets	<u>297,690</u>	<u>323,359</u>
Noncurrent assets:		
Capital assets:		
Land	1,000	1,000
Buildings	2,250,824	2,250,824
Improvements other than buildings	20,112	20,112
Equipment	665,585	622,735
Less accumulated depreciation	<u>(2,087,357)</u>	<u>(2,021,678)</u>
Total noncurrent assets	<u>850,164</u>	<u>872,993</u>
Total assets	<u>1,147,854</u>	<u>1,196,352</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	22,804	29,988
Accrued liabilities	13,875	44,899
Compensated absences payable	<u>3,656</u>	<u>2,455</u>
Total liabilities	<u>40,335</u>	<u>77,342</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	850,164	872,993
Unrestricted	<u>257,355</u>	<u>246,017</u>
Total net assets	<u>\$ 1,107,519</u>	<u>\$ 1,119,010</u>

LAYTON CITY CORPORATION

SWIMMING POOL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<u>Operating revenues</u>		
Charges for services	\$ 431,763	\$ 383,597
Miscellaneous	45,495	45,283
Total operating revenues	<u>477,258</u>	<u>428,880</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	563,620	521,676
Supplies and maintenance	126,899	101,250
Utilities	204,563	210,440
Professional services and training	1,610	985
Insurance	8,015	8,365
Depreciation	65,678	65,678
Total operating expenses	<u>970,385</u>	<u>908,394</u>
Operating loss	(493,127)	(479,514)
Transfers in	<u>481,636</u>	<u>468,413</u>
Change in net assets	(11,491)	(11,101)
Total net assets - beginning	<u>1,119,010</u>	<u>1,130,111</u>
Total net assets - ending	<u>\$ 1,107,519</u>	<u>\$ 1,119,010</u>

LAYTON CITY CORPORATION

EMERGENCY MEDICAL SERVICES FUND
COMPARATIVE SCHEDULE OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 272,025	\$ 343,612
Accounts receivable, net	201,808	222,577
Total current assets	473,833	566,189
Noncurrent assets:		
Equipment	1,111,697	1,092,985
Less accumulated depreciation	(701,859)	(652,412)
Total noncurrent assets	409,838	440,573
Total assets	883,671	1,006,762
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	10,334	14,432
Accrued liabilities	28,544	76,524
Compensated absences payable	157,255	131,323
Payable to other governments	2,817	6,050
Total current liabilities	198,950	228,329
Noncurrent liabilities:		
Compensated absences payable	40,537	33,148
Total liabilities	239,487	261,477
<u>Net assets</u>		
Invested in capital assets, net of related debt	409,838	440,573
Unrestricted	234,346	304,712
Total net assets	\$ 644,184	\$ 745,285

LAYTON CITY CORPORATION

EMERGENCY MEDICAL SERVICES FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<u>Operating revenues</u>		
Charges for services	\$ 1,616,118	\$ 1,544,700
Miscellaneous	2,115	450
Total operating revenues	<u>1,618,233</u>	<u>1,545,150</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	1,860,815	1,745,552
Supplies and maintenance	208,796	193,908
Utilities	8,421	7,731
Professional services and training	54,824	46,014
Insurance	33,522	34,354
Bad debt collection fees	18,718	18,752
Depreciation	132,397	102,357
Total operating expenses	<u>2,317,493</u>	<u>2,148,668</u>
Operating loss	<u>(699,260)</u>	<u>(603,518)</u>
<u>Nonoperating revenues (expenses)</u>		
Interest	1,685	2,105
Gain (loss) from sale of capital assets	(35,550)	10,000
Grants	632,024	630,701
Total nonoperating revenues (expenses)	<u>598,159</u>	<u>642,806</u>
Change in net assets	(101,101)	39,288
Total net assets - beginning	<u>745,285</u>	<u>705,997</u>
Total net assets - ending	<u>\$ 644,184</u>	<u>\$ 745,285</u>

LAYTON CITY CORPORATION

ATHLETIC PROGRAMS FUND
COMPARATIVE SCHEDULE OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<hr/>		
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 111,309	\$ 64,951
Total assets	<u>111,309</u>	<u>64,951</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	39,713	8,765
Accrued liabilities	<u>3,838</u>	<u>16,028</u>
Total liabilities	<u>43,551</u>	<u>24,793</u>
<u>Net assets</u>		
Unrestricted	<u>67,758</u>	<u>40,158</u>
Total net assets	<u>\$ 67,758</u>	<u>\$ 40,158</u>

LAYTON CITY CORPORATION

ATHLETIC PROGRAMS FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<hr/>		
<u>Operating revenues</u>		
Charges for services	\$ 327,528	\$ 317,845
Total operating revenues	<u>327,528</u>	<u>317,845</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	99,974	108,331
Supplies and maintenance	<u>199,954</u>	<u>215,191</u>
Total operating expenses	<u>299,928</u>	<u>323,522</u>
Change in net assets	27,600	(5,677)
Total net assets - beginning	<u>40,158</u>	<u>45,835</u>
Total net assets - ending	<u>\$ 67,758</u>	<u>\$ 40,158</u>

LAYTON CITY CORPORATION

UIA - UTAH INFRASTRUCTURE AGENCY
COMPARATIVE SCHEDULE OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 93	\$ -
Accounts receivable	395	-
Contracts receivable	6,201	-
Total current assets	<u>6,689</u>	<u>-</u>
Noncurrent assets:		
Contracts receivable	<u>110,643</u>	<u>-</u>
Total assets	<u>117,332</u>	<u>-</u>
<u>Liabilities</u>		
Current liabilities:		
Due to UIA - contracts	6,201	-
Noncurrent liabilities:		
Due to UIA - contracts	<u>110,643</u>	<u>-</u>
Total liabilities	<u>116,844</u>	<u>-</u>
<u>Net assets</u>		
Unrestricted	<u>488</u>	<u>-</u>
Total net assets	<u>\$ 488</u>	<u>\$ -</u>

LAYTON CITY CORPORATION

UIA - UTAH INFRASTRUCTURE AGENCY

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<u>Operating revenues</u>		
Fees	\$ 8,740	\$ -
Total operating revenues	<u>8,740</u>	<u>-</u>
<u>Operating expenses</u>		
Contracted agreements	8,130	-
Administrative expenses	<u>122</u>	<u>-</u>
Total operating expenses	<u>8,252</u>	<u>-</u>
Change in net assets	488	-
Total net assets - beginning	<u>-</u>	<u>-</u>
Total net assets - ending	<u>\$ 488</u>	<u>\$ -</u>

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Layton City Corporation

Component Unit Fund Schedules

LAYTON CITY CORPORATION

DAVIS METRO NARCOTICS STRIKE FORCE FUND
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Cash and cash equivalents	\$ 231,152	\$ 196,806
Receivables-grants	85,774	89,512
Restricted cash and cash equivalents	144,055	48,656
	<hr/>	<hr/>
Total assets	\$ 460,981	\$ 334,974
	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 40,220	\$ 58,394
Accrued liabilities	1,026	2,596
Seizure deposits	144,055	48,656
	<hr/>	<hr/>
Total liabilities	185,301	109,646
	<hr/>	<hr/>
Fund balance:		
Restricted for federal and state programs	50,932	30,692
Assigned	224,748	194,636
	<hr/>	<hr/>
Total fund balance	275,680	225,328
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 460,981	\$ 334,974
	<hr/> <hr/>	<hr/> <hr/>

LAYTON CITY CORPORATION

DAVIS METRO NARCOTICS STRIKE FORCE FUND
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

For the years ended June 30, 2012 and 2011
 (with comparative actual amounts for year ended June 30, 2011)

	2012			Variance With Final Budget - Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
HIDTA grant	\$ 95,504	\$ 95,504	\$ 95,504	\$ -	\$ 90,940
SAFG grant	102,401	25,294	19,783	(5,511)	162,285
STFG grant	122,599	225,000	215,565	(9,435)	121,349
NADDI grant	-	5,000	5,000	-	-
Participating entity assessments	60,101	60,101	60,101	-	60,101
Restitution and forfeited seizures	5,000	5,000	29,513	24,513	13,472
Total Intergovernmental	385,605	415,899	425,466	9,567	448,147
Miscellaneous:					
Interest	-	-	2,182	2,182	1,984
Other	-	-	85	85	-
Total revenues	385,605	415,899	427,733	11,834	450,131
<u>Expenditures</u>					
Current:					
Public safety:					
Salaries, wages and benefits	130,485	133,135	129,907	3,228	129,789
Materials and supplies	215,868	303,512	267,474	36,038	267,761
Equipment	73,000	13,000	7,500	5,500	79,023
Total expenditures	419,353	449,647	404,881	44,766	476,573
Revenues over (under) expenditures	(33,748)	(33,748)	22,852	56,600	(26,442)
<u>Other financing sources</u>					
Sale of capital assets	12,000	12,000	27,500	15,500	37,900
Net change in fund balance	(21,748)	(21,748)	50,352	72,100	11,458
Fund balance - beginning	225,328	225,328	225,328		213,870
Fund balance - ending	\$ 203,580	\$ 203,580	\$ 275,680	\$ 72,100	\$ 225,328

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Layton City Corporation

Statistical Section

Statistical Section Description

(Unaudited)

This section of Layton 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.

Financial Trends—These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity—These schedules contain information to help the reader assess the factors affecting the city's ability to generate its most significant local revenue sources, property and sales tax.

Debt Capacity—These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the ability to issue additional debt in the future.

Demographic and Economic Information—These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Operating information—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 the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LAYTON CITY CORPORATION

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets net of related debt	\$78,095,729	\$86,336,147	\$90,280,724	\$93,375,384	\$106,027,068	\$115,451,749	\$129,643,127	\$139,435,395	\$145,405,569	\$144,556,214
Restricted	4,422,323	1,836,363	2,513,901	2,856,374	3,528,761	4,889,042	4,519,475	3,375,468	3,012,781	2,703,393
Unrestricted	10,222,773	4,483,001	3,051,260	5,475,793	4,734,368	6,842,828	6,386,307	7,047,809	7,087,649	8,015,003
Total governmental activities net assets	\$92,740,825	\$92,655,511	\$95,845,885	\$101,707,551	\$114,290,197	\$127,183,619	\$140,548,909	\$149,858,672	\$155,505,999	\$155,274,610
Business-type activities:										
Invested in capital assets net of related debt	\$48,645,667	\$51,882,029	\$56,171,250	\$60,567,875	\$65,216,413	\$68,478,755	\$72,131,324	\$78,613,596	\$80,843,430	\$80,940,448
Restricted	764,215	836,523	817,187	570,768	538,657	802,518	733,707	925,231	1,006,543	735,475
Unrestricted	6,477,170	7,100,581	6,005,005	5,634,112	6,821,933	6,720,147	8,268,396	6,458,173	7,519,072	9,094,905
Total business-type activities net assets	\$55,887,052	\$59,819,133	\$62,993,442	\$66,772,755	\$72,577,003	\$76,001,420	\$81,133,427	\$85,997,000	\$89,369,045	\$90,770,828
Primary government:										
Invested in capital assets net of related debt	\$126,741,396	\$138,218,176	\$146,451,974	\$153,943,259	\$171,243,481	\$183,930,504	\$201,774,451	\$218,048,991	\$226,248,999	\$225,496,662
Restricted	5,186,538	2,672,886	3,331,088	3,427,142	4,067,418	5,691,560	5,253,182	4,300,699	4,019,324	3,438,868
Unrestricted	16,699,943	11,583,582	9,056,265	11,109,905	11,556,301	13,562,975	14,654,703	13,505,982	14,606,721	17,109,908
Total primary government net assets	\$148,627,877	\$152,474,644	\$158,839,327	\$168,480,306	\$186,867,200	\$203,185,039	\$221,682,336	\$235,855,672	\$244,875,044	\$246,045,438

LAYTON CITY CORPORATION

CHANGE IN NET ASSETS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Expenses</u>										
Government activities:										
General government	\$3,633,690	\$3,679,261	\$3,694,412	\$4,033,135	\$4,053,171	\$3,773,912	\$4,019,258	\$5,337,533	\$5,813,624	\$7,433,854
Public safety	9,809,221	10,160,508	10,827,924	11,942,124	12,531,814	13,490,770	14,102,762	13,794,109	14,513,104	14,838,923
Community and economic development	1,688,982	2,286,924	1,629,579	1,586,358	1,619,300	1,924,866	1,942,838	1,834,800	2,098,524	1,570,675
Streets and public improvements	4,771,631	4,611,460	5,333,694	4,838,064	4,629,615	4,846,094	5,630,673	5,580,922	5,850,053	6,493,396
Parks and recreation	2,176,974	2,397,813	4,019,278	2,998,905	2,940,553	2,773,370	2,894,802	2,961,845	3,162,662	3,201,068
Interest on long-term debt	325,465	138,844	88,718	69,351	193,111	237,852	159,885	180,341	186,051	174,655
Total governmental activities expenses	22,405,963	23,274,810	25,593,605	25,467,937	25,967,564	27,046,864	28,750,218	29,689,550	31,624,018	33,712,571
Business-type activities:										
Water	3,688,180	3,737,566	4,114,505	4,274,120	4,336,627	4,791,328	5,335,071	4,897,505	4,690,066	5,153,375
Storm sewer	832,191	1,167,092	1,061,377	2,314,247	1,387,041	1,922,729	1,723,280	1,861,741	1,857,744	1,933,852
Sewer	2,788,192	2,997,102	3,023,986	3,266,205	3,871,573	3,734,078	3,625,909	3,855,432	4,241,115	4,507,113
Refuse	2,930,962	2,932,868	2,772,872	2,762,220	2,554,814	2,462,239	2,499,669	2,597,094	2,622,967	2,668,136
Swimming pool	844,941	735,506	760,232	1,041,813	788,014	819,964	988,375	912,377	908,394	970,385
Emergency medical services	1,151,347	1,179,267	1,136,940	1,571,580	1,644,010	1,811,187	1,896,268	2,193,974	2,148,668	2,317,493
UIA										8,252
Athletic programs	193,568	229,192	224,172	258,362	253,482	276,848	283,242	316,227	323,522	299,928
Total business-type activities expenses	12,429,381	12,978,593	13,094,084	15,488,547	14,835,561	15,818,373	16,351,814	16,634,350	16,792,476	17,858,534
Total primary government expenses	\$34,835,344	\$36,253,403	\$38,687,689	\$40,956,484	\$40,803,125	\$42,865,237	\$45,102,032	\$46,323,900	\$48,416,494	\$51,571,105
<u>Program Revenues</u>										
Governmental activities:										
Charges for services:										
Public safety	\$740,183	\$736,224	\$915,760	\$881,805	\$1,004,443	\$1,351,349	\$1,210,549	\$1,156,772	\$636,059	\$1,325,789
Community and economic development	1,497,920	1,379,979	1,383,966	1,675,733	1,443,285	1,037,134	790,083	1,031,040	1,049,837	1,271,740
Streets and public improvements	1,463,716	1,073,982	115,842	98,839	153,910	166,881	171,455	70,452	550,764	132,107
Other activities	623,822	722,931	1,215,547	323,247	331,280	332,353	690,222	754,937	760,769	781,814
Operating grants and contributions	2,694,111	2,823,585	2,792,743	2,541,413	2,824,317	2,802,050	2,818,491	3,344,725	3,235,978	2,574,612
Capital grants and contributions		3,973,180	3,168,425	4,439,061	9,218,895	7,392,036	11,844,497	8,797,796	7,922,119	2,443,291
Total governmental activities program revenues	7,019,752	10,709,881	9,592,283	9,960,098	14,976,130	13,081,803	17,525,297	15,155,722	14,155,526	8,529,353
Business-type activities:										
Charges for services										
Water	4,306,611	4,948,998	4,134,340	4,665,817	4,972,585	5,227,401	5,508,477	4,994,089	5,398,597	6,074,551
Storm sewer	1,462,315	1,888,587	1,577,321	1,630,262	1,634,117	2,067,837	2,133,741	2,156,315	2,171,713	2,345,427
Sewer	2,641,537	2,716,521	2,707,734	3,293,179	3,403,917	3,387,563	3,420,462	4,069,045	4,222,035	4,592,187
Refuse	2,979,364	3,020,854	2,890,622	2,976,571	2,673,949	2,562,728	2,603,285	2,508,811	2,530,248	2,563,867
Swimming pool	462,963	474,174	464,786	463,282	474,820	424,149	375,163	383,653	383,597	431,763
Emergency medical services	897,428	1,037,821	972,888	1,110,846	1,187,205	1,378,005	1,524,340	1,427,924	1,544,700	1,616,118
UIA										8,740
Athletic programs	191,553	209,104	234,951	259,810	269,175	268,399	300,128	314,792	317,845	327,528
Operating grants and contributions	19,287	21,579	47,015	1,822,250	1,424,217	1,148,556	596,760	601,950	630,701	632,024
Capital grants and contributions	760,927	2,216,025	2,484,570	943,749	3,445,120	2,972,314	5,180,963	4,485,419	2,889,352	625,272
Total business-type activities program revenues	13,721,985	16,533,663	15,514,227	17,165,766	19,485,105	19,436,952	21,643,319	20,941,998	20,088,788	19,217,477
Total primary government program revenues	\$20,741,737	\$27,243,544	\$25,106,510	\$27,125,864	\$34,461,235	\$32,518,755	\$39,168,616	\$36,097,720	\$34,244,314	\$27,746,830

CHANGE IN NET ASSETS (CONTINUED)
LAST TEN FISCAL YEARS

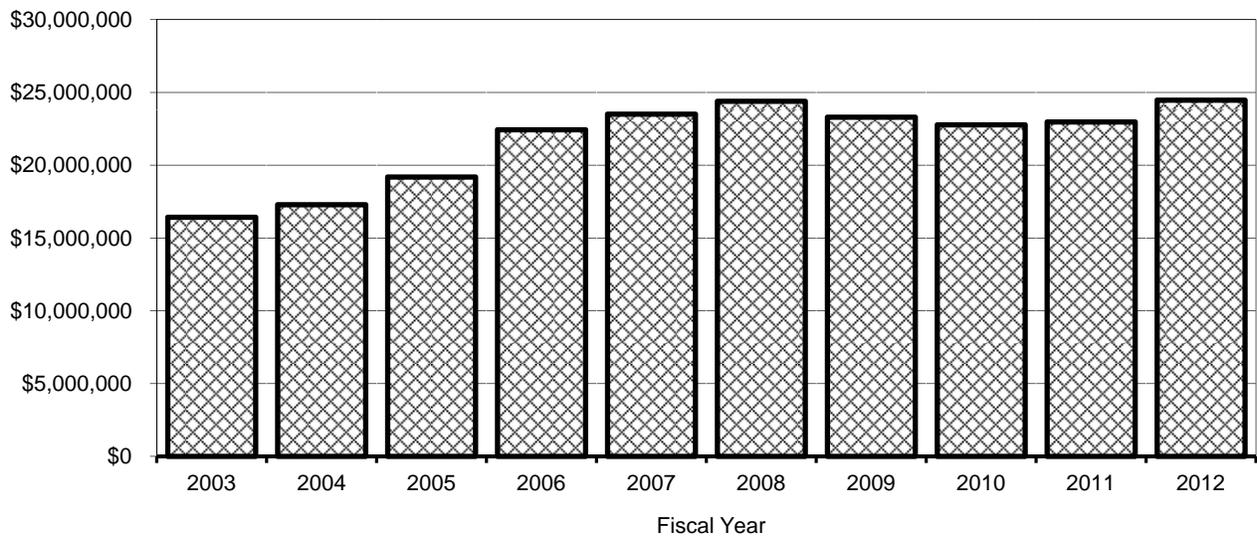
	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Net (expense) revenue</u>										
Governmental activities	(\$15,386,211)	(\$12,564,929)	(\$16,001,322)	(\$15,507,839)	(\$10,991,434)	(\$13,965,061)	(\$11,224,921)	(\$14,533,828)	(\$17,468,492)	(\$25,183,218)
Business-type activities	1,292,604	3,555,070	2,420,143	1,677,219	4,649,544	3,618,579	5,291,505	4,307,648	3,296,312	1,358,943
Total primary government net expense	(\$14,093,607)	(\$9,009,859)	(\$13,581,179)	(\$13,830,620)	(\$6,341,890)	(\$10,346,482)	(\$5,933,416)	(\$10,226,180)	(\$14,172,180)	(\$23,824,275)
<u>General Revenues and Other Changes in Net Assets</u>										
Governmental activities:										
Property and uniform vehicle taxes	\$5,572,045	\$5,667,421	\$6,039,137	\$6,438,364	\$6,285,781	\$6,817,380	\$6,938,162	\$7,102,388	\$7,025,590	\$7,676,248
Sales and use taxes	9,171,502	9,597,455	10,369,287	11,293,832	12,301,883	12,401,374	11,020,116	10,275,924	10,518,822	11,283,192
Franchise, telecommunication and energy sales taxes	1,975,084	2,138,152	3,218,368	4,768,830	4,796,881	5,013,316	5,201,776	5,253,104	5,284,627	5,354,173
Transient room tax		48,979	86,353	143,669	125,773	166,759	146,027	150,790	150,535	159,336
Investment earnings	214,290	110,657	139,777	311,432	403,494	342,583	198,324	64,907	81,072	70,502
Miscellaneous	420,559	377,198	558,876	462,606	474,940	791,075	459,707	530,355	189,792	346,454
Gain (loss) on sale of capital assets	(1,507,422)		39,851	169,491	126,421	935,246	284,158	527,247	154,616	37,287
Transfers	(16,679,181)	(245,025)	(615,635)	(1,899,331)	(941,093)	390,750	341,941	(319,818)	(289,235)	24,637
Total governmental activities	(833,123)	17,694,837	19,836,014	21,688,893	23,574,080	26,858,483	24,590,211	23,584,897	23,115,819	24,951,829
Business-type activities:										
Investment earnings	125,617	131,986	138,531	202,763	205,611	196,588	109,288	43,139	29,938	43,081
Miscellaneous							69,743	192,338	77,794	59,943
Gain (loss) on sale of capital assets	(750,182)				8,000		3,412	630	10,000	(35,550)
Transfers	16,679,181	245,025	615,635	1,899,331	941,093	(390,750)	(341,941)	319,818	289,235	(24,637)
Total business-type activities	16,054,616	377,011	754,166	2,102,094	1,154,704	(194,162)	(159,498)	555,925	406,967	42,837
Total primary government	\$15,221,493	\$18,071,848	\$20,590,180	\$23,790,987	\$24,728,784	\$26,664,321	\$24,430,713	\$24,140,822	\$23,522,786	\$24,994,666
<u>Change in Net Assets</u>										
Governmental activities	(\$16,219,334)	\$5,129,908	\$3,834,692	\$6,181,054	\$12,582,646	\$12,893,422	\$13,365,290	\$9,051,069	\$5,647,327	(\$231,389)
Business-type activities	17,347,220	3,932,081	3,174,309	3,779,313	5,804,248	3,424,417	5,132,007	4,863,573	3,703,279	1,401,780
Total primary government	\$1,127,886	\$9,061,989	\$7,009,001	\$9,960,367	\$18,386,894	\$16,317,839	\$18,497,297	\$13,914,642	\$9,350,606	\$1,170,391

LAYTON CITY CORPORATION

GOVERNMENTAL ACTIVITIES TAX AND SPECIAL ASSESSMENT REVENUES BY SOURCE LAST TEN FISCAL YEARS

Year	Property Tax	Uniform Vehicle Tax	Sales Tax	Franchise, Telecommunications and Energy Taxes	Transient Room Tax	Payments in Lieu and Special Assessments	Total Tax Revenues
2003	\$4,564,140	\$719,101	\$9,171,502	\$1,975,084		\$3,903	\$16,433,730
2004	4,820,801	688,173	9,597,455	2,138,152	48,979	2,537	17,296,097
2005	4,837,193	679,004	10,369,287	3,218,368	\$86,353	1,262	19,191,467
2006	5,541,424	693,127	11,293,832	4,768,830	143,669	434	22,441,316
2007	5,618,851	666,428	12,301,883	4,796,881	125,773	502	23,510,318
2008	6,121,773	695,085	12,401,374	5,013,316	166,759	522	24,398,829
2009	6,294,258	643,252	11,020,116	5,201,777	146,026	652	23,306,081
2010	6,475,158	626,676	10,275,924	5,253,104	150,790	554	22,782,206
2011	6,475,459	549,484	10,518,822	5,284,627	150,535	647	22,979,574
2012	7,165,349	510,270	11,283,192	5,354,173	159,336	629	24,472,949

**Governmental Activities
Tax and Special Assessment Revenues**



LAYTON CITY CORPORATION

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	2009	2010	2011	2012
<u>General fund:</u>				
Nonspendable	\$17,757	\$18,514	\$16,005	\$435,156
Restricted	30,745	21,671	221,767	96,104
Assigned		58,087	92,883	90,611
Unassigned	2,126,421	4,635,703	4,906,723	5,348,811
Total general fund	\$2,174,923	\$4,733,975	\$5,237,378	\$5,970,682
<u>All other governmental funds:</u>				
Nonspendable				\$113,273
Restricted	\$4,488,730	\$3,838,988	\$3,184,737	2,607,289
Assigned reported in:				
Special revenue funds	552,088	234	807	697,754
Debt service fund	138,833	855	338,142	636,091
Capital projects fund	5,277,348	3,587,792	3,194,596	2,615,473
Unassigned	(433)			
Total all other governmental funds	\$10,456,566	\$7,427,869	\$6,718,282	\$6,669,880

Note: Implementation of GASB 54 changed fund balance category presentation. The years from 2003 to 2008 are displayed below under the former GAAP categories. The presentations are not comparable and are therefore displayed separately.

	2003	2004	2005	2006	2007	2008
<u>General fund:</u>						
Reserved	\$940,568	\$1,329,980	\$200,730	\$773,049	\$661,609	\$395,104
Unreserved	3,793,030	3,609,551	4,063,440	4,510,141	4,240,061	6,426,377
Total general fund	\$4,733,598	\$4,939,531	\$4,264,170	\$5,283,190	\$4,901,670	\$6,821,481
<u>All other governmental funds:</u>						
Reserved	\$3,481,755	\$1,345,163	\$2,471,952	\$2,834,616	\$3,343,422	\$4,661,908
Unreserved, reported in:						
Special revenue funds	68,056	51,623	134,591	179,302		373,218
Debt Service Fund	937,718	981,815	52,739	647,083	1,202,165	169,464
Capital project fund	1,472,562	632,482	318,602	1,237,707	343,860	1,204,207
Total all other governmental funds	\$5,960,091	\$3,011,083	\$2,977,884	\$4,898,708	\$4,889,447	\$6,408,797

LAYTON CITY CORPORATION

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes and special assessments	\$16,433,730	\$17,296,097	\$19,191,467	\$22,441,316	\$23,510,318	\$24,398,829	\$23,306,081	\$22,782,206	\$22,979,574	\$24,472,949
Licenses and permits	1,081,578	1,309,257	1,157,542	1,426,020	1,215,755	997,063	732,442	1,003,550	1,023,155	1,240,476
Intergovernmental	3,304,391	2,929,072	2,615,043	2,710,579	2,801,233	2,802,050	2,812,340	3,340,725	3,148,405	2,739,521
Charges for services	1,802,804	2,006,060	1,591,528	1,888,439	2,581,936	3,353,390	2,019,336	2,601,186	2,259,290	3,220,317
Fines and forfeitures	245,585	231,300	291,415	306,685	261,751	359,321	269,871	317,319	239,567	317,959
Miscellaneous	2,093,057	6,184,238	1,148,658	1,253,264	1,216,860	1,214,668	1,268,231	1,209,649	978,287	1,031,008
Total Revenues	24,961,145	29,956,024	25,995,653	30,026,303	31,587,853	33,125,321	30,408,301	31,254,635	30,628,278	33,022,230
Expenditures:										
General government	3,267,259	3,388,907	3,433,044	3,829,696	3,795,547	4,226,029	4,463,235	4,317,450	4,110,296	4,289,756
Public safety	8,743,364	9,990,878	10,567,939	11,090,141	12,496,333	13,122,744	13,430,194	13,589,632	13,830,539	14,321,491
Community and economic development	1,193,620	1,582,537	1,539,725	1,566,242	1,621,240	1,345,118	1,960,556	1,799,716	2,079,139	1,561,297
Streets and public improvements	3,108,946	2,965,941	3,623,479	3,079,014	3,163,514	3,565,279	3,599,763	3,360,945	3,316,435	3,710,490
Parks and recreation	2,217,709	2,377,633	2,544,165	2,596,696	2,622,692	2,531,846	2,656,564	2,646,027	2,724,591	2,851,476
Debt service										
Principal	565,000	5,760,000 (1)	910,855	937,821	956,294	1,160,123	1,231,906	671,787	225,000	230,000
Interest	335,847	218,363	113,313	94,228	75,414	320,812	245,755	211,630	196,100	185,850
Bond issuance costs		117,243			129,841					
Lease	806,488	5,308,538 (1)								
Pledge payments									1,559,250	2,078,889
Capital outlay	4,345,115	5,518,925	3,447,365	2,192,161	11,641,828	5,092,507	4,701,647	4,997,882	2,662,808	3,169,991
Total Expenditures	24,583,348	37,228,965	26,179,885	25,385,999	36,502,703	31,364,458	32,289,620	31,595,069	30,704,158	32,399,240
Excess of revenues over (under) expenditures	377,797	(7,272,941)	(184,232)	4,640,304	(4,914,850)	1,760,863	(1,881,319)	(340,434)	(75,880)	622,990
Other financing sources (uses):										
Transfers in	3,793,170	4,259,143	4,595,608	5,268,343	7,130,436	7,732,293	10,693,299	2,166,959	4,559,312	4,842,922
Transfers out	(6,529,052)	(4,504,169)	(5,211,243)	(7,167,674)	(8,071,529)	(7,341,543)	(10,351,358)	(2,486,777)	(4,848,547)	(4,818,285)
Sale of capital assets			91,307	199,571	171,545	25,061	306,712	528,036	158,931	37,287
Developer payments						208,917		506,747		
Health benefit plan dividend						658,700	633,877	278,076		
Pledge payment - interlocal guarantee agreement								(1,114,252)		
Returned grant funds								(8,000)		
Bond Proceeds		4,615,000			5,210,000					
Bond issuance discount					(23,715)					
Bond issuance premium		159,891			106,632					
Total Other Financing Sources (Uses)	(2,735,882)	4,529,865	(524,328)	(1,699,760)	4,523,369	1,283,428	1,282,530	(129,211)	(130,304)	61,924
Special items:										
Sale of surplus land						977,947				
Reimbursement of CDBG funds						(583,077)				
Total Special items						394,870				
Net change in fund balances	(\$2,358,085)	(\$2,743,076)	(\$708,560)	\$2,940,544	(\$391,481)	\$3,439,161	(\$598,789)	(\$469,645)	(\$206,184)	\$684,914
Debt service as a percentage of noncapital expenditures										
	4.5%	18.9%	4.5%	4.4%	4.1%	5.6%	5.4%	3.3%	1.5%	1.4%

96

(1) The unusually high amount of debt service resulted from an early payoff of a lease purchase agreement by the city to the municipal building authority in the amount of \$5,308,538 and the authority retirement of lease revenue bonds in the amount of \$5,760,000

LAYTON CITY CORPORATION

PRINCIPAL SALES TAX PAYERS

CURRENT YEAR AND TEN YEARS AGO

Taxpayer	Fiscal Year 2012			Fiscal Year 2003		
	Sales Taxes ¹	Rank	Percentage of Total Sales Taxes ¹	Sales Taxes ¹	Rank	Percentage of Total Sales Taxes ¹
Wal Mart Superstore	N/A	1	N/A	N/A	2	N/A
Sams Club	N/A	2	N/A	N/A	1	N/A
Target	N/A	3	N/A	N/A	3	N/A
Smith's Food Store	N/A	4	N/A	---	---	---
Utah Power and Light	N/A	5	N/A	---	---	---
Young Chevrolet	N/A	6	N/A	N/A	7	N/A
Home Depot	N/A	7	N/A	---	---	---
Ed Kenley Ford	N/A	8	N/A	N/A	4	N/A
Lowe's	N/A	9	N/A	N/A	5	N/A
Walmart Neighborhood Market	N/A	10	N/A	---	---	---
ZCMI	---		---	N/A	6	N/A
Young Pontiac/Cadillac	---		---	N/A	8	N/A
Hertz Auto Sales	---		---	N/A	10	N/A
Anderson Lumber	---		---	N/A	9	N/A
Total	<u>\$3,697,385</u>		<u>32.77%</u>	<u>\$2,837,270</u>		<u>30.78%</u>

Source: Utah State Tax Commission

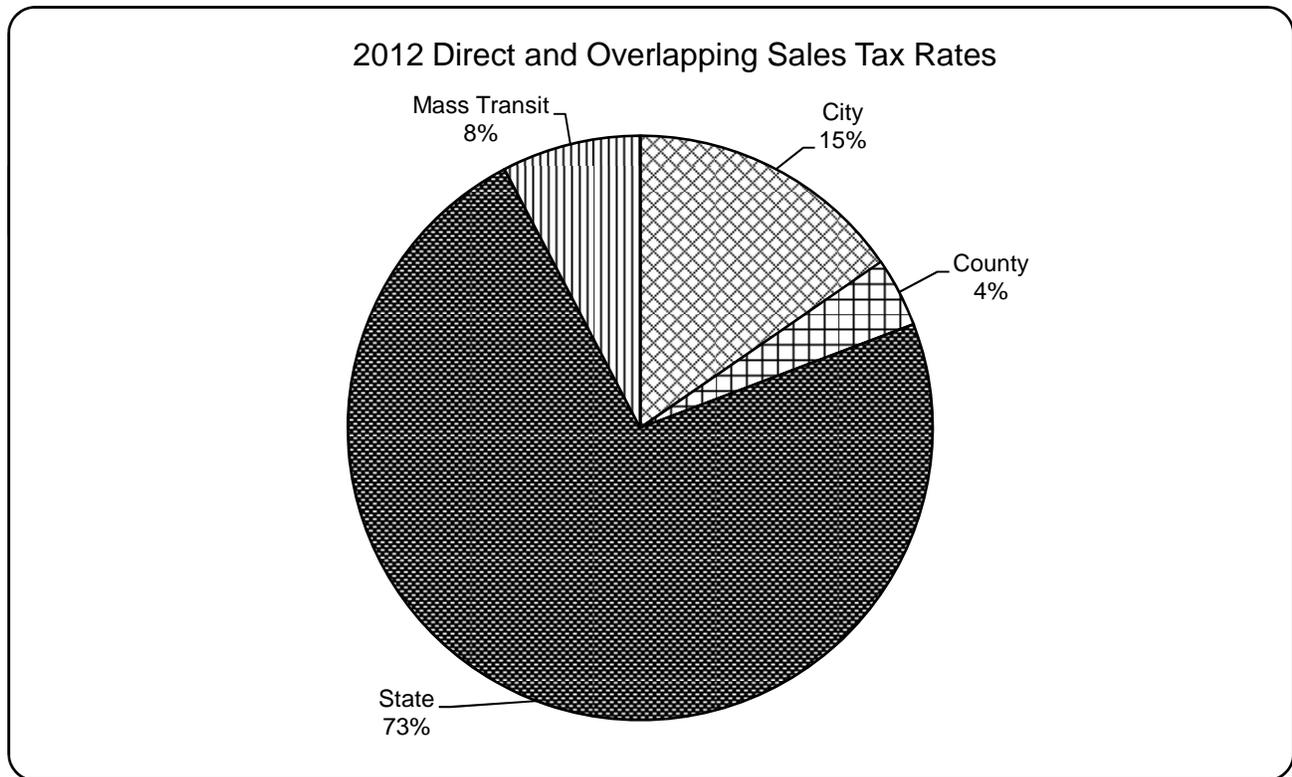
¹ Due to confidentiality issues, the amounts and percentages of the ten largest revenue payers cannot be displayed. However, the aggregate total is displayed along with the individual rankings in an effort to provide the reader with information as to where the City's sales tax base originates.

LAYTON CITY CORPORATION

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS

Year	City	County	State	Mass Transit	Total
2003	1.00%	0.25%	4.75%	0.50%	6.50%
2004	1.00%	0.25%	4.75%	0.50%	6.50%
2005	1.00%	0.25%	4.75%	0.50%	6.50%
2006	1.00%	0.25%	4.75%	0.50%	6.50%
2007	1.00%	0.25%	4.75%	0.50%	6.40%
2008	1.00%	0.25%	4.65%	0.50%	6.45%
2009	1.00%	0.25%	4.70%	0.50%	6.50%
2010	1.00%	0.25%	4.75%	0.50%	6.50%
2011	1.00%	0.25%	4.75%	0.50%	6.50%
2012	1.00%	0.25%	4.75%	0.50%	6.50%

Source: Davis County Clerk/Auditor

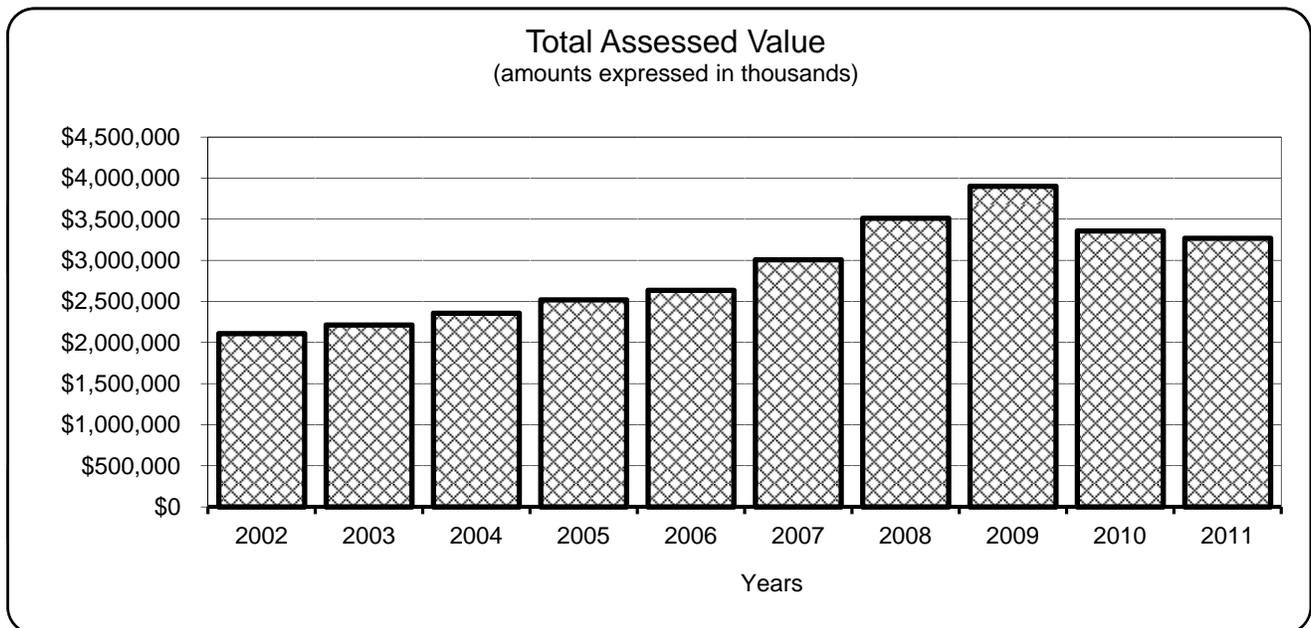


LAYTON CITY CORPORATION

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN CALENDAR YEARS (amounts expressed in thousands)

Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2002	\$1,965,655	\$3,038,209	\$143,546	\$143,546	\$2,109,201	\$3,181,755	0.2155%	66.29%
2003	2,082,803	3,229,152	130,284	130,284	2,213,087	3,359,436	0.2161%	65.88%
2004	2,220,159	3,346,562	136,042	136,042	2,356,201	3,482,604	0.2092%	67.66%
2005	2,375,536	3,708,619	142,877	142,877	2,518,413	3,851,496	0.2134%	65.39%
2006	2,491,714	3,807,134	143,058	143,058	2,634,772	3,950,192	0.2092%	66.70%
2007	2,834,149	4,693,045	172,287	172,287	3,006,436	4,865,332	0.2047%	61.79%
2008	3,337,997	5,526,430	173,815	173,815	3,511,812	5,700,245	0.1771%	61.61%
2009	3,725,821	5,346,025	175,836	175,836	3,901,657	5,521,861	0.1876%	70.66%
2010	3,195,927	5,255,930	162,060	162,060	3,357,987	5,417,990	0.1933%	61.98%
2011	3,076,886	5,240,458	191,747	191,747	3,268,633	5,432,205	0.2068%	60.17%

Source: Davis County Clerk/Auditor; except 2004 estimated actual values were estimated by the City

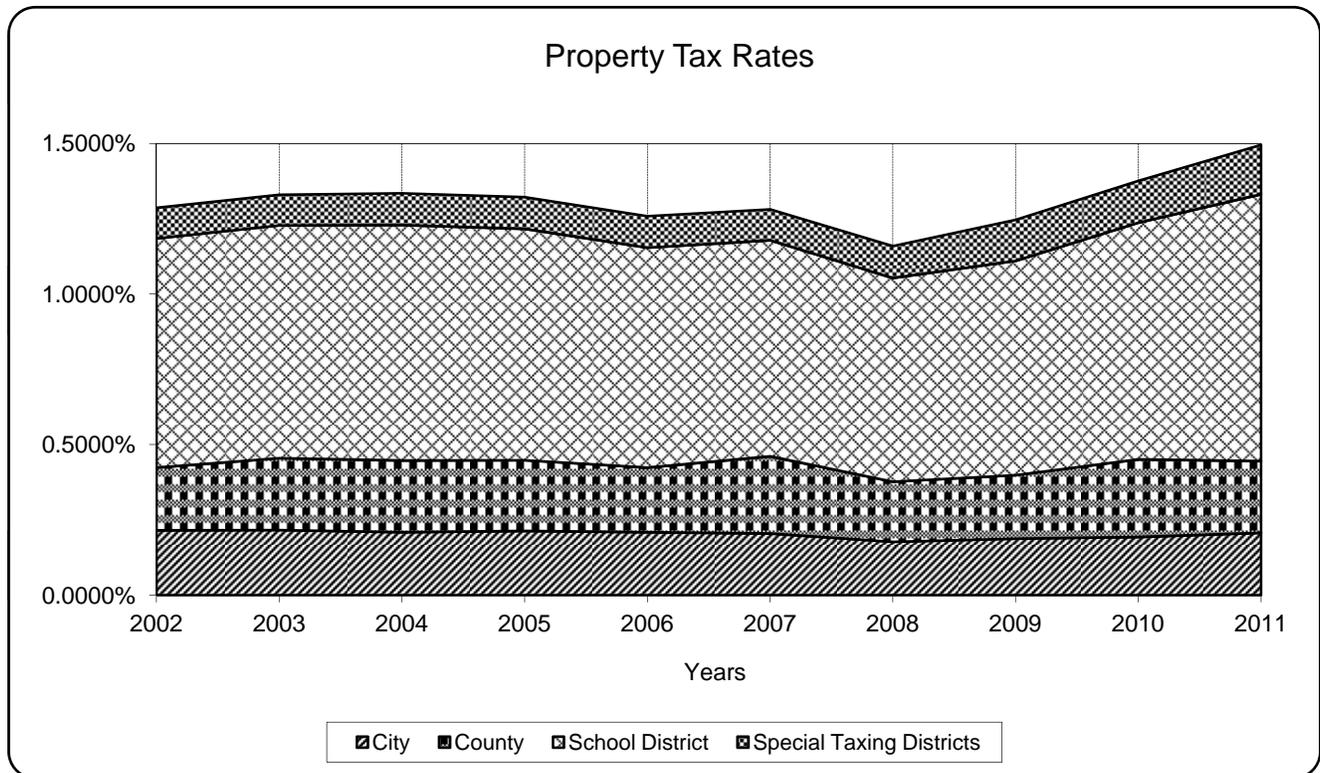


LAYTON CITY CORPORATION

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN CALENDAR YEARS

Year	City	County	School District	Special Taxing Districts	Total Levy for Layton City Residents
2002	0.2155%	0.2081%	0.7610%	0.1017%	1.2863%
2003	0.2161%	0.2388%	0.7731%	0.1017%	1.3297%
2004	0.2092%	0.2380%	0.7821%	0.1053%	1.3346%
2005	0.2134%	0.2347%	0.7684%	0.1054%	1.3219%
2006	0.2092%	0.2142%	0.7305%	0.1047%	1.2586%
2007	0.2047%	0.2564%	0.7176%	0.1027%	1.2814%
2008	0.1771%	0.1997%	0.6764%	0.1062%	1.1594%
2009	0.1876%	0.2108%	0.7118%	0.1364%	1.2466%
2010	0.1933%	0.2576%	0.7860%	0.1392%	1.3761%
2011	0.2068%	0.2383%	0.8861%	0.1641%	1.4953%

Source: Davis County Clerk/Auditor

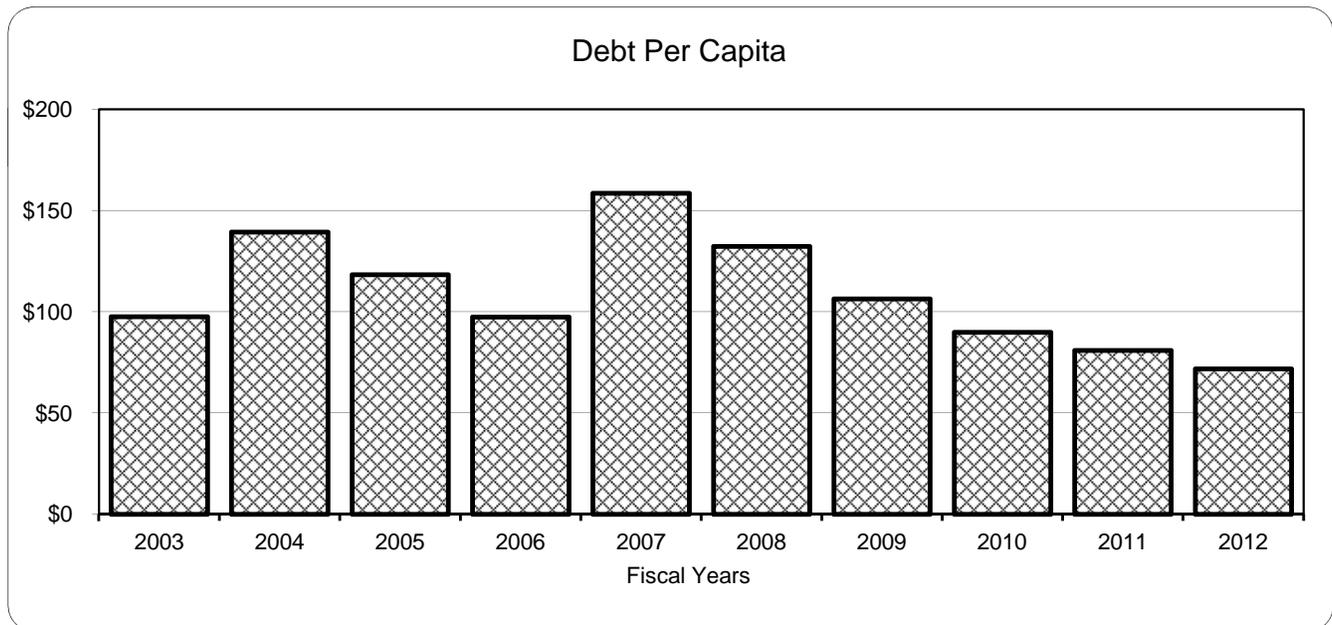


LAYTON CITY CORPORATION

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Sales Tax Revenue Bonds	MBA Lease Revenue Bonds	Note Payable	Sales Tax Revenue Bonds	Water General Obligation Bonds	Water Revenue Bonds			
2003		\$5,760,000			\$20,000	\$71,787	\$5,851,787	0.36%	\$98
2004	\$4,615,000		\$683,786	\$3,125,000		28,787	8,452,573	0.50%	139
2005	3,810,000		577,931	2,850,000			7,237,931	0.41%	118
2006	2,990,000		460,110	2,570,000			6,020,110	0.32%	97
2007	7,370,000		333,816	2,275,000			9,978,816	0.48%	159
2008	6,370,000		173,693	1,975,000			8,518,693	0.39%	132
2009	5,285,000		26,787	1,670,000			6,981,787	0.31%	106
2010	4,640,000			1,360,000			6,000,000	0.26%	90
2011	4,415,000			1,035,000			5,450,000	0.24%	81
2012	4,185,000			700,000			4,885,000	0.21%	72

Note: See schedule of demographic and economic statistics, page 106, for personal income and population data.



LAYTON CITY CORPORATION

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Less: Amounts Payable From Enterprise Revenues	Net Bonded Debt	Percentage of Estimated Value of Taxable Property	Per Capita
2003	\$20,000	\$3,041	\$20,000	---	---	---
2004	---	---	---	---	---	---
2005	---	---	---	---	---	---
2006	---	---	---	---	---	---
2007	---	---	---	---	---	---
2008	---	---	---	---	---	---
2009	---	---	---	---	---	---
2010	---	---	---	---	---	---
2011	---	---	---	---	---	---
2012	---	---	---	---	---	---

Note: Population data can be found on the schedule of demographic and economic statistics page 106.
Estimated actual taxable value of property can be found on page 99 assessed and estimated actual value of property table.

LAYTON CITY CORPORATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Davis County	\$19,805,000	20.84%	\$4,127,362
Davis School District	448,625,000	20.84%	93,493,450
Other debt			
Davis County:			
Sales tax revenue bonds	40,156,659	31.05%	12,468,643
MBA lease revenue bonds	21,524,721	20.84%	4,485,752
Lease purchase line of credit	358,264	20.84%	74,662
Total overlapping debt	530,469,644		114,649,869
Layton City Corporation sales tax revenue bonds	4,185,000		4,185,000
Total direct and overlapping debt	\$534,654,644		\$118,834,869

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable to Layton City was estimated using taxable assessed property values. Percentages were estimated by determining the portion of the governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable value. This method was used on all debt except retail sales tax revenue bonds.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Layton City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

Sources: Davis County CAFR

LAYTON CITY CORPORATION

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$84,368,061	\$88,523,453	\$94,248,038	\$100,736,548	\$105,390,905	\$120,257,431	\$140,472,479	\$138,066,291	\$134,319,493	\$130,745,328
Total net debt applicable to limit	20,000									
Legal debt margin	\$84,348,061	\$88,523,453	\$94,248,038	\$100,736,548	\$105,390,905	\$120,257,431	\$140,472,479	\$138,066,291	\$134,319,493	\$130,745,328
Total net debt applicable to the limit as a percentage of debt limit	0.02%									

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$3,268,633,204
Debt limit (4 percent of total assessed value)	130,745,328
Debt applicable to limit:	
Total bonded debt	4,885,000
Less revenue bonds	(4,885,000)
Total debt applicable to limitation	<u>0</u>
Legal debt margin	<u>\$130,745,328</u>

LAYTON CITY CORPORATION

PLEDGED REVENUE COVERAGE - SALES TAX REVENUE AND REFUNDING BONDS LAST NINE FISCAL YEARS

Year	Sales and Use Tax Tax Revenues	Debt Service			Coverage
		Principal	Interest & Agent fees	Total	
2004	\$9,597,455		\$168,932	\$168,932	56.81
2005	10,369,287	\$1,080,000	216,056	1,296,056	8.00
2006	11,293,832	1,100,000	193,190	1,293,190	8.73
2007	12,301,883	1,125,000	166,668	1,291,668	9.52
2008	12,401,374	1,300,000	394,959	1,694,959	7.32
2009	11,020,116	1,390,000	298,795	1,688,795	6.53
2010	10,275,924	955,000	257,195	1,212,195	8.48
2011	10,518,822	550,000	236,440	786,440	13.38
2012	11,283,192	565,000	216,665	781,665	14.43

Note: Sales tax revenue and refunding bonds were issued in July 2003 for the fiscal year ended June 30, 2004.

Additional sales tax revenue bonds were issued in October 2006 with the first principal and interest payments due July 15, 2007.

LAYTON CITY CORPORATION

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS

Year	(1) Population	(2) Per Capita Income	(2) Personal Income	(3) Median Age	(4) School Enrollment	(5) County Unemployment Rate
2002	59,971	\$25,947	\$1,556,067,537	26.8	11,857	5.2%
2003	60,671	26,943	1,634,658,753	26.8	11,073	4.8%
2004	61,215	27,418	1,678,392,870	26.8	13,107	4.0%
2005	61,753	28,081	1,734,085,993	26.8	13,319	4.1%
2006	62,952	30,577	1,924,883,304	26.8	13,355	2.9%
2007	64,413	31,483	2,027,914,479	26.8	13,396	2.6%
2008	65,645	32,175	2,112,127,875	26.8	13,225	3.4%
2009	66,747	32,115	2,143,579,905	26.8	14,023	5.9%
2010	67,311	33,104	2,228,263,344	29.2	13,159	7.1%
2011	68,000	33,817	2,299,556,000	29.2	13,332	5.8%

(1) Year 2010 is from United States census report, other years are estimates of the Layton City Planning Division

(2) Davis County comprehensive annual financial report

(3) Year 2010 United States census

(4) Davis School District (school boundaries are not the same as Layton City boundaries)

(5) Utah Department of Workforce Services

LAYTON CITY CORPORATION

PRINCIPAL EMPLOYERS CURRENT YEAR AND FIVE YEARS AGO

Employer	2012			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Hill Air Force Base (1)	14,999	1	N/A	14,997	1	N/A
Davis School District	9,999	2	43.77%	9,999	2	41.38%
Smiths Distribution Center	1,999	3	8.75%	1,999	3	8.27%
Wal-Mart	1,999	4	8.75%	1,999	4	8.27%
Davis Hospital and Medical Center	999	5	4.37%	999	5	4.13%
Citigroup	499	6	2.18%	999	6	4.13%
May Trucking	499	7	2.18%	499	7	2.06%
Tanner Memorial Clinic	499	8	2.18%	499	9	2.06%
Layton City	499	9	2.18%	499	10	2.06%
SOS Staffing	499	10		499	8	2.06%
Total	<u>17,491</u>		<u>74.38%</u>	<u>17,991</u>		<u>74.45%</u>

Source: Workforce Services

Note: Information is not available prior to 2006 when the City began tracking this statistical information.

Workforce services provides a range of employees, the top of the range has been used to calculate the percentage of total city employment.

(1) Layton City is adjacent to Hill Air Force Base, which is a major employer in the state and makes a significant contribution to the economics of northern Utah. The number of employees stated represents the approximate number of civilian employees at the base, but has been excluded from the total and the percentage because the base is not part of Layton City.

LAYTON CITY CORPORATION

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function										
General Government:										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Legal	5.5	6.0	7.5	7.5	7.8	7.8	7.8	7.8	7.8	7.8
Finance	11.5	11.5	11.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Management services	16.0	18.0	19.0	19.0	19.6	19.6	21.6	21.6	21.6	21.6
Total general government	36.0	38.5	41.0	41.5	42.4	42.4	45.4	45.4	45.4	45.4
Public Safety:										
Police	96.8	100.0	105.5	110.5	112.0	114.4	115.4	115.4	115.4	117.4
Fire (including EMS)	54.5	56.0	60.5	64.5	67.2	67.2	67.2	67.2	67.2	67.2
Total public safety	151.3	156.0	166.0	175.0	179.2	181.6	182.6	182.6	182.6	184.6
Community development	17.3	17.0	17.0	16.0	16.0	17.0	15.0	15.0	15.0	15.0
Street and public improvements:										
Streets	19.8	18.8	18.8	17.6	17.6	17.5	17.5	17.5	17.5	17.5
Shop	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Engineering				8.8	11.0	11.5	11.5	11.5	11.5	11.5
Total streets and public improvements	23.8	22.8	22.8	30.4	32.6	33.0	33.0	33.0	33.0	33.0
Parks and recreation:										
Parks administration	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Parks	29.5	29.5	29.5	32.0	32.0	32.0	33.0	33.0	33.0	33.0
Recreation	7.1	7.1	7.1	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Museum	1.0	1.0	1.0	1.5	1.5	1.5	1.5	1.0	1.0	1.0
Total parks and recreation	41.6	41.6	41.6	44.1	44.1	44.1	45.1	44.6	44.6	44.6
Water	21.3	22.3	22.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Storm sewer	1.8	2.0	2.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Sewer	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Swimming pool	16.0	16.0	16.0	16.4	17.5	17.5	17.5	17.5	17.5	17.5
Total enterprise activities	45.1	46.3	46.5	40.9	42.0	43.0	43.0	43.0	43.0	43.0
Total primary government	315.1	322.2	334.9	347.9	356.3	361.1	364.1	363.6	363.6	365.6

LAYTON CITY CORPORATION

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Citations issued	7,481	9,348	9,991	8,052	8,669	9,875	8,419	6,921	5,537	7,243
Arrests made	2,745	2,551	2,876	2,855	2,978	3,124	3,088	3,091	3,080	3,057
Incidents	48,748	51,490	50,869	57,970	53,853	58,406	57,496	56,718	58,816	57,510
Fire										
Calls answered	3,476	3,693	4,102	4,141	4,309	4,451	4,574	4,548	4,701	4,895
Water										
Water users (units)	21,057	21,417	22,040	22,329	23,038	23,320	23,463	23,647	24,203	24,284
Average daily consumption (millions of gallons)	10.8	11.1	11.2	11.2	10.5	10.2	10.2	9.8	10.0	10.6
Sewer										
Users (units)	20,987	21,342	21,965	22,254	22,963	23,245	23,388	23,572	24,128	24,346
Storm sewer										
Users (units)	20,987	21,342	21,965	22,254	22,963	23,245	23,388	23,572	24,128	24,346
Refuse										
Residential cans in service	18,125	18,499	19,158	19,949	20,925	21,383	21,611	22,033	22,186	22,186

LAYTON CITY CORPORATION

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	51	50	50	53	53	57	57	58	58	58
Fire Stations	3	3	3	3	3	3	3	3	3	3
Streets (lineal mileage)	218	221	223	223	227	231	238	242	245	246
Parks and Recreation										
Park acreage developed	161	161	171	171	171	171	203	206	206	225.5
Park acreage undeveloped	310	310	300	343	387	387	355	355	358.5	359
Parks	11	11	12	12	12	12	12	12	13	13
Tennis Courts	12	12	13	13	13	14	14	16	16	16
Gymnasiums	2	2	2	2	2	2	2	3	3	3
Water										
Water mains (miles)	234	239	243	243	248	253	261	267	271	274
Maximum daily capacity (million gallons)	21	21	21	21	21	21	21	21	21	33
Storage capacity (million gallons)	22	22	23	23	23	23	23	23	23	22
Wells	5	5	5	5	5	5	5	5	5	5
Sewer										
Sanitary sewer mains (miles)	169	172	174	175	178	183	191	195	199	200
Storm Sewer										
Storm sewer mains (miles)	108	115	118	120	124	131	136	142	146	149
Swimming pools	2	2	2	2	2	2	2	2	2	2

Layton City Corporation

Compliance Reports

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA

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

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Private Company
Practice Section*

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Layton City Corporation, Utah (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

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

November 16, 2012

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Layton City Corporation, Utah (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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 type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

November 16, 2012

LAYTON CITY CORPORATION, UTAH
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA #	Federal Award / Contract #	Award Amount	Federal Expenditures
<u>U.S. Department of Commerce</u>				
Passed through State of Utah:				
Public Safety Interoperable Communications Grant	11.555	2007-HLS-PSIC-012	\$ 23,000	\$ 6,574
Total Department of Commerce				<u>6,574</u>
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grant (CDBG)	14.218	B-10-MC-49-0010	371,577	203,204
Total Department of Housing and Urban Development				<u>203,204</u>
<u>U.S. Department of Energy</u>				
Energy Efficiency & Conservation Block Grant	81.128	EECBG - ARRA	588,400	1,204
Total Department of Energy				<u>1,204</u>
<u>U.S. Department of Justice</u>				
Justice Assistance Grant (JAG)	16.738	2009-DJ-BX-0869	50,004	22,590
Justice Assistance Grant (JAG)	16.738	2011-DJ-BX-2270	20,052	20,052
Bulletproof Vest Partnership	16.607	None	7,136	7,136
Passed through State of Utah:				
Victims of Crime Act Grant (VOCA)	16.575	11VOCA31	49,643	49,494
Justice Assistance Grant (JAG)	16.803	9AR-73-ARRA	268,789	107,495
Total Department of Justice				<u>206,767</u>
<u>U.S. Department of Homeland Security</u>				
Passed through State of Utah:				
Emergency Management Performance Grant	97.042	EMPG-2011-DEM-037	12,000	12,000
Homeland Security Program	97.073	2009-SHSP-DAV	10,972	10,972
Homeland Security Program	97.073	2010-SHSP-DAV	7,394	7,394
Total Department of Homeland Security				<u>30,366</u>
<u>U.S. Office of National Drug Control Policy</u>				
High Intensity Drug Trafficking Area (HIDTA)	95.001	G11RM0040A	95,504	95,504
Total Office of National Drug Control Policy				<u>95,504</u>
<u>U.S. Department of Transportation</u>				
Passed through State of Utah:				
National Highway Training Safety Act Grant	20.614	Project K9120502	26,268	26,268
Total Department of Transportation				<u>26,268</u>
Total Expenditures of Federal Awards				<u>\$ 569,887</u>

LAYTON CITY CORPORATION, UTAH
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

1. PURPOSE OF THIS SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the City's basic financial statements and is presented for additional analysis. The Schedule is required by the office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Layton City Corporation, Utah. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Financial Assistance - Pursuant to the Single Audit Act of 1984; the Single Audit Act Amendments of 2004 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of Federal Domestic Assistance - OMB Circular A-133 requires the Schedule to show the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide summary of individual federal programs. Each program included in the CFDA is assigned a five digit program identification number (CFDA number) which is reflected in the Schedule.

Reporting Entity

The City reporting entity is fully described in Footnote 1.A. of the City's basic financial statements. The Schedule includes all federal financial assistance programs administered by the City for the year ended June 30, 2012.

Basis of Accounting

Federal financial assistance programs included in the Schedule are reported as part of intergovernmental revenue in the City's basic financial statements for the General Fund and various Special Revenue Funds. The Schedule is presented using the same basis of accounting used for each fund as described in Footnote 1.C. of the City's basic financial statements.

LAYTON CITY CORPORATION, UTAH
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

3. NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance.

4. FEDERAL INSURANCES

No federal insurance was in effect on June 30, 2012.

5. LOANS OUTSTANDING

No federal loans were outstanding at June 30, 2012.

LAYTON CITY CORPORATION, UTAH
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

A. Summary of Auditors' Results

Type of report issued on the financial statements:	An unqualified opinion was issued on the financial statements of Layton City Corporation, Utah.
Reportable conditions in internal control:	None
Noncompliance:	No instances of noncompliance were found which were material to the financial statements of the City.
Type of report issued on compliance for major programs:	An unqualified opinion was issued on compliance for the major programs.
Audit findings:	There are no audit findings required to be reported under OMB Circular A-133 or <i>Government Auditing Standards</i> .
Major programs tested:	16.738 – Justice Assistance Grant (JAG) 16.803 – Justice Assistance Grant (JAG) – ARRA
Dollar threshold used to distinguish between Type A and Type B Programs:	\$300,000
Qualifications of auditee:	The City qualified as a low-risk auditee under OMB Circular A-133.

B. Findings Relating to Financial Statements

No findings or questioned costs are required to be reported under *Government Auditing Standards*.

C. Findings and Questioned Costs for Federal Awards

No findings or questioned costs related to federal awards which are required to be reported under OMB Circular A-133 were noted during the audit.

LAYTON CITY CORPORATION, UTAH
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

No matters were reported in the prior year.

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

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

We have audited Layton City's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2012. The general compliance requirements applicable to the City are identified as follows:

Public Debt	Other Compliance Requirements
Cash Management	Uniform Building Code Standards
Purchasing Requirements	Impact Fees
Budgetary Compliance	Asset Forfeiture
Truth in Taxation and Property	Utah Retirement System
Tax Limitation	Fund Balance
Liquor Law Enforcement	B & C Road Funds

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

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An

audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, Layton City Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2012.

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

Hansen, Bradshaw, Malmrose & Erickson, P.C.
November 16, 2012