

Layton City Corporation



Comprehensive Annual Financial Report

Layton, Utah
Fiscal Year Ended June 30, 2013

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Fiscal Year Ended June 30, 2013

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	9
Management's Discussion and Analysis	13

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	24
Statement of Activities	25

Fund Financial Statements:

Balance Sheet – Governmental Funds	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	29
Statement of Net Position – Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	31
Statement of Cash Flows – Proprietary Funds	32
Notes to Financial Statements	34

Combining Fund Statements:

Non-major Governmental Funds:	53
Combining Balance Sheet – Non-major Governmental Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	56
Non-major Proprietary Funds:	58
Combining Statement of Net Position – Non-major Proprietary Funds	59
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Non-major Proprietary Funds	60
Combining Statement of Cash Flows – Non-major Proprietary Funds	61

LAYTON CITY CORPORATION

	<u>Page</u>
Individual Fund Schedules:	
General Fund - Comparative Balance Sheet	64
General Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	65
Emergency Dispatch Service Fund - Comparative Balance Sheet	66
Emergency Dispatch Service Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	67
Victims Services Fund - Comparative Balance Sheet	68
Victims Services Fund – Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	69
Community Development Block Grant Fund - Comparative Balance Sheet	70
Community Development Block Grant Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	71
Impact Fee Fund - Comparative Balance Sheet	72
Impact Fee Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	73
Redevelopment Agency Fund - Comparative Balance Sheet	74
Redevelopment Agency Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	75
Debt Service Fund - Comparative Balance Sheet	76
Debt Service Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	77
Capital Projects Fund - Comparative Balance Sheet	78
Capital Projects Fund - Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	79
Water Fund - Comparative Schedule of Net Position	80
Water Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position	81
Storm Sewer Fund – Comparative Schedule of Net Position	82
Storm Sewer Fund – Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position	83
Sewer Fund - Comparative Schedule of Net Position	84
Sewer Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position	85
Refuse Fund - Comparative Schedule of Net Position	86
Refuse Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position	87
Swimming Pool Fund - Comparative Schedule of Net Position	88
Swimming Pool Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position	89
Emergency Medical Services Fund - Comparative Schedule of Net Position	90

LAYTON CITY CORPORATION

	<u>Page</u>
Emergency Medical Services Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position	91
Athletic Programs Fund - Comparative Schedule of Net Position	92
Athletic Programs Fund - Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position	93
UIA Telecom Infrastructure Fund – Comparative Schedule of Net Position	94
UIA Telecom Infrastructure Fund – Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position	95

Component Unit Fund Schedules:

Davis Metro Narcotics Strike Force Fund – Comparative Balance Sheet	98
Davis Metro Narcotics Strike Force Fund – Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	99

Statistical Section

Statistical Section Description	101
Net Position by Component	103
Changes in Net Position	104
Governmental Activities Tax and Special Assessment Revenues by Source	106
Fund Balances of Governmental Funds	107
Changes in Fund Balances of Governmental Funds	108
Principal Sales Tax Payers	109
Direct and Overlapping Sales Tax Rates	110
Assessed and Estimated Actual Value of Taxable Property	111
Property Tax Rates – Direct and Overlapping Governments	112
Ratios of Outstanding Debt by Type	113
Ratios of General Obligation Bonded Debt Outstanding	114
Direct and Overlapping Governmental Activities Debt	115
Legal Debt Margin Information	116
Pledged Revenue Coverage – Sales Tax Revenue and Refunding Bonds	117
Demographic and Economic Statistics	118
Principal Employers	119
Full-Time Equivalent City Government Employees by Function	120
Operating Indicators by Function	121
Capital Asset Statistics by Function	122

LAYTON CITY CORPORATION

Compliance Reports

	<u>Page</u>
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	123
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	125
Schedule of Expenditures of Federal Awards	127
Notes to Schedule of Expenditures of Federal Awards	128
Schedule of Findings and Questioned Costs	130
Independent Certified Public Accountants' Report on Compliance in Accordance with the State of Utah Legal Compliance Audit Guide	133

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Layton City Corporation

Introductory Section



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 21, 2013

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 basic 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, 2013.

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, 2013, 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, 2013, 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.

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 economic outlook for Layton City is very positive. The City's community and economic development department recently issued a report on the "State of the City". The report covered three and a half years from 2010 to June 2013. The most significant activity discussed in the report occurred during fiscal years 2012 and 2013. Some of the highlights include:

- \$250 million in private investment in projects in the City.
- Record levels of residential building permits
- Near record levels of commercial building permits.



- Reoccupation of three major retail spaces, previously vacant for many years.
- Expansion of the Weber State University Davis campus
- Addition of many new major retailers and restaurants
- Expansion and upgrade of many existing hotel, retail and office spaces
- The Layton Hills Mall is fully leased and the Walmart located in Layton City is #2 in the State.
- The City has experienced year over year increases in sales tax revenue for two consecutive years.

In addition, 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 4.3% for June 2013. That is very favorable compared to the national unemployment rate of 7.6%. It is anticipated that sequestration and the recent government shutdown will have some effect on the revenues of the City, the extent of which has not been determined.

Layton City was able to weather the economic slowdown reasonably well. Resources have been redirected from one-time capital projects to maintain ongoing operations. Despite all of the positive news, the City moves forward cautiously due to the rumblings of State and National conditions and politics.

To summarize, economic activity in the City has rebounded. The effects of the economic multipliers associated with new development should have a very positive effect on the sustainability of the City's financial position. The City is in very sound economic condition.

Long-term Financial Planning

Financial policy dictates that 5% to 25% of general fund revenue be kept in spendable or unrestricted categories of 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, 2013, was 18.1% of FY14 budgeted 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 very low debt balances 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, 2012. This was the eighteenth 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

Tracy R. Probert, CPA
Finance Director





Government Finance Officers Association

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

Presented to

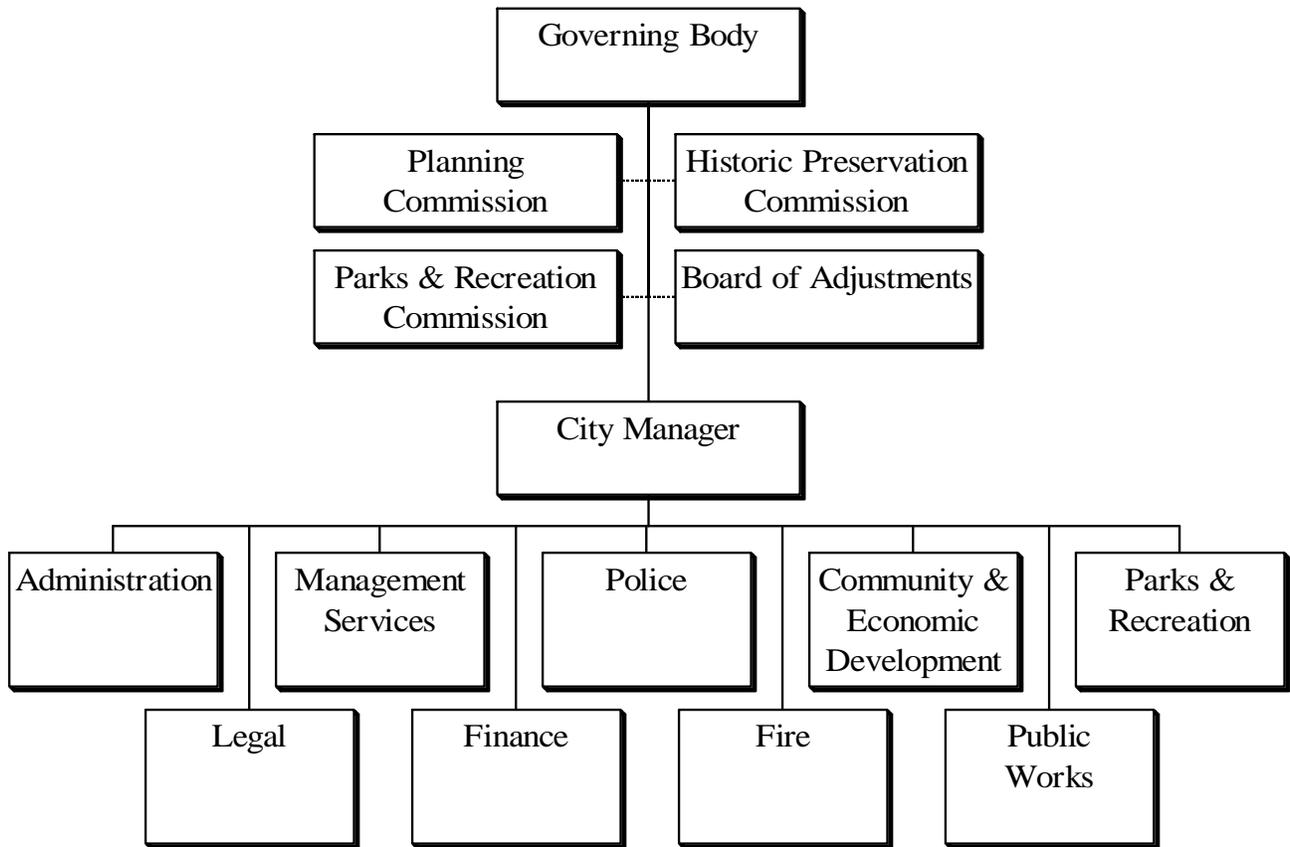
**Layton City Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10-19 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, the comparative individual fund schedules, budgetary comparison information, component unit fund schedules, schedule of expenditures of federal awards, as required by the office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the comparative individual fund schedules, budgetary comparison information, component unit fund schedules, and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hansen, Bradshaw, Malmrose & Erickson, P.C.
November 1, 2013

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Management's Discussion and Analysis

The management of Layton City presents the following narrative and analysis of the basic 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, 2013.

Financial Highlights

The assets of Layton City exceeded its liabilities at June 30, 2013, by \$252,968,487 (net position). Of this amount, \$17,272,344 (unrestricted net position) may be used to meet the government's ongoing obligations.

Layton City's total net position increased during the fiscal year by \$6,923,049. The increase came from construction of the fire training facility, splash pad and new water tank. Projects in streets, water, sewer, and storm sewer as well as developer contributed assets were part of the increase. New development also brought with it higher than anticipated impact fee revenues. These funds are restricted and are only available in defined situations.

Layton City's governmental funds reported combined ending fund balances of \$14,353,823 at June 30, 2013, an increase of \$1,713,261 in comparison to the previous year. Of the ending fund balances, \$5,431,181 was unassigned and available for spending at the City's discretion. This represents 18.1% of FY14 total estimated general fund revenue.

Fund balance at year end that was classified as spendable and unrestricted amounted to \$6,868,693 or 23.4% of FY14 total estimated revenue of the general fund.

Layton City's total long-term debt decreased \$590,000 from principal payments on bonds.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 position is an indicator of a government’s financial condition. In the case of Layton City, assets exceeded liabilities by \$252,968,487 at the close of the fiscal year.

Layton City Net Position

	Governmental activities 2013	Governmental activities 2012	Business-type activities 2013	Business-type activities 2012	Total 2013	Total 2012
Current and other assets	\$ 26,396,129	\$ 24,333,454	\$ 12,753,684	\$ 11,746,931	\$ 39,149,813	\$ 36,080,385
Capital assets	149,902,956	148,806,378	84,712,320	81,640,448	234,615,276	230,446,826
Total assets	176,299,085	173,139,832	97,466,004	93,387,379	273,765,089	266,527,211
Long-term liabilities	6,187,318	6,193,124	926,441	1,184,737	7,113,759	7,377,861
Other liabilities	3,862,620	3,518,387	1,562,549	1,431,814	5,425,169	4,950,201
Total liabilities	10,049,938	9,711,511	2,488,990	2,616,551	12,538,928	12,328,062
Deferred inflows of resources	8,257,674	8,153,711	-	-	8,257,674	8,153,711
Net position:						
Net investment in capital assets	146,237,235	144,556,214	84,719,199	80,940,448	230,956,434	225,496,662
Restricted	3,980,692	2,703,393	759,017	735,475	4,739,709	3,438,868
Unrestricted	7,773,546	8,015,003	9,498,798	9,094,905	17,272,344	17,109,908
Total net position	\$157,991,473	\$155,274,610	\$ 94,977,014	\$ 90,770,828	\$ 252,968,487	\$ 246,045,438

The largest portion of the City’s net position (91.1%) 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.

A portion of the City's net position, \$4,739,709 represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of \$17,272,344 may be used to pay for the City's obligations and ongoing operations.

At June 30, 2013, the City was able to report positive balances in all three categories of net position; governmental activities, business-type activities, and the government as a whole.

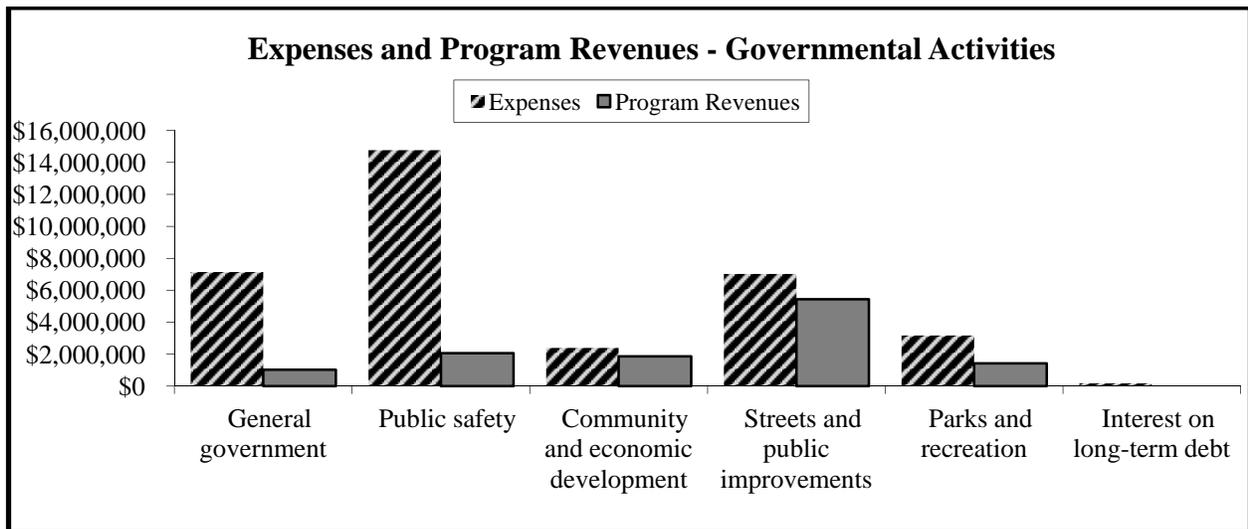
Layton City Changes in Net Position

	Govern- mental activities 2013	Govern- mental activities 2012	Business- type activities 2013	Business- type activities 2012	Total 2013	Total 2012
Revenues:						
Program revenues:						
Charges for services	\$ 4,014,890	\$ 3,511,450	\$ 18,923,699	\$ 17,960,181	\$ 22,938,589	\$ 21,471,631
Operating grants and Contributions	2,669,991	2,574,612	656,685	632,024	3,326,676	3,206,636
Capital grants and contributions	5,130,225	2,443,291	2,337,334	625,272	7,467,559	3,068,563
General revenues:						
Property and uniform vehicle Taxes	7,968,919	7,676,248			7,968,919	7,676,248
Sales taxes	11,705,575	11,283,192			11,705,575	11,283,192
Other taxes	5,860,097	5,513,509			5,860,097	5,513,509
Other	415,751	454,243	616,649	67,474	1,032,400	521,717
Total revenues	\$ 37,765,448	\$ 33,456,545	\$ 22,534,367	\$ 19,284,951	\$ 60,299,815	\$ 52,741,496
Expenses:						
General government	\$ 7,141,328	\$ 7,433,854			\$ 7,141,328	\$ 7,433,854
Public safety	14,765,863	14,838,923			14,765,863	14,838,923
Community and economic Development	2,393,966	1,570,675			2,393,966	1,570,675
Streets and public improvements	7,022,012	6,493,396			7,022,012	6,493,396
Parks and recreation	3,161,815	3,201,068			3,161,815	3,201,068
Interest on long-term debt	164,462	174,655			164,462	174,655
Water			4,990,010	5,153,375	4,990,010	5,153,375
Storm sewer			2,357,989	1,933,852	2,357,989	1,933,852
Sewer			4,917,068	4,507,113	4,917,068	4,507,113
Refuse			2,710,026	2,668,136	2,710,026	2,668,136
Swimming pool			995,543	970,385	995,543	970,385
EMS			2,297,717	2,317,493	2,297,717	2,317,493
UIA			160,255	8,252	160,255	8,252
Athletic programs			298,712	299,928	298,712	299,928
Total expenses	\$ 34,649,446	\$ 33,712,571	\$ 18,727,320	\$ 17,858,534	\$ 53,376,766	\$ 51,571,105
Increase (decrease) in net position before transfers	3,116,002	(256,026)	3,807,047	1,426,417	6,923,049	1,170,391
Transfers	(399,139)	24,637	399,139	(24,637)	-	-
Increase (decrease) in net position	\$ 2,716,863	\$ (231,389)	\$ 4,206,186	\$ 1,401,780	\$ 6,923,049	\$ 1,170,391
Net position, beginning	155,274,610	155,505,999	90,770,828	89,369,048	246,045,438	244,875,047
Net position, ending	\$ 157,991,473	\$ 155,274,610	\$ 94,977,014	\$ 90,770,828	\$ 252,968,487	\$ 246,045,438

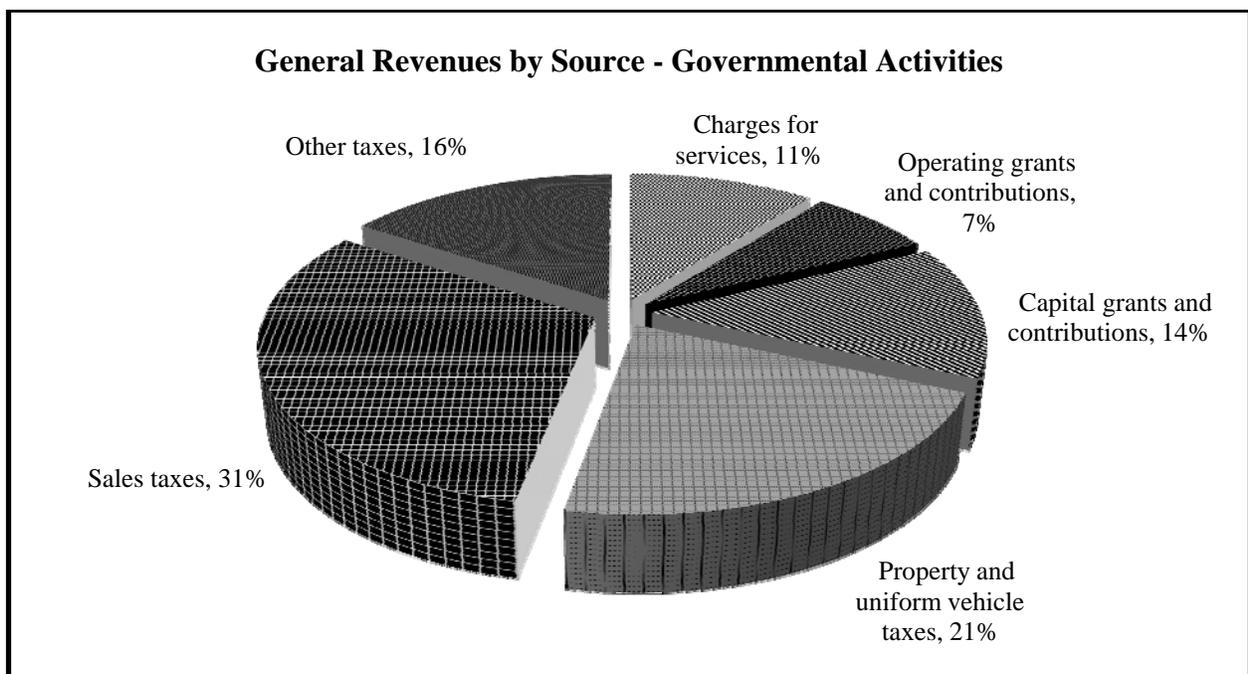
Governmental activities. As noted in the table above, governmental activities increased the City’s net position by \$2,716,863 in the current fiscal year. Key elements affecting the increase were as follows:

1. Capital contribution of streets and related infrastructure, including the underlying land.
2. Operations of the governmental activities.
3. Development activity in the City.

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.



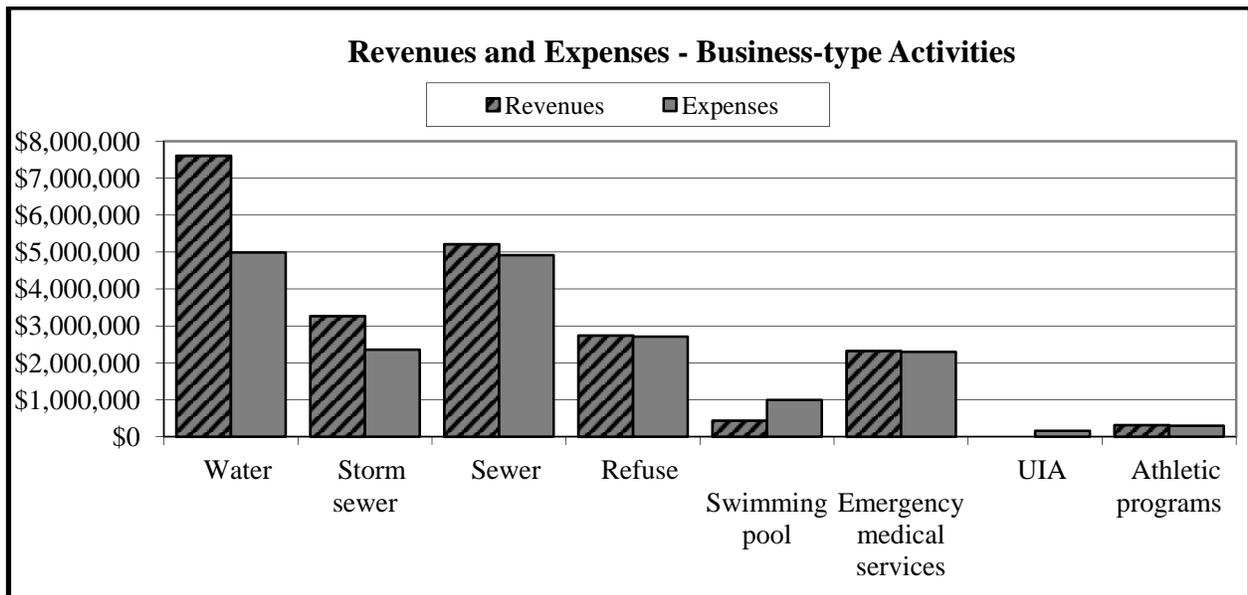
The following chart displays the major sources of general revenues for governmental activities. Taxes accounted for 68% of total revenue that funds governmental activities.



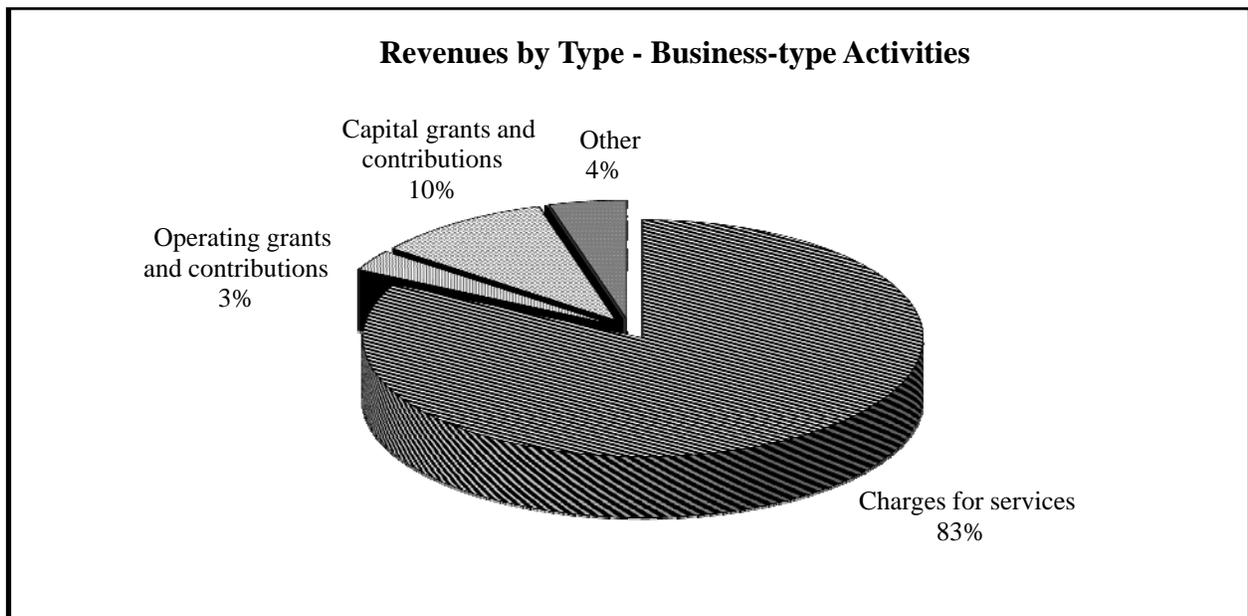
Business-type activities. As noted in the table “Layton City Changes in Net Position,” business-type activities increased the City’s net position by \$4,206,186. Key elements of the increase were as follows:

1. Capital contributions of \$1,433,964 were from developers in the form of utility lines and related systems and land.
2. Rate increases and management of regular operating expenses.
3. Increased property development activities.

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 83% 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, unassigned 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, 2013, the City's governmental funds reported combined ending fund balances of \$14,353,823, an increase of \$1,713,261. There are four components of fund balance; nonspendable, restricted, assigned, and unassigned. Unassigned fund balance of \$5,431,181 is available for spending at the City's discretion. Assigned fund balance of \$4,412,457 has been assigned to intended uses. Restricted fund balance of \$3,980,692 is funds that must be spent for specific purposes and may not be used for general governmental activities. Nonspendable fund balance of \$529,493 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. A comparison of the unassigned fund balance and total fund balance to total general fund expenditures is a measure of liquidity. Unassigned and total fund balance represented 18.1% and 24.3% of total general fund expenditures and transfers, respectively. The City has very good liquidity.

The fund balance of the general fund increased \$1,329,442. The original budget plan for the year was to decrease the fund balance by \$884,690. Revenues were higher than anticipated and good management of expenditures made possible an increase in fund balance instead of a decrease.

The fund balance of the capital projects fund decreased \$1,030,107. The decrease resulted from expenditures on funded projects. These projects included the fire training tower, splash pad at Ellison park and other projects as detailed in the City's capital improvement plan. Funding of additional general projects was limited due to the need to retain revenue in 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 position at June 30, 2013, amounted to \$3,208,208, a decrease of 21.5% from the previous year. The primary element was the purchase of water contracts from Weber Basin Water for \$1,081,890. Total net assets increased \$2,593,603. The primary elements of the increase were: 1) constructed and contributed assets of \$732,253; and 2) income from operations of \$1,454,865.

Storm sewer fund. Unrestricted net position at June 30, 2013, amounted to \$2,696,027, an increase of 30.1% from the previous year. Total net assets increased \$1,161,457. The primary elements of the increase were: 1) development impact fees of \$526,313, capital contributions from developers of \$530,172 and 2) income from operations of \$177,854.

Sewer fund. Unrestricted net position at June 30, 2013, amounted to \$2,197,755, an increase of 17.4% from the previous year. Total net assets increased \$278,772. The primary elements of the increase were: 1) contributed assets by developers of \$171,539; and 2) connections charges associated with development activities of \$313,542.

Refuse fund. Unrestricted net position at June 30, 2013, amounted to \$537,642, an increase of 6.9%. Total net position increased \$34,436 and resulted from a gain in operations which was due to the prior year rate increase.

General Fund Budgetary Highlights

During the fiscal year, the general fund’s original budget for expenditures and transfers was amended from \$30,003,821 to a final budget total of \$31,404,280, an increase of \$1,400,459.

Actual expenditures and transfers were \$30,103,129 and were \$1,301,151 less than the final budget. The major element of the savings was from reduced expenditures by departments.

Capital Assets and Debt Administration

Capital assets. Layton City’s investment in capital assets for governmental and business-type activities as of June 30, 2013, was \$234,615,276 (net of accumulated depreciation). The investment in capital assets includes land, intangibles, water stock and rights, water contracts, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. The total increase in the City’s investment in capital assets for the current year was \$4,168,450 or 1.8%.

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

- 1) Developers contributed new subdivision streets and utility systems amounting to \$2,225,602.
- 2) The City expended \$3,479,844 on street projects, \$2,358,256 on water systems, \$1,089,999 on storm sewer systems, \$366,605 on sewer systems, \$121,974 on fire and emergency medical services equipment, \$372,175 on police vehicles and equipment and \$369,823 on public works vehicles and equipment, \$1,299,945 on a fire training facility, and \$286,044 on a splash pad.
- 3) The main reductions in capital assets were depreciation of \$5,991,770 and disposals of \$552,681.

Layton City Capital Assets (net of depreciation)

	Govern- mental Activities 2013	Govern- mental Activities 2012	Business- type Activities 2013	Business- type Activities 2012	Total 2013	Total 2012
Land	\$ 77,467,590	\$ 76,757,890	\$ 1,174,040	\$ 1,106,363	\$ 78,641,630	\$ 77,864,253
Intangible	577,870	577,870	-	-	577,870	577,870
Water stock and rights	-	-	3,065,442	2,426,442	3,065,442	2,426,442
Water contracts	-	-	1,081,890	-	1,081,890	-
Buildings	15,706,806	15,706,805	2,250,824	2,250,824	17,957,630	17,957,629
Improvements other than buildings	4,239,363	4,239,363	417,579	417,579	4,656,942	4,656,942
Equipment and utility systems	17,438,213	16,705,012	113,093,051	110,860,745	130,531,264	127,565,757
Infrastructure	93,713,311	89,799,396	-	-	93,713,311	89,799,396
Construction in progress	1,917,832	2,918,778	2,486,009	1,149,385	4,403,841	4,068,163
Less accumulated depreciation	(61,158,029)	(57,898,736)	(38,856,515)	(36,570,890)	(100,014,544)	(94,469,626)
Total	\$ 149,902,956	\$ 148,806,378	\$ 84,712,320	\$ 81,640,448	\$ 234,615,276	\$ 230,446,826

More information is available in the notes to the financial statements, note IV (G) pages 44 and 45.

Long-term debt. On June 30, 2013, the City had total bonded debt outstanding of \$4,295,000 that came from two sales tax revenue obligations. One was issued in 2003 and the second in 2006. Of the total, \$355,000 is accounted for in the water fund business-type activity.

Layton City Outstanding Debt
General Obligations and Revenue Bonds

	Govern- mental activities 2013	Govern- mental activities 2012	Business- type activities 2013	Business- type activities 2012	Total 2013	Total 2012
Revenue bonds	\$3,940,000	\$4,185,000	\$355,000	\$700,000	\$4,295,000	\$4,885,000

The City’s total debt decreased \$590,000 (12.1%) 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 (\$355,000 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 (\$3,940,000 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, 2013, 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 45 and 46.

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 2013 was 4.3%. This is 1.9% lower than the 6.2% for June 2012. The rate reported for the State of Utah for June 2013 was 4.7%. These compare favorably to the national seasonally adjusted rate reported by the U.S. Department of Labor, Bureau of Labor and Statistics for June 2013 of 7.6%. 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 remain stable in FY 2014.
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. New residential building permits skyrocketed to a record level of 775 permits during calendar year 2012 and continued through the end of fiscal year 2013. Commercial building permits also reached the second highest annual level during this same time period. New business and business relocations, expansions, reoccupations and many other positive commercial and manufacturing activities occurred during FY13.
5. Sales tax revenues in the fiscal year ended June 30, 2013 and 2012, were 3.74% and 7.27% higher than the previous year, respectively. The decline in the year over year change shows that the economy and consumers are still holding back. Purchases of large ticket items have increased the past few years but have not reached levels of a decade ago.

These and other factors were considered in preparing Layton City's budget for the 2013-2014 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 POSITION

June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Davis Metro Narcotics Strike Force
<u>Assets</u>				
Cash and cash equivalents	\$ 12,470,438	\$ 7,866,621	\$ 20,337,059	\$ 319,628
Investments	754,431	-	754,431	-
Receivables, net	11,574,686	3,299,281	14,873,967	81,359
Inventory	-	261,379	261,379	-
Prepaid expense	19,132	603,465	622,597	-
Note receivable	104,405	35,358	139,763	-
Contracts receivable	-	150,875	150,875	-
Restricted assets:				
Cash and cash equivalents	1,407,778	536,705	1,944,483	114,994
Receivables	65,259	-	65,259	-
Capital assets:				
Water stocks and rights	-	3,065,442	3,065,442	-
Intangible	577,870	-	577,870	-
Land	77,467,590	1,174,040	78,641,630	-
Water contracts	-	1,081,890	1,081,890	-
Buildings	15,706,806	2,250,824	17,957,630	-
Improvements other than buildings	4,239,363	417,579	4,656,942	-
Infrastructure	93,713,311	-	93,713,311	-
Equipment and utility systems	17,438,213	113,093,051	130,531,264	253,004
Construction in progress	1,917,832	2,486,009	4,403,841	-
Less accumulated depreciation	(61,158,029)	(38,856,515)	(100,014,544)	(225,532)
Total capital assets (net of accumulated depreciation)	149,902,956	84,712,320	234,615,276	27,472
Total assets	176,299,085	97,466,004	273,765,089	543,453
<u>Liabilities</u>				
Accounts payable	443,660	1,283,741	1,727,401	43,884
Accrued liabilities	2,192,160	95,334	2,287,494	886
Payable to other governments	-	3,156	3,156	-
Accrued bond interest payable	77,988	5,492	83,480	-
Deposits	1,128,712	174,826	1,303,538	113,729
Due to developers	20,100	-	20,100	-
Noncurrent liabilities:				
Due within one year	1,937,011	696,959	2,633,970	1,005
Due in more than one year	4,250,307	229,482	4,479,789	-
Total liabilities	10,049,938	2,488,990	12,538,928	159,504
Deferred inflow of resources:				
Property tax revenue	8,257,674	-	8,257,674	
<u>Net position</u>				
Net investment in capital assets	146,237,235	84,719,199	230,956,434	27,472
Restricted for:				
Class c roads	17,965	-	17,965	-
Street construction	1,908,329	-	1,908,329	-
Park development	1,196,983	-	1,196,983	-
Public safety	285,017	-	285,017	191,266
Community development	238,879	-	238,879	-
Debt service	333,519	-	333,519	-
Storm sewer development	-	759,017	759,017	-
Unrestricted	7,773,546	9,498,798	17,272,344	165,211
Total net position	\$157,991,473	\$ 94,977,014	\$ 252,968,487	\$ 383,949

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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			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	\$ 7,141,328	\$ 768,842	\$ 49,653	\$ 207,597	\$ (6,115,236)		\$ (6,115,236)	
Public safety	14,765,863	1,367,903	273,739	420,516	(12,703,705)		(12,703,705)	
Community and economic development	2,393,966	1,569,973	296,427	-	(527,566)		(527,566)	
Streets and public improvements	7,022,012	254,053	2,050,172	3,132,527	(1,585,260)		(1,585,260)	
Parks and recreation	3,161,815	54,119	-	1,369,585	(1,738,111)		(1,738,111)	
Interest on long-term debt	164,462	-	-	-	(164,462)		(164,462)	
Total governmental activities	34,649,446	4,014,890	2,669,991	5,130,225	(22,834,340)		(22,834,340)	
Business-type activities:								
Water	4,990,010	6,499,294	-	1,109,310	\$ 2,618,594		2,618,594	
Storm sewer	2,357,989	2,210,843	-	1,056,485	909,339		909,339	
Sewer	4,917,068	5,039,995	-	171,539	294,466		294,466	
Refuse	2,710,026	2,741,668	-	-	31,642		31,642	
Swimming pool	995,543	435,743	-	-	(559,800)		(559,800)	
Emergency medical services	2,297,717	1,665,294	656,685	-	24,262		24,262	
UIA	160,255	16,776	-	-	(143,479)		(143,479)	
Athletic programs	298,712	314,086	-	-	15,374		15,374	
Total business-type activities	18,727,320	18,923,699	656,685	2,337,334	3,190,398		3,190,398	
Total primary government activities	\$ 53,376,766	\$ 22,938,589	\$ 3,326,676	\$ 7,467,559	(22,834,340)	3,190,398	(19,643,942)	
Component unit:								
Davis metro narcotics strike force	\$ 473,267		\$ 490,237					\$ 16,970
General revenues:								
Property and uniform vehicle taxes					7,968,919		7,968,919	
Sales and use taxes					11,705,575		11,705,575	
Franchise, telecommunication and energy sales taxes					5,706,022		5,706,022	
Transient room tax					154,075		154,075	
Investment earnings					117,906	52,528	170,434	3,128
Miscellaneous					168,810	525,647	694,457	
Gain on sale of capital assets					129,035	38,474	167,509	23,815
Transfers					(399,139)	399,139	-	
Total general revenues and transfers					25,551,203	1,015,788	26,566,991	26,943
Change in net position					2,716,863	4,206,186	6,923,049	43,913
Net position - beginning					155,274,610	90,770,828	246,045,438	340,036
Net position - ending					\$ 157,991,473	\$ 94,977,014	\$ 252,968,487	\$ 383,949

LAYTON CITY CORPORATION

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Capital Projects	Other Governmental	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 5,350,944	\$ 2,514,752	\$ 4,604,742	\$ 12,470,438
Investments	754,431	-	-	754,431
Receivables	17,892,107	-	772,854	18,664,961
Due from other funds	405,956	-	-	405,956
Prepaid	19,132	-	-	19,132
Note receivable	-	-	104,405	104,405
Restricted assets				
Cash and cash equivalents:	1,074,259	-	333,519	1,407,778
Receivables	-	-	65,259	65,259
Total assets	<u>\$ 25,496,829</u>	<u>\$ 2,514,752</u>	<u>\$ 5,880,779</u>	<u>\$ 33,892,360</u>
<u>Liabilities</u>				
Accounts payable	\$ 300,397	\$ 110,885	\$ 32,378	\$ 443,660
Accrued liabilities	2,190,716	-	1,444	2,192,160
Deposits	1,074,259	54,453	-	1,128,712
Due to developers	20,100	-	-	20,100
Due to other funds	-	-	405,956	405,956
Total liabilities	<u>3,585,472</u>	<u>165,338</u>	<u>439,778</u>	<u>4,190,588</u>
<u>Deferred inflows of resources</u>				
Property tax revenue	7,520,958	-	736,716	8,257,674
Loan receivable	7,090,275	-	-	7,090,275
Total deferred inflows of resources	<u>14,611,233</u>	<u>-</u>	<u>736,716</u>	<u>15,347,949</u>
<u>Fund balance</u>				
Nonspendable	425,088	-	104,405	529,493
Restricted for:				
Class c roads	6,343	11,622	-	17,965
Street construction	-	76,784	1,831,545	1,908,329
Park development	-	-	1,196,983	1,196,983
Public safety facilities	-	70,549	214,468	285,017
Community development	-	-	238,879	238,879
Debt service	-	-	333,519	333,519
Total restricted fund balance	<u>6,343</u>	<u>158,955</u>	<u>3,815,394</u>	<u>3,980,692</u>
Assigned to:				
General fund - for encumbrances	281,297	-	-	281,297
General fund - budgeted use of fund balance	1,156,215	-	-	1,156,215
Capital projects fund	-	2,190,459	-	2,190,459
Debt service fund	-	-	359,204	359,204
Emergency dispatch fund	-	-	420,605	420,605
Victims services fund	-	-	4,677	4,677
Total assigned fund balance	<u>1,437,512</u>	<u>2,190,459</u>	<u>784,486</u>	<u>4,412,457</u>
Unassigned	5,431,181	-	-	5,431,181
Total fund balances	<u>7,300,124</u>	<u>2,349,414</u>	<u>4,704,285</u>	<u>14,353,823</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 25,496,829</u>	<u>\$ 2,514,752</u>	<u>\$ 5,880,779</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.	149,902,956
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(6,265,306)
Net position of governmental activities	<u>\$ 157,991,473</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, 2013

	General	Capital Projects	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Taxes and special assessments	\$ 24,794,033	\$ -	\$ 740,558	\$ 25,534,591
Licenses and permits	1,499,432	-	-	1,499,432
Intergovernmental	2,530,959	82,500	346,629	2,960,088
Charges for services	1,011,694	-	4,013,685	5,025,379
Fines and forfeitures	298,146	-	-	298,146
Miscellaneous	879,020	-	27,119	906,139
Total revenues	31,013,284	82,500	5,127,991	36,223,775
<u>Expenditures:</u>				
Current:				
General government	4,102,039	-	93,492	4,195,531
Public safety	14,046,833	-	553,422	14,600,255
Community and economic development	1,097,991	-	1,281,448	2,379,439
Streets and public improvements	4,507,494	-	-	4,507,494
Parks and recreation	2,825,095	-	-	2,825,095
Debt service:				
Principal	-	-	245,000	245,000
Interest and agent fees	-	-	173,975	173,975
Pledge payments	-	-	2,326,540	2,326,540
Capital outlay	-	3,128,081	-	3,128,081
Total expenditures	26,579,452	3,128,081	4,673,877	34,381,410
Excess (deficiency) of revenues over (under) expenditures	4,433,832	(3,045,581)	454,114	1,842,365
<u>Other financing sources (uses):</u>				
Transfers in	290,252	1,874,474	2,349,604	4,514,330
Transfers out	(3,523,677)	-	(1,389,792)	(4,913,469)
Developer payments	-	141,000	-	141,000
Sale of capital assets	129,035	-	-	129,035
Total other financing sources (uses)	(3,104,390)	2,015,474	959,812	(129,104)
Net change in fund balances	1,329,442	(1,030,107)	1,413,926	1,713,261
Fund balances - beginning	5,970,682	3,379,521	3,290,359	12,640,562
Fund balances - ending	\$ 7,300,124	\$ 2,349,414	\$ 4,704,285	\$ 14,353,823

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, 2013

Net change in fund balances - total governmental funds	\$ 1,713,261
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.	1,195,078
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.	(98,500)
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.	254,513
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>(347,489)</u>
Change in net position of governmental activities:	<u><u>\$ 2,716,863</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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>Revenues</u>				
Taxes and special assessments	\$ 23,691,620	\$ 23,691,620	\$ 24,794,033	\$ 1,102,413
Licenses and permits	1,000,000	1,000,000	1,499,432	499,432
Intergovernmental	2,078,000	2,452,865	2,530,959	78,094
Charges for services	601,500	1,108,619	1,011,694	(96,925)
Fines and forfeitures	275,000	275,000	298,146	23,146
Miscellaneous	1,203,405	939,511	879,020	(60,491)
Total revenues	28,849,525	29,467,615	31,013,284	1,545,669
<u>Expenditures</u>				
Current:				
General government:				
Administration	859,666	867,622	824,651	42,971
Legal	757,424	759,793	728,920	30,873
Management services	1,866,086	1,919,873	1,851,086	68,787
Finance	714,042	712,446	697,382	15,064
Non-departmental	20,039	82,349	-	82,349
Total general government	4,217,257	4,259,734	4,102,039	157,695
Public safety:				
Police	10,445,261	10,703,677	10,067,013	636,664
Fire	3,883,994	4,129,585	3,979,820	149,765
Total public safety	14,329,255	14,833,262	14,046,833	786,429
Community and economic development				
Streets and public improvements	1,143,671	1,142,632	1,097,991	44,641
Parks and recreation	4,333,386	4,611,383	4,507,494	103,889
Total expenditures	2,968,861	3,033,592	2,825,095	208,497
Total expenditures	26,992,430	27,880,603	26,579,452	1,301,151
Excess of revenues over expenditures	1,857,095	1,587,012	4,433,832	2,846,820
<u>Other financing sources (uses)</u>				
Transfers in	219,606	290,252	290,252	-
Transfers out	(3,011,391)	(3,523,677)	(3,523,677)	-
Sale of capital assets	50,000	149,300	129,035	(20,265)
Total other financing sources (uses)	(2,741,785)	(3,084,125)	(3,104,390)	(20,265)
Net change in fund balance	(884,690)	(1,497,113)	1,329,442	2,826,555
Fund balance - beginning	5,970,682	5,970,682	5,970,682	-
Fund balance - ending	\$ 5,085,992	\$ 4,473,569	\$ 7,300,124	\$ 2,826,555

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

LAYTON CITY CORPORATION

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2013

	Water	Storm Sewer	Sewer	Refuse	Other Proprietary Funds	Total Proprietary Funds
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 1,693,370	\$ 3,255,149	\$ 1,748,460	\$ 263,396	\$ 906,246	\$ 7,866,621
Accounts receivable, net	1,398,797	285,035	868,577	490,380	256,492	3,299,281
Due from other funds	447	-	-	-	-	447
Contracts receivable	-	-	-	-	15,900	15,900
Inventory	258,858	-	-	-	2,521	261,379
Note receivable	35,358	-	-	-	-	35,358
Prepaid expense	603,465	-	-	-	-	603,465
Total current assets	3,990,295	3,540,184	2,617,037	753,776	1,181,159	12,082,451
Noncurrent assets:						
Restricted cash and cash equivalents	407,324	129,381	-	-	-	536,705
Contracts receivable	-	-	-	-	134,975	134,975
Capital assets:						
Water stocks and rights	3,065,442	-	-	-	-	3,065,442
Land	420,551	721,777	30,712	-	1,000	1,174,040
Water contracts	1,081,890	-	-	-	-	1,081,890
Buildings	-	-	-	-	2,250,824	2,250,824
Improvements other than buildings	397,467	-	-	-	20,112	417,579
Distribution and collections systems	44,808,122	46,189,293	18,005,726	-	-	109,003,141
Equipment	1,237,285	283,981	778,129	-	1,790,515	4,089,910
Construction in progress	1,975,386	337,018	173,605	-	-	2,486,009
Less: accumulated depreciation	(15,810,703)	(13,970,526)	(6,111,536)	-	(2,963,750)	(38,856,515)
Total capital assets (net of accumulated depreciation)	37,175,440	33,561,543	12,876,636	-	1,098,701	84,712,320
Total noncurrent assets	37,582,764	33,690,924	12,876,636	-	1,233,676	85,384,000
Total assets	41,573,059	37,231,108	15,493,673	753,776	2,414,835	97,466,451
<u>Liabilities</u>						
Current liabilities:						
Due to other funds	-	-	-	-	447	447
Accounts payable	629,202	29,902	377,431	216,134	31,072	1,283,741
Accrued liabilities	18,873	25,773	6,202	-	44,486	95,334
Compensated absences payable	99,009	22,699	27,463	-	176,888	326,059
Customer deposits	45,445	129,381	-	-	-	174,826
Payable to other governments	-	-	-	-	3,156	3,156
Accrued bond interest payable	5,492	-	-	-	-	5,492
Bonds payable	355,000	-	-	-	-	355,000
Contracts payable	-	-	-	-	15,900	15,900
Total current liabilities	1,153,021	207,755	411,096	216,134	271,949	2,259,955
Noncurrent liabilities:						
Compensated absences payable	29,511	6,766	8,186	-	50,044	94,507
Contracts payable	-	-	-	-	134,975	134,975
Total noncurrent liabilities	29,511	6,766	8,186	-	185,019	229,482
Total liabilities	1,182,532	214,521	419,282	216,134	456,968	2,489,437
<u>Net Position</u>						
Net investment in capital assets	37,182,319	33,561,543	12,876,636	-	1,098,701	84,719,199
Restricted for storm sewer development	-	759,017	-	-	-	759,017
Unrestricted	3,208,208	2,696,027	2,197,755	537,642	859,166	9,498,798
Total net position	\$ 40,390,527	\$ 37,016,587	\$ 15,074,391	\$ 537,642	\$ 1,957,867	\$ 94,977,014

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 POSITION
 PROPRIETARY FUNDS
 For the year ended June 30, 2013

	Water	Storm Sewer	Sewer	Refuse	Other Proprietary Funds	Total Proprietary Funds
<u>Operating revenues</u>						
Charges for services	\$ 6,413,738	\$ 2,210,843	\$ 4,726,453	\$ 2,741,668	\$ 2,431,899	\$ 18,524,601
Miscellaneous	9,839	325,000	10,309	-	180,499	525,647
Total operating revenues	6,423,577	2,535,843	4,736,762	2,741,668	2,612,398	19,050,248
<u>Operating expenses</u>						
Salaries, wages and benefits	1,023,400	491,454	981,056	66,842	2,569,009	5,131,761
Supplies and maintenance	687,722	681,488	405,343	53,249	514,207	2,342,009
Utilities	754,111	6,591	7,733	4,276	228,744	1,001,455
Professional services and training	11,557	7,350	8,285	-	54,775	81,967
Contracted services	1,085,882	-	2,660,965	2,576,077	160,237	6,483,161
Insurance	25,347	8,323	12,378	1,768	30,882	78,698
Rent	161,522	125,899	140,149	7,125	-	434,695
Franchise tax	337,431	130,303	294,000	-	-	761,734
Bad debt collection fees	660	689	689	689	19,839	22,566
Depreciation	881,080	905,892	406,470	-	174,534	2,367,976
Total operating expenses	4,968,712	2,357,989	4,917,068	2,710,026	3,752,227	18,706,022
Operating income (loss)	1,454,865	177,854	(180,306)	31,642	(1,139,829)	344,226
<u>Nonoperating revenues (expenses)</u>						
Interest revenue	18,429	19,221	9,767	2,794	2,317	52,528
Connection charges	85,556	-	313,542	-	-	399,098
Impact fees	362,850	526,313	-	-	-	889,163
Exaction fees	14,207	-	-	-	-	14,207
Grants/intergovernmental	-	-	-	-	656,685	656,685
Gain on sale of capital assets	37,994	-	480	-	-	38,474
Bond issuance costs	(6,331)	-	-	-	-	(6,331)
Interest expense	(14,967)	-	-	-	-	(14,967)
Total nonoperating revenues (expenses)	497,738	545,534	323,789	2,794	659,002	2,028,857
Income (loss) before contributions and transfers	1,952,603	723,388	143,483	34,436	(480,827)	2,373,083
Capital contributions	732,253	530,172	171,539	-	-	1,433,964
Transfers in	-	-	-	-	618,745	618,745
Transfers out	(91,253)	(92,103)	(36,250)	-	-	(219,606)
Change in net position	2,593,603	1,161,457	278,772	34,436	137,918	4,206,186
Total net position - beginning	37,796,924	35,855,130	14,795,619	503,206	1,819,949	90,770,828
Total net position - ending	\$ 40,390,527	\$ 37,016,587	\$ 15,074,391	\$ 537,642	\$ 1,957,867	\$ 94,977,014

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, 2013

	Water	Storm Sewer	Sewer
<u>Cash flow from operating activities</u>			
Receipts from customers (including cash deposits)	\$ 6,317,523	\$ 2,819,010	\$ 4,655,570
Receipts from interfund services received	124,769	41,489	6,421
Receipts from other governments	-	-	-
Payments to suppliers	(1,418,370)	(759,848)	(646,924)
Payments to other governments	(1,148,142)	(29,874)	(2,679,667)
Payments for interfund services used	(201,608)	(167,120)	(179,550)
Payments to employees	(1,006,752)	(795,034)	(1,102,297)
Net cash provided (used) by operating activities	<u>2,667,420</u>	<u>1,108,623</u>	<u>53,553</u>
<u>Cash flow from non-capital financing activities</u>			
Transfers from other funds	-	-	-
Transfers to other funds	(91,253)	(92,103)	(36,250)
County, state and federal grants	-	-	-
Connection fees	85,556	-	313,542
Net cash provided (used) by non-capital financing activities	<u>(5,697)</u>	<u>(92,103)</u>	<u>277,292</u>
<u>Cash flow from capital and related financing activities</u>			
Bond payments - principal	(345,000)	-	-
Bond payments - interest	(20,303)	-	-
Notes receivable from developers	41,141	-	-
Contracts receivable	-	-	-
Proceeds from sale of capital assets	45,322	-	480
Contracts payable and developer payments	-	-	-
Purchase of capital assets	(1,277,784)	(45,140)	(15,581)
Construction of capital assets	(2,032,907)	(454,963)	(173,604)
Impact fees	362,850	526,313	-
Exaction fees	14,207	-	-
Net cash provided (used) by capital and related financing activities	<u>(3,212,474)</u>	<u>26,210</u>	<u>(188,705)</u>
<u>Cash flow from investing activities</u>			
Interest earned on investments	18,429	19,221	9,767
Net cash provided by investing activities	<u>18,429</u>	<u>19,221</u>	<u>9,767</u>
Net increase (decrease) in cash and cash equivalents	(532,322)	1,061,951	151,907
Cash and cash equivalents at beginning of year	2,633,016	2,322,579	1,596,553
Cash and cash equivalents at end of year	<u>\$ 2,100,694</u>	<u>\$ 3,384,530</u>	<u>\$ 1,748,460</u>
<u>Reconciliation of operating income to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ 1,454,865	\$ 177,854	\$ (180,306)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	881,080	905,892	406,470
(Increase) decrease in accounts receivable	19,162	319,655	(74,771)
(Increase) decrease in due from other funds	(447)	-	-
(Increase) decrease in prepaids	(24,807)	-	-
Increase in inventories	(258,858)	-	-
Increase (decrease) in accounts payable	536,607	3,801	23,401
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in accrued liabilities	978	(302,959)	(127,180)
Increase (decrease) in compensated absences	15,670	5,001	5,939
Increase (decrease) in customer deposits	43,170	(621)	-
Total adjustments	<u>1,212,555</u>	<u>930,769</u>	<u>233,859</u>
Net cash provided (used) by operating activities	<u>\$ 2,667,420</u>	<u>\$ 1,108,623</u>	<u>\$ 53,553</u>
<u>Noncash investing, capital and financing activities:</u>			
Contribution of water, sewer and storm drain lines from developers	\$ 256,253	\$ 530,172	\$ 171,539
Water exaction fees received as water stock shares	476,000	-	-

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

	Refuse	Other Proprietary Funds	Totals
\$	2,702,380	\$ 1,721,156	\$ 18,215,639
	2,806	19,237	194,722
	-	818,163	818,163
	(1,189,026)	(816,814)	(4,830,982)
	(1,422,855)	(9,872)	(5,290,410)
	(28,639)	(223,850)	(800,767)
	(66,842)	(2,545,296)	(5,516,221)
	(2,176)	(1,037,276)	2,790,144

	-	618,745	618,745
	-	-	(219,606)
	-	656,685	656,685
	-	-	399,098
	-	1,275,430	1,454,922

	-	-	(345,000)
	-	-	(20,303)
	-	-	41,141
	-	(34,031)	(34,031)
	-	-	-
	-	34,031	34,031
	-	(13,233)	(1,351,738)
	-	-	(2,661,474)
	-	-	889,163
	-	-	14,207
	-	(13,233)	(3,434,004)

	2,794	2,317	52,528
	2,794	2,317	52,528

	618	227,238	909,392
	262,778	679,008	7,493,934
\$	263,396	\$ 906,246	\$ 8,403,326

\$	31,642	\$ (1,139,829)	\$ 344,226
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	-	174,534	2,367,976
	(36,482)	(54,289)	173,275
	-	-	(447)
	-	-	(24,807)
	-	(412)	(259,270)
	2,664	(41,779)	524,694
	-	447	447
	-	(1,771)	(430,932)
	-	25,484	52,094
	-	339	42,888
	(33,818)	102,553	2,445,918
\$	(2,176)	\$ (1,037,276)	\$ 2,790,144

\$	-	\$ -	\$ 957,964
	-	-	476,000

LAYTON CITY CORPORATION
Notes to Financial Statements for year ended June 30, 2013

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, 2013

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.

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, deferred outflows/inflows, and net position/fund balance

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, 2013.

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, 2013, 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 categorizes fund balance in governmental funds into five categories. 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 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. Deferred inflows and outflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. 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.”

E. New Pronouncements

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

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.

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	\$211,060,985
Less accumulated depreciation	<u>(61,158,029)</u>
Total difference	<u>\$149,902,956</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, 2013, were:

Sales tax and refunding revenue bonds	\$3,940,000
Sales tax and refunding revenue bond premium	65,164
Interest payable on long-term debt	77,988
Compensated absences payable	<u>2,182,154</u>
Total difference	<u>\$6,265,306</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	\$3,547,234
Capital contributions from developers	1,271,638
Less depreciation expense	<u>(3,623,794)</u>
Net difference as reported	<u>\$1,195,078</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.
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 \$1,400,459. The following are the main elements of the changes adopted in the general fund:

1. Increase of expenditures related to federal and state grants awarded during the year	\$201,220
2. Increase of expenditures for police and fire special services and recreation special events	421,201
3. Increase of expenditures for snow removal due to large storms and hazardous conditions	213,611
4. Increase of expenditures for splash pad construction and electrical system	130,000
5. Increase of expenditures for telecom fund/UIA assessments	142,265
6. Increase of expenditures for various small projects and miscellaneous activities	292,162

Notes to Financial Statements for year ended June 30, 2013

B. Excess of expenditures over appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the debt service fund by \$3,577. Overspending of appropriations in a fund is against Utah State law and is a budgetary violation.

C. Deficit fund equity/net position

At June 30, 2013, the UIA fund, a nonmajor proprietary fund, has a deficit net position of \$601. Unanticipated expenditures in the fund caused the deficit. The City intends to transfer sufficient funds in the subsequent year from the general fund to the UIA fund to bring the fund to a positive net position.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of June 30, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Utah state public treasurer's investment pool	\$21,863,785	.23 years
Corporate notes	754,431	.78 years
Total	\$22,618,216	
Portfolio weighted average maturity		.26 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, 2013, \$771,656 of the City's \$1,021,656 deposits was exposed to custodial credit risk because it was uninsured and uncollateralized. 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 did not had exposure to custodial credit risk, because Strike Force bank deposits are included in the pooled account of the City.

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 \$21,863,785 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 \$754,431 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.

Notes to Financial Statements for year ended June 30, 2013

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 than 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, 2013, the City had \$21,863,785 invested in the PTIF which had a fair market value of \$21,973,578 for an unrealized gain of \$109,794. 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:

Receivables:	General	Water	Storm	Sewer	Refuse	Nonmajor Funds	Total
Taxes and inter-governmental	\$ 10,789,469	\$ -	\$ -	\$ -	\$ -	\$ 736,716	\$ 11,526,185
Accounts	5,094	1,426,185	285,035	868,577	490,380	741,627	3,816,898
Grants	7,269					16,243	23,512
Loans	7,090,275					-	7,090,275
Total receivables	17,892,107	1,426,185	285,035	868,577	490,380	1,494,586	22,456,870
Less: allowance for uncollectible accounts	-	(27,388)	-	-	-	(399,981)	(427,369)
Net receivables	\$ 17,892,107	\$ 1,398,797	\$ 285,035	\$ 868,577	\$ 490,380	\$ 1,094,605	\$ 22,029,501

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period. Governmental funds also report deferred inflow of resources for revenues that have been received, but not yet earned. At June 30, 2013, the components of deferred inflow of resources reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable	\$1,275,055
Property taxes levied and receivable, but not due	6,982,619
Loan to UTOPIA for bond payments	7,090,275
Total deferred inflow of resources for governmental funds	\$15,347,949

As of June 30, 2013, the Strike Force had receivables in the amount of \$81,359. The receivables were for state and federal grants and no allowance for uncollectible amounts was made.

Notes to Financial Statements for year ended June 30, 2013

D. Interfund receivables and payables

The composition of interfund balances as of June 30, 2013, is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Water	\$ 447	UIA	\$ 447
General	<u>405,956</u>	Non major governmental	<u>405,956</u>
Totals	<u>\$ 406,403</u>		<u>\$ 406,403</u>

The victims services fund, community development block grant fund, redevelopment agency fund and UIA fund temporarily borrowed pooled cash of \$6,234, \$3,362, \$396,360 and \$447, 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:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Non-major Governmental Funds</u>	<u>Non-major Proprietary Funds</u>	
General	\$70,646	\$903,657	\$1,930,629	\$618,745	\$3,523,677
Non-major governmental funds		970,817	418,975		1,389,792
Water	91,253				91,253
Storm sewer	92,103				92,103
Sewer	36,250				36,250
<u>Totals</u>	<u>\$290,252</u>	<u>\$1,874,474</u>	<u>\$2,349,604</u>	<u>\$618,745</u>	<u>\$5,133,075</u>

Transfers from the general fund were: 1) \$903,657 to the capital projects fund for various projects listed in the capital improvement plan. 2) Non-major governmental funds - \$1,906,098 to the debt services fund to pay bond payments and other pledges and \$24,531 to the victims services fund to match grant revenue; and 3) Non-major proprietary funds - \$475,762 to the swimming pool fund for operations. Transfers from the impact fee fund, a non-major governmental fund, were: 1) \$970,817 to the capital project fund for street, and public safety projects; and 2) \$418,975 to the debt service fund to pay park facility bond payments.

Notes to Financial Statements for year ended June 30, 2013

G. Capital assets

Primary government

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance			Balance
	June 30, 2012	Additions	Reductions	
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 76,757,890	\$ 808,200	\$ 98,500	\$ 77,467,590
Construction in progress	2,918,778	1,913,280	2,914,226	1,917,832
Total capital assets, not being depreciated	79,676,668	2,721,480	3,012,726	79,385,422
Capital assets, being depreciated				
Buildings	15,706,806	-	-	15,706,806
Improvements other than buildings	4,239,363	-	-	4,239,363
Equipment	16,705,011	1,097,703	364,501	17,438,213
Infrastructure	89,799,396	3,913,915	-	93,713,311
Intangible	577,870	-	-	577,870
Total capital assets, being depreciated	127,028,446	5,011,618	364,501	131,675,563
Less accumulated depreciation for:				
Buildings	6,367,869	246,916	-	6,614,785
Improvements other than buildings	2,693,420	151,827	-	2,845,247
Equipment	14,117,805	794,079	364,501	14,547,383
Infrastructure	34,204,417	2,408,127	-	36,612,544
Intangible	515,225	22,845	-	538,070
Total accumulated depreciation	57,898,736	3,623,794	364,501	61,158,029
Total capital assets, being depreciated, net	69,129,710	1,387,824	-	70,517,534
Governmental activities capital assets, net	\$ 148,806,378	\$ 4,109,304	\$ 3,012,726	\$ 149,902,956
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,106,363	\$ 67,677	\$ -	\$ 1,174,040
Water stock and rights	2,426,442	1,490,650	851,650	3,065,442
Construction in progress	1,149,385	2,453,660	1,117,036	2,486,009
Total capital assets, not being depreciated	4,682,190	4,011,987	1,968,686	6,725,491
Capital assets, being depreciated				
Water contracts	-	1,081,890	-	1,081,890
Buildings	2,250,824	-	-	2,250,824
Improvements other than buildings	417,579	-	-	417,579
Equipment and infrastructure systems	110,860,745	2,321,986	89,680	113,093,051
Total capital assets, being depreciated	113,529,148	3,403,876	89,680	116,843,344
Less accumulated depreciation for:				
Buildings	1,655,340	22,156	-	1,677,496
Improvements other than buildings	409,535	1,341	-	410,876
Equipment and infrastructure systems	34,506,015	2,344,479	82,351	36,768,143
Total accumulated depreciation	36,570,890	2,367,976	82,351	38,856,515
Total capital assets, being depreciated, net	76,958,258	1,035,900	7,329	77,986,829
Business-type activities capital assets, net	\$ 81,640,448	\$ 5,047,887	\$ 1,976,015	\$ 84,712,320

Notes to Financial Statements for year ended June 30, 2013

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

Governmental activities:	
General government	\$ 140,319
Public safety	564,063
Community and economic development	5,240
Streets and public improvements	2,554,874
Parks and recreation	359,298
Total depreciation expense – governmental activities	<u>\$ 3,623,794</u>
Business-type activities:	
Water	\$ 881,080
Storm sewer	905,892
Sewer	406,470
Swimming pool	74,248
Emergency medical services (EMS)	100,286
Total depreciation expense – business-type activities	<u>\$ 2,367,976</u>

Construction commitments

The City had active construction projects as of June 30, 2013. 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>
Public safety	\$1,299,945	\$ 70,549
Parks and recreation	333,107	148,029
Streets, Street lighting and walkways	284,778	62,085
Storm Sewer	337,018	490,590
Sanitary sewer	173,605	325,317
Total	<u>\$2,428,453</u>	<u>\$1,096,570</u>

Discretely presented component unit

Activity for the Strike Force for the year ended June 30, 2013, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
	<u>July 1, 2012</u>			<u>June 30, 2013</u>
Capital assets, being depreciated:				
Equipment	\$ 335,170	\$ -	\$(82,166)	\$ 253,004
Less accumulated depreciation	(269,436)	(28,288)	72,192	(225,532)
Strike Force capital assets, net	<u>\$ 65,734</u>	<u>\$(28,288)</u>	<u>\$(9,974)</u>	<u>\$ 27,472</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 \$355,000 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, 2013

Revenue bonds outstanding at the year- end were \$4,295,000 and debt service requirements to maturity are as follows:

<u>Year ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	300,000	108,150		
2019 – 2023	1,735,000	338,900		
2024 – 2025	800,000	32,400		
Total	\$3,940,000	\$1,043,925	\$ 355,000	\$ 5,991

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental activities:					
Sales tax revenue bonds	\$4,185,000	-	\$245,000	\$3,940,000	\$250,000
Issuance premium	71,088	-	5,924	65,164	5,924
Total bonds payable	4,256,088	-	250,924	4,005,164	255,924
Compensated absences	1,937,036	\$1,926,206	1,681,087	2,182,154	1,681,087
Total governmental activities	\$6,193,124	\$1,926,206	\$1,932,011	\$6,187,318	\$1,937,011
Business-type activities:					
Sales tax revenue bonds	\$ 700,000	-	\$345,000	\$355,000	\$355,000
Contracts payable	110,643	70,117	29,885	150,875	15,900
Compensated absences	374,094	\$372,531	326,059	420,566	326,059
Total business-type activities	\$1,184,737	\$440,586	\$698,881	\$926,441	\$696,959

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	\$90,777
General fund – restricted for class c roads	10
Special revenue funds	25,714
Debt service funds	1,405
Subtotal	117,906
Enterprise funds	52,528
Total interest income	\$170,434

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 \$171,892 to URMMA for the year ended June 30, 2013. The City paid URMMA \$25,102 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, 2013

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, 2013:

	Contribution Rates	
	Tier 1	Tier 2
Local Government Contributory Retirement System	18.03%	12.74%
Local Government Noncontributory Retirement System	16.04%	
Public Safety Retirement System, Contributory Division	31.37%	19.25%
Public Safety Retirement System, Noncontributory Division	30.45%	
Firefighters Retirement System	17.71%	

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

System Name	Contributions		
	2013	2012	2011
Local Government Contributory Retirement System	\$ 135,553	\$ 97,113	\$ 96,474
Local Government Noncontributory Retirement System	1,062,411	909,413	871,644
Public Safety Retirement System, Contributory Division	45,788	22,504	17,450
Public Safety Retirement System, Noncontributory Division	1,118,712	1,015,940	979,797
Firefighters Retirement System	504,455	434,502	476,988

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, 2013, were \$243,731.

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 \$2,146,598 in 2013 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 and pledge balance write-off required for calendar year 2013 total \$2,326,540. Payments for 2014 will total \$2,193,179. 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 \$7,090,275 is recorded in the general fund with an offsetting entry to deferred inflow of resources. The entity-wide statements record an allowance for the full amount of the receivable because it is unclear when UTOPIA will be able 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 2012, the City created the UIA enterprise fund to account for UIA activities.

In February 2013, the City agreed to pay a monthly assessment of \$28,453 to UIA. Total assessments paid for fiscal year 2013 were \$142,265. Total assessments anticipated for fiscal year 2014 are \$334,800.

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	\$326,299
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	\$ 65,259
b) Total tax increment revenue restricted for affordable housing at June 30, 2013	\$ 0
c) Tax increment revenue spent on affordable housing during the year	\$600,000

East Gate Economic Development Project –

a) Tax increment collected	\$414,259
b) Tax increment paid to other entities	\$374,647
c) Outstanding principal amount of bonds issued	None
d) Project expenditures and administrative costs	\$ 1,071

Notes to Financial Statements for year ended June 30, 2013

The Agency collected tax increment revenue of \$414,259 at June 30, 2013. 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.

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 \$167,050. The City was repaid \$207,597.

Layton City Corporation

Combining Fund Statements

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, 2013

	Special Revenue			
	Emergency Dispatch Service	Victims Services	Community Development Block Grant	Impact Fee
<u>Assets</u>				
Cash and cash equivalents	\$ 351,140	\$ -	\$ -	\$ 3,242,996
Receivables:				
Taxes and intergovernmental	-	12,571	3,672	-
Accounts	85,154	-	-	-
Note receivable	-	-	-	-
Restricted assets:				
Restricted cash and cash equivalents	-	-	-	-
Restricted receivables	-	-	-	-
 Total assets	 \$ 436,294	 \$ 12,571	 \$ 3,672	 \$ 3,242,996
<u>Liabilities</u>				
Accounts payable	\$ 15,689	\$ 487	\$ 39	\$ -
Accrued liabilities	-	1,173	271	-
Due to other funds	-	6,234	3,362	-
Total liabilities	15,689	7,894	3,672	-
<u>Deferred inflow of resources</u>				
Property tax revenue	-	-	-	-
 <u>Fund balances</u>				
Nonspendable	-	-	-	-
Restricted for:				
Street construction	-	-	-	1,831,545
Park development	-	-	-	1,196,983
Public safety facilities	-	-	-	214,468
Community development	-	-	-	-
Debt service	-	-	-	-
Assigned	420,605	4,677	-	-
 Total fund balances	 420,605	 4,677	 -	 3,242,996
 Total liabilities, deferred inflows of resources and fund balances	 \$ 436,294	 \$ 12,571	 \$ 3,672	 \$ 3,242,996

<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Redevelopment Agency</u>	<u>Debt Service</u>	
\$ 651,402	\$ 359,204	\$ 4,604,742
671,457	-	687,700
-	-	85,154
104,405	-	104,405
-	333,519	333,519
<u>65,259</u>	<u>-</u>	<u>65,259</u>
<u>\$ 1,492,523</u>	<u>\$ 692,723</u>	<u>\$ 5,880,779</u>
\$ 16,163	\$ -	\$ 32,378
-	-	1,444
396,360	-	405,956
<u>412,523</u>	<u>-</u>	<u>439,778</u>
<u>736,716</u>	<u>-</u>	<u>736,716</u>
104,405		104,405
-	-	1,831,545
-	-	1,196,983
-	-	214,468
238,879	-	238,879
-	333,519	333,519
<u>-</u>	<u>359,204</u>	<u>784,486</u>
<u>343,284</u>	<u>692,723</u>	<u>4,704,285</u>
<u>\$ 1,492,523</u>	<u>\$ 692,723</u>	<u>\$ 5,880,779</u>

LAYTON CITY CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the year ended June 30, 2013

	Special Revenue			
	Emergency Dispatch Service	Victims Services	Community Development Block Grant	Impact Fee
Revenues:				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	549	49,653	284,972	-
Charges for services	503,695	-	-	3,509,990
Miscellaneous	2,573	-	-	15,503
Total revenues	506,817	49,653	284,972	3,525,493
Expenditures:				
Current:				
General government	-	72,307	-	21,185
Public safety	553,422	-	-	-
Community and economic development	-	-	284,972	-
Debt service:				
Principal	-	-	-	-
Interest and agent fees	-	-	-	-
Pledge payments	-	-	-	-
Total expenditures	553,422	72,307	284,972	21,185
Excess (deficiency) of revenues over (under) expenditures	(46,605)	(22,654)	-	3,504,308
Other financing sources (uses):				
Transfers in	-	24,531	-	-
Transfers out	-	-	-	(1,352,292)
Total other financing sources (uses)	-	24,531	-	(1,352,292)
Net change in fund balances	(46,605)	1,877	-	2,152,016
Fund balances - beginning	467,210	2,800	-	1,090,980
Fund balances - ending	\$ 420,605	\$ 4,677	\$ -	\$ 3,242,996

<u>Special Revenue</u>	<u>Debt Service</u>	Total Nonmajor Governmental Funds
<u>Redevelopment Agency</u>	<u>Debt Service</u>	
\$ 740,558	\$ -	\$ 740,558
11,455	-	346,629
-	-	4,013,685
7,638	1,405	27,119
<u>759,651</u>	<u>1,405</u>	<u>5,127,991</u>
-	-	93,492
-	-	553,422
996,476	-	1,281,448
-	245,000	245,000
-	173,975	173,975
-	2,326,540	2,326,540
<u>996,476</u>	<u>2,745,515</u>	<u>4,673,877</u>
<u>(236,825)</u>	<u>(2,744,110)</u>	<u>454,114</u>
-	2,325,073	2,349,604
(37,500)	-	(1,389,792)
<u>(37,500)</u>	<u>2,325,073</u>	<u>959,812</u>
(274,325)	(419,037)	1,413,926
<u>617,609</u>	<u>1,111,760</u>	<u>3,290,359</u>
<u>\$ 343,284</u>	<u>\$ 692,723</u>	<u>\$ 4,704,285</u>

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 POSITION
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2013

	Swimming Pool	Emergency Medical Services	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 321,888	\$ 486,286	\$ 98,072	\$ -	\$ 906,246
Accounts receivable, net	-	256,282	-	210	256,492
Contracts receivable	-	-	-	15,900	15,900
Inventory	2,521	-	-	-	2,521
Total current assets	324,409	742,568	98,072	16,110	1,181,159
Noncurrent assets:					
Contracts receivable	-	-	-	134,975	134,975
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	1,124,930	-	-	1,790,515
Less: accumulated depreciation	(2,161,605)	(802,145)	-	-	(2,963,750)
Total capital assets	775,916	322,785	-	-	1,098,701
Total noncurrent assets	775,916	322,785	-	134,975	1,233,676
Total assets	1,100,325	1,065,353	98,072	151,085	2,414,835
<u>Liabilities</u>					
Current liabilities:					
Due to other funds	-	-	-	447	447
Accounts payable	7,551	11,363	11,794	364	31,072
Accrued liabilities	14,717	27,341	2,428	-	44,486
Compensated absences payable	8,990	167,898	-	-	176,888
Payable to other governments	-	3,156	-	-	3,156
Contracts payable	-	-	-	15,900	15,900
Total current liabilities	31,258	209,758	14,222	16,711	271,949
Noncurrent liabilities:					
Contracts payable	-	-	-	134,975	134,975
Compensated absences payable	-	50,044	-	-	50,044
Total noncurrent liabilities	-	50,044	-	134,975	185,019
Total liabilities	31,258	259,802	14,222	151,686	456,968
<u>Net position</u>					
Net investment in capital assets	775,916	322,785	-	-	1,098,701
Unrestricted	293,151	482,766	83,850	(601)	859,166
Total net position	\$ 1,069,067	\$ 805,551	\$ 83,850	\$ (601)	\$ 1,957,867

LAYTON CITY CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 For the year ended June 30, 2013

	Swimming Pool	Emergency Medical Services	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Operating revenues</u>					
Charges for services	\$ 435,743	\$ 1,665,294	\$ 314,086	\$ 16,776	\$ 2,431,899
Miscellaneous	45,586	134,913	-	-	180,499
Total operating revenues	481,329	1,800,207	314,086	16,776	2,612,398
<u>Operating expenses</u>					
Salaries, wages and benefits	571,610	1,895,762	101,637	-	2,569,009
Supplies and maintenance	118,683	198,431	197,075	18	514,207
Utilities	222,356	6,388	-	-	228,744
Professional services and training	2,601	52,174	-	-	54,775
Contracted agreements	-	-	-	160,237	160,237
Insurance	6,045	24,837	-	-	30,882
Bad debt collection fees	-	19,839	-	-	19,839
Depreciation	74,248	100,286	-	-	174,534
Total operating expenses	995,543	2,297,717	298,712	160,255	3,752,227
Operating income (loss)	(514,214)	(497,510)	15,374	(143,479)	(1,139,829)
<u>Nonoperating revenues</u>					
Interest	-	2,192	-	125	2,317
Grants	-	656,685	-	-	656,685
Total nonoperating revenues	-	658,877	-	125	659,002
Income (loss) before transfers	(514,214)	161,367	15,374	(143,354)	(480,827)
Transfers in	475,762	-	718	142,265	618,745
Change in net position	(38,452)	161,367	16,092	(1,089)	137,918
Total net position - beginning	1,107,519	644,184	67,758	488	1,819,949
Total net position - ending	\$ 1,069,067	\$ 805,551	\$ 83,850	\$ (601)	\$ 1,957,867

LAYTON CITY CORPORATION

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2013

	Swimming Pool	Emergency Medical Services	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Cash flow from operating activities</u>					
Receipts from customers	\$ 435,974	\$ 954,135	\$ 314,086	\$ 16,961	\$ 1,721,156
Receipts from interfund services provided	18,790	-	-	447	19,237
Receipts from other governments	26,565	791,598	-	-	818,163
Payments to suppliers	(357,598)	(234,568)	(224,994)	346	(816,814)
Payments for interfund services used	(7,752)	(2,120)	-	-	(9,872)
Payments to other governments	-	(63,613)	-	(160,237)	(223,850)
Payments to employees	(565,434)	(1,876,815)	(103,047)	-	(2,545,296)
Net cash used by operating activities	(449,455)	(431,383)	(13,955)	(142,483)	(1,037,276)
<u>Cash flow from non-capital financing activities</u>					
Transfers (to) from other funds	475,762	-	718	142,265	618,745
County, state and federal grants	-	656,685	-	-	656,685
Net cash provided by non-capital financing activities	475,762	656,685	718	142,265	1,275,430
<u>Cash flow from capital and related financing activities</u>					
Purchase of capital assets	-	(13,233)	-	-	(13,233)
Contracts receivable	-	-	-	(34,031)	(34,031)
Contracts payable	-	-	-	34,031	34,031
Net cash used by capital and related financing activities	-	(13,233)	-	-	(13,233)
<u>Cash flow from investing activities</u>					
Interest earned on investments	-	2,192	-	125	2,317
Net cash provided by investing activities	-	2,192	-	125	2,317
Net increase (decrease) in cash and cash equivalents	26,307	214,261	(13,237)	(93)	227,238
Cash and cash equivalents at beginning of year	295,581	272,025	111,309	93	679,008
Cash and cash equivalents at end of year	\$ 321,888	\$ 486,286	\$ 98,072	\$ -	\$ 906,246

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

Operating loss	\$ (514,214)	\$ (497,510)	\$ 15,374	\$(143,479)	\$(1,139,829)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	74,248	100,286	-	-	174,534
Decrease (Increase) in accounts receivable	-	(54,474)	-	185	(54,289)
Increase in inventories	(412)	-	-	-	(412)
Increase (decrease) in accounts payable	(15,253)	1,029	(27,919)	364	(41,779)
Increase (decrease) in due to other funds	-	-	-	447	447
Increase (decrease) in accrued liabilities	842	(1,203)	(1,410)	-	(1,771)
Increase (decrease) in compensated absences	5,334	20,150	-	-	25,484
Increase in amounts due to other governmental units	-	339	-	-	339
Total adjustments	64,759	66,127	(29,329)	996	102,553
Net cash used by operating activities	\$ (449,455)	\$ (431,383)	\$ (13,955)	\$(142,483)	\$(1,037,276)

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Layton City Corporation

Individual Fund Statements

LAYTON CITY CORPORATION

GENERAL FUND
COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Cash and cash equivalents	\$ 5,350,944	\$ 3,201,841
Investments	754,431	1,505,171
Receivables:		
Taxes and intergovernmental	10,796,738	10,541,867
Accounts	5,094	27,394
Loans	7,090,275	4,722,639
Due from other funds	405,956	422,912
Prepaid	19,132	12,244
Restricted assets:		
Cash and cash equivalents	1,074,259	958,386
 Total assets	 <u>\$ 25,496,829</u>	 <u>\$ 21,392,454</u>
<u>Liabilities</u>		
Accounts payable	\$ 300,397	\$ 296,796
Accrued liabilities	2,190,716	1,913,810
Customer deposits	1,074,259	958,386
Due to developers	20,100	77,490
Total liabilities	<u>3,585,472</u>	<u>3,246,482</u>
<u>Deferred inflow of resources</u>		
Property tax revenue	7,520,958	7,452,651
Loan receivable	7,090,275	4,722,639
Total deferred inflows of resources	<u>14,611,233</u>	<u>12,175,290</u>
Fund balance:		
Nonspendable	425,088	435,156
Restricted for class c roads	6,343	96,104
Assigned	1,437,512	90,611
Unassigned	5,431,181	5,348,811
 Total fund balance	 <u>7,300,124</u>	 <u>5,970,682</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 25,496,829</u>	 <u>\$ 21,392,454</u>

LAYTON CITY CORPORATION

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the years ended June 30, 2013 and 2012

	2013	2012
<u>Revenues</u>		
Taxes and special assessments	\$ 24,794,033	\$ 23,803,984
Licenses and permits	1,499,432	1,240,476
Intergovernmental	2,530,959	2,479,045
Charges for services	1,011,694	831,656
Fines and forfeitures	298,146	317,959
Miscellaneous	879,020	885,289
Total revenues	<u>31,013,284</u>	<u>29,558,409</u>
<u>Expenditures</u>		
Current:		
General government	4,102,039	4,162,485
Public safety	14,046,833	13,873,623
Community and economic development	1,097,991	1,074,480
Streets and public improvements	4,507,494	3,710,490
Parks and recreation	2,825,095	2,851,476
Total expenditures	<u>26,579,452</u>	<u>25,672,554</u>
Excess of revenues over expenditures	<u>4,433,832</u>	<u>3,885,855</u>
<u>Other financing sources (uses)</u>		
Transfers in:		
B&C road fund	70,646	10,000
Water fund	91,253	81,733
Storm sewer fund	92,103	92,233
Sewer fund	36,250	32,307
Total transfers in	<u>290,252</u>	<u>216,273</u>
Transfers out:		
B&C road fund	(70,646)	(10,000)
Swimming pool fund	(475,762)	(481,636)
Debt service fund	(1,906,098)	(2,104,508)
Capital projects fund	(903,657)	(1,060,000)
UIA infrastructure fund	(142,265)	-
Athletic fund	(718)	-
Emergency dispatch	-	(1,644)
Victim services fund	(24,531)	(22,497)
Total transfers out	<u>(3,523,677)</u>	<u>(3,680,285)</u>
Sale of capital assets	<u>129,035</u>	<u>37,287</u>
Total other financing sources and (uses)	<u>(3,104,390)</u>	<u>(3,426,725)</u>
Net change in fund balance	1,329,442	459,130
Fund balance - beginning	<u>5,970,682</u>	<u>5,511,552</u>
Fund balance - ending	<u>\$ 7,300,124</u>	<u>\$ 5,970,682</u>

LAYTON CITY CORPORATION

EMERGENCY DISPATCH SERVICE FUND
COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Cash and cash equivalents	\$ 351,140	\$ 396,393
Receivables - accounts	85,154	87,269
Total assets	<u>\$ 436,294</u>	<u>\$ 483,662</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 15,689	\$ 16,452
Total liabilities	<u>15,689</u>	<u>16,452</u>
Fund balance:		
Assigned	<u>420,605</u>	<u>467,210</u>
Total fund balance	<u>420,605</u>	<u>467,210</u>
Total liabilities and fund balance	<u>\$ 436,294</u>	<u>\$ 483,662</u>

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, 2013

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

	2013			Variance With Final Budget - Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
State and federal grants	\$ -	\$ 549	\$ 549	\$ -	\$ 6,574
Charges for services:					
Telephone fees	452,000	452,000	503,695	51,695	510,807
Miscellaneous:					
Interest	1,500	1,500	2,573	1,073	2,330
Total revenues	453,500	454,049	506,817	52,768	519,711
<u>Expenditures</u>					
Current:					
Public safety:					
Salaries, wages and benefits	341,687	341,687	341,687	-	329,520
Materials and supplies	143,028	143,577	107,086	36,491	111,130
Equipment	139,550	139,550	104,649	34,901	7,218
Total expenditures	624,265	624,814	553,422	71,392	447,868
Excess (deficiency) of revenues over (under) expenditures	(170,765)	(170,765)	(46,605)	124,160	71,843
<u>Other financing sources</u>					
Transfers in - general fund	-	-	-	-	1,644
Net change in fund balance	(170,765)	(170,765)	(46,605)	124,160	73,487
Fund balance - beginning	467,210	467,210	467,210	-	393,723
Fund balance - ending	\$ 296,445	\$ 296,445	\$ 420,605	\$ 124,160	\$ 467,210

LAYTON CITY CORPORATION

VICTIMS SERVICES FUND
COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Receivables - grants	\$ 12,571	\$ 12,546
Total assets	<u>\$ 12,571</u>	<u>\$ 12,546</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 487	\$ -
Accrued liabilities	1,173	1,135
Due to other funds	<u>6,234</u>	<u>8,611</u>
Total liabilities	<u>7,894</u>	<u>9,746</u>
Fund balance		
Assigned	<u>4,677</u>	<u>2,800</u>
Total fund balance	<u>4,677</u>	<u>2,800</u>
Total liabilities and fund balance	<u>\$ 12,571</u>	<u>\$ 12,546</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, 2013

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

	2013			Variance With Final Budget - Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
VOCA grant	\$ 49,643	\$ 49,643	\$ 49,653	\$ 10	\$ 49,494
Total revenues	49,643	49,643	49,653	10	49,494
<u>Expenditures</u>					
Current:					
General government:					
Salaries, wages and benefits	69,834	69,834	69,690	144	67,398
Materials and supplies	4,340	4,340	2,617	1,723	2,600
Total expenditures	74,174	74,174	72,307	1,867	69,998
Deficiency of revenues under expenditures	(24,531)	(24,531)	(22,654)	1,877	(20,504)
<u>Other financing sources:</u>					
Transfers in	24,531	24,531	24,531	-	22,497
Net change in fund balance	-	-	1,877	1,877	1,993
Fund balance - beginning	2,800	2,800	2,800	-	807
Fund balance - ending	\$ 2,800	\$ 2,800	\$ 4,677	\$ 1,877	\$ 2,800

LAYTON CITY CORPORATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUND
COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	2013	2012
<hr/>		
<u>Assets</u>		
Receivables - grants	\$ 3,672	\$ 13,867
Total assets	<u>\$ 3,672</u>	<u>\$ 13,867</u>
<u>Liabilities</u>		
Liabilities:		
Accounts payable	\$ 39	\$ 5,842
Accrued liabilities	271	84
Due to other funds	<u>3,362</u>	<u>7,941</u>
Total liabilities	<u>\$ 3,672</u>	<u>\$ 13,867</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, 2013

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

	2013			Variance With Final Budget - Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
Community development block grants	\$ 288,000	\$ 698,359	\$ 284,972	\$ (413,387)	\$ 203,204
Department of energy grant	-	-	-	-	1,204
Miscellaneous:					
Sundry	-	-	-	-	7,500
Total revenue	288,000	698,359	284,972	(413,387)	211,908
<u>Expenditures</u>					
Current:					
Community and economic development:					
Salaries, wages and benefits	41,000	39,796	33,992	5,804	30,538
Materials, supplies and programs	59,604	58,564	52,830	5,734	75,080
Housing, sidewalk, and other projects	187,396	605,999	198,150	407,849	106,290
Total expenditures	288,000	704,359	284,972	419,387	211,908
Net change in fund balance	-	(6,000)	-	6,000	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ (6,000)	\$ -	\$ 6,000	\$ -

LAYTON CITY CORPORATION

IMPACT FEE FUND
COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	2013	2012
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 3,242,996	\$ 1,090,980
Total assets	<u>\$ 3,242,996</u>	<u>\$ 1,090,980</u>
 <u>Liabilities and fund balance</u>		
Fund balance:		
Restricted for street construction	\$ 1,831,545	\$ 263,265
Restricted for park development	1,196,983	248,912
Restricted for public safety facilities	214,468	578,803
Total fund balance	<u>3,242,996</u>	<u>1,090,980</u>
Total liabilities and fund balance	<u>\$ 3,242,996</u>	<u>\$ 1,090,980</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, 2013

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

	2013			Variance With Final Budget - Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Charges for services:					
Transportation impact fees	\$ 600,000	\$ 600,000	\$ 1,719,889	\$ 1,119,889	\$ 1,079,612
Park impact fees	420,000	420,000	1,369,585	949,585	563,859
Public safety impact fees	150,000	244,000	420,516	176,516	234,383
Miscellaneous:					
Interest	-	-	15,503	15,503	6,817
Total revenues	1,170,000	1,264,000	3,525,493	2,261,493	1,884,671
<u>Expenditures</u>					
General government	-	25,000	21,185	3,815	57,273
Excess of revenue over expenditures	1,170,000	1,239,000	3,504,308	2,257,678	1,827,398
<u>Other financing uses</u>					
Transfers out:					
Debt service fund	418,975	418,975	418,975	-	320,000
Capital projects fund:					
Street projects	150,000	150,000	150,000	-	818,000
Public safety projects	476,367	783,317	783,317	-	-
Total other financing uses	1,045,342	1,352,292	1,352,292	-	1,138,000
Net change in fund balance	124,658	(113,292)	2,152,016	2,257,678	689,398
Fund balance - beginning	1,090,980	1,090,980	1,090,980	-	401,582
Fund balance - ending	\$ 1,215,638	\$ 977,688	\$ 3,242,996	\$ 2,257,678	\$ 1,090,980

LAYTON CITY CORPORATION

REDEVELOPMENT AGENCY FUND
COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Cash and cash equivalents	\$ 651,402	\$ 634,104
Receivables - taxes	671,457	625,039
Note receivable	104,405	113,273
Restricted assets:		
Restricted cash and cash equivalents - affordable housing	-	276,592
Restricted receivables - taxes - affordable housing	65,259	76,021
Total assets	<u>\$ 1,492,523</u>	<u>\$ 1,725,029</u>
<u>Liabilities and fund balance</u>		
Due to other funds	\$ 396,360	\$ 406,360
Accounts payable	16,163	-
Total liabilities	<u>412,523</u>	<u>406,360</u>
<u>Deferred inflow of resources</u>		
Property tax revenue	<u>736,716</u>	<u>701,060</u>
Fund balance:		
Nonspendable	104,405	113,273
Restricted for affordable housing	-	276,592
Assigned	238,879	227,744
Total fund balance	<u>343,284</u>	<u>617,609</u>
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 1,492,523</u>	<u>\$ 1,725,029</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, 2013

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

	2013			Variance With Final Budget - Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Property taxes - development increment	\$ 659,935	\$ 740,558	\$ 740,558	-	\$ 668,965
Intergovernmental	-	-	11,455	11,455	-
Miscellaneous	-	-	7,638	7,638	128,003
Total revenues	659,935	740,558	759,651	19,093	796,968
<u>Expenditures</u>					
Current:					
Community and economic development:					
Materials and supplies	21,000	42,000	7,286	34,714	-
Capital outlay - projects	454,772	1,267,092	781,593	485,499	-
Payback agreements	184,163	239,987	207,597	32,390	274,909
Total expenditures	659,935	1,549,079	996,476	552,603	274,909
Excess (deficiency) of revenue over (under) expenditures	-	(808,521)	(236,825)	571,696	522,059
<u>Other financing uses</u>					
Transfers out:					
Capital projects fund	-	37,500	37,500	-	-
Total other financing uses	-	37,500	37,500	-	-
Net change in fund balance	-	(846,021)	(274,325)	571,696	522,059
Fund balance - beginning	617,609	617,609	617,609	-	95,550
Fund balance - ending	\$ 617,609	\$ (228,412)	\$ 343,284	\$ 571,696	\$ 617,609

LAYTON CITY CORPORATION

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	2013	2012
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 359,204	\$ 636,091
Cash and cash equivalents - restricted	333,519	475,669
	<hr/>	<hr/>
Total assets	\$ 692,723	\$ 1,111,760
	<hr/>	<hr/>
<u>Liabilities and fund balance</u>		
Fund balance:		
Restricted	\$ 333,519	\$ 475,669
Assigned	359,204	636,091
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 692,723	\$ 1,111,760
	<hr/>	<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, 2013

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

	2013			Variance With Final Budget - Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Miscellaneous:					
Interest	\$ 500	\$ 500	\$ 1,405	\$ 905	\$ 1,069
Total revenues	500	500	1,405	905	1,069
<u>Expenditures</u>					
Debt service:					
Principal	245,000	245,000	245,000	-	230,000
Interest and agent fees	173,975	173,975	173,975	-	185,850
Pledge payments - UTOPIA debt service reserve	2,146,598	2,322,963	2,326,540	(3,577)	2,078,889
Total expenditures	2,565,573	2,741,938	2,745,515	(3,577)	2,494,739
Deficiency of revenues under expenditures	(2,565,073)	(2,741,438)	(2,744,110)	(2,672)	(2,493,670)
<u>Other financing sources (uses)</u>					
Transfer in - general fund	1,906,098	1,906,098	1,906,098	-	2,104,508
Transfer in - impact fee fund	418,975	418,975	418,975	-	320,000
Total other financing sources (uses)	2,325,073	2,325,073	2,325,073	-	2,424,508
Net change in fund balance	(240,000)	(416,365)	(419,037)	(2,672)	(69,162)
Fund balance - beginning	1,111,760	1,111,760	1,111,760	-	1,180,922
Fund balance - ending	\$ 871,760	\$ 695,395	\$ 692,723	\$ (2,672)	\$ 1,111,760

LAYTON CITY CORPORATION

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Cash and cash equivalents	\$ 2,514,752	\$ 3,546,337
Total assets	<u>\$ 2,514,752</u>	<u>\$ 3,546,337</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 110,885	\$ 87,790
Retainage payable	<u>54,453</u>	<u>79,026</u>
Total liabilities	<u>165,338</u>	<u>166,816</u>
Fund balance:		
Restricted for:		
Street construction - class c roads	11,622	68,182
Street construction - transportation impact fees	76,784	76,784
Public safety facilities - public safety impact fees	<u>70,549</u>	<u>619,082</u>
Total restricted	158,955	764,048
Assigned	<u>2,190,459</u>	<u>2,615,473</u>
Total fund balance	<u>2,349,414</u>	<u>3,379,521</u>
Total liabilities and fund balance	<u>\$ 2,514,752</u>	<u>\$ 3,546,337</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, 2013
 (with comparative actual amounts for year ended June 30, 2012)

	2013			2012	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Intergovernmental:					
Project participation	\$ -	\$ 82,500	\$ 82,500	\$ -	\$ -
Total revenues	-	82,500	82,500	-	-
<u>Expenditures</u>					
Capital outlay	\$ 2,399,000	\$ 5,438,096	\$ 3,128,081	\$ 2,310,015	\$ 3,169,991
Total expenditures	2,399,000	5,438,096	3,128,081	2,310,015	3,169,991
Deficiency of revenues under expenditures	(2,399,000)	(5,355,596)	(3,045,581)	2,310,015	(3,169,991)
<u>Other financing sources</u>					
Transfers in:					
Impact fee fund	626,367	933,317	933,317	-	818,000
Storm sewer fund	-	-	-	-	300,000
Redevelopment agency	-	37,500	37,500	-	-
General fund - class c roads	310,000	340,000	340,000	-	960,000
General fund - other	295,000	563,657	563,657	-	100,000
Total transfers in	1,231,367	1,874,474	1,874,474	-	2,178,000
Developer payments	-	141,000	141,000	-	-
Total other financing sources	1,231,367	2,015,474	2,015,474	-	2,178,000
Net change in fund balance	(1,167,633)	(3,340,122)	(1,030,107)	2,310,015	(991,991)
Fund balance - beginning	3,379,521	3,379,521	3,379,521	-	4,371,512
Fund balance - ending	\$ 2,211,888	\$ 39,399	\$ 2,349,414	\$ 2,310,015	\$ 3,379,521

LAYTON CITY CORPORATION

WATER FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,693,370	\$ 2,243,018
Accounts receivable, net	1,398,797	1,417,959
Due from other funds	447	-
Note receivable	35,358	41,141
Inventory	258,858	-
Prepaid expense	603,465	578,658
Total current assets	<u>3,990,295</u>	<u>4,280,776</u>
Noncurrent assets:		
Restricted cash and cash equivalents	407,324	389,998
Note receivable	-	35,358
Deferred charges	-	6,331
Capital assets:		
Water stocks and rights	3,065,442	2,426,442
Land	420,551	355,819
Water contracts	1,081,890	-
Improvements other than buildings	397,467	397,467
Distribution system	44,808,122	44,237,731
Equipment	1,237,285	1,268,038
Construction in progress	1,975,386	321,349
Less: accumulated depreciation	<u>(15,810,703)</u>	<u>(14,985,942)</u>
Total capital assets (net of accumulated depreciation)	<u>37,175,440</u>	<u>34,020,904</u>
Total noncurrent assets	<u>37,582,764</u>	<u>34,452,591</u>
Total assets	<u>41,573,059</u>	<u>38,733,367</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	629,202	92,595
Accrued liabilities	18,873	17,895
Compensated absences payable	99,009	83,734
Customer deposits	45,445	2,275
Accrued bond interest payable	5,492	10,828
Bonds payable	355,000	345,000
Total current liabilities	<u>1,153,021</u>	<u>552,327</u>
Noncurrent liabilities:		
Compensated absences payable	29,511	29,116
Bonds payable	-	355,000
Total noncurrent liabilities	<u>29,511</u>	<u>384,116</u>
Total liabilities	<u>1,182,532</u>	<u>936,443</u>
<u>Net position</u>		
Net investment in capital assets	37,182,319	33,708,627
Unrestricted	<u>3,208,208</u>	<u>4,088,297</u>
Total net position	<u>\$ 40,390,527</u>	<u>\$ 37,796,924</u>

LAYTON CITY CORPORATION

WATER FUND

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

For the years ended June 30, 2013 and 2012

	2013	2012
<u>Operating revenues</u>		
Charges for services	\$ 6,413,738	\$ 5,755,349
Miscellaneous	9,839	6,413
Total operating revenues	<u>6,423,577</u>	<u>5,761,762</u>
<u>Operating expenses</u>		
Salaries wages and benefits	1,023,400	985,641
Supplies and maintenance	687,722	951,736
Utilities	754,111	611,181
Professional services and training	11,557	10,933
Water purchases	1,085,882	1,201,880
Insurance	25,347	21,972
Rent	161,522	161,522
Franchise tax	337,431	298,533
Bad debt collection fees	660	2,726
Depreciation	881,080	874,404
Total operating expenses	<u>4,968,712</u>	<u>5,120,528</u>
Operating income	<u>1,454,865</u>	<u>641,234</u>
<u>Nonoperating revenues (expenses)</u>		
Interest revenue	18,429	15,452
Connection charges	85,556	58,561
Impact fees	362,850	248,034
Exaction fees	14,207	12,607
Gain on sale of capital assets	37,994	-
Bond issuance costs	(6,331)	(6,331)
Interest expense	(14,967)	(26,516)
Total nonoperating revenues (expenses)	<u>497,738</u>	<u>301,807</u>
Income before contributions and transfers	1,952,603	943,041
Capital contributions - infrastructure	256,253	41,748
Capital contributions - water stock	476,000	462,000
Transfers out	(91,253)	(81,733)
Change in net position	2,593,603	1,365,056
Total net position - beginning	<u>37,796,924</u>	<u>36,431,868</u>
Total net position - ending	<u>\$ 40,390,527</u>	<u>\$ 37,796,924</u>

LAYTON CITY CORPORATION

STORM SEWER FUND COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 3,255,149	\$ 2,198,199
Accounts receivable, net	285,035	604,690
Total current assets	<u>3,540,184</u>	<u>2,802,889</u>
Noncurrent assets:		
Restricted cash and cash equivalents	<u>129,381</u>	<u>124,380</u>
Capital assets:		
Land	721,777	718,832
Collection system	46,189,293	44,909,085
Equipment	283,981	238,841
Construction in progress	337,018	635,036
Less accumulated depreciation	<u>(13,970,526)</u>	<u>(13,064,634)</u>
Total capital assets	33,561,543	33,437,160
Total noncurrent assets	<u>33,690,924</u>	<u>33,561,540</u>
Total assets	<u>37,231,108</u>	<u>36,364,429</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	29,902	26,101
Accrued liabilities	25,773	328,732
Surety deposits	129,381	124,380
Compensated absences payable	<u>22,699</u>	<u>23,425</u>
Total current liabilities	<u>207,755</u>	<u>502,638</u>
Noncurrent liabilities:		
Compensated absences payable	<u>6,766</u>	<u>6,661</u>
Total liabilities	<u>214,521</u>	<u>509,299</u>
<u>Net position</u>		
Net investment in capital assets	33,561,543	33,437,160
Restricted for increased system development	759,017	345,477
Unrestricted	<u>2,696,027</u>	<u>2,072,493</u>
Total net position	<u>\$ 37,016,587</u>	<u>\$ 35,855,130</u>

LAYTON CITY CORPORATION

STORM SEWER FUND

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

For the years ended June 30, 2013 and 2012

	2013	2012
<u>Operating revenues</u>		
Charges for services	\$ 2,210,843	\$ 2,191,977
Miscellaneous	325,000	1,600
Total operating revenues	<u>2,535,843</u>	<u>2,193,577</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	491,454	461,427
Supplies and maintenance	681,488	293,667
Utilities	6,591	6,511
Professional services and training	7,350	8,756
Insurance	8,323	9,012
Rent	125,899	125,899
Franchise tax	130,303	129,379
Bad debt collection fees	689	744
Depreciation	905,892	898,457
Total operating expenses	<u>2,357,989</u>	<u>1,933,852</u>
Operating income	<u>177,854</u>	<u>259,725</u>
<u>Nonoperating revenues</u>		
Interest	19,221	14,916
Impact fees	526,313	153,450
Total nonoperating revenues	<u>545,534</u>	<u>168,366</u>
Income before contributions and transfers	723,388	428,091
Capital contributions	530,172	94,884
Transfers out	<u>(92,103)</u>	<u>(392,233)</u>
Change in net position	1,161,457	130,742
Total net position - beginning	<u>35,855,130</u>	<u>35,724,388</u>
Total net position - ending	<u>\$ 37,016,587</u>	<u>\$ 35,855,130</u>

LAYTON CITY CORPORATION

SEWER FUND COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,748,460	\$ 1,596,553
Accounts receivable, net	868,577	793,806
Total current assets	<u>2,617,037</u>	<u>2,390,359</u>
Noncurrent assets:		
Capital assets:		
Land	30,712	30,712
Collection system	18,005,726	17,641,187
Equipment	778,129	788,581
Construction in progress	173,605	193,000
Less accumulated depreciation	<u>(6,111,536)</u>	<u>(5,731,098)</u>
Total capital assets (net of accumulated depreciation)	<u>12,876,636</u>	<u>12,922,382</u>
Total noncurrent assets	<u>12,876,636</u>	<u>12,922,382</u>
Total assets	<u>15,493,673</u>	<u>15,312,741</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	377,431	354,030
Accrued liabilities	6,202	133,382
Compensated absences payable	<u>27,463</u>	<u>27,673</u>
Total current liabilities	<u>411,096</u>	<u>515,085</u>
Noncurrent liabilities:		
Compensated absences payable	<u>8,186</u>	<u>2,037</u>
Total liabilities	<u>419,282</u>	<u>517,122</u>
<u>Net position</u>		
Net investment in capital assets	12,876,636	12,922,382
Unrestricted	<u>2,197,755</u>	<u>1,873,237</u>
Total net position	<u>\$ 15,074,391</u>	<u>\$ 14,795,619</u>

LAYTON CITY CORPORATION

SEWER FUND

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

For the years ended June 30, 2013 and 2012

	2013	2012
<u>Operating revenues</u>		
Charges for services	\$ 4,726,453	\$ 4,564,998
Miscellaneous	10,309	4,320
Total operating revenues	<u>4,736,762</u>	<u>4,569,318</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	981,056	941,943
Supplies and maintenance	405,343	416,905
Utilities	7,733	7,627
Professional services and training	8,285	8,395
Sewage treatment contract	2,660,965	2,297,083
Insurance	12,378	16,604
Rent	140,149	140,149
Franchise tax	294,000	243,578
Bad debt collection fees	689	744
Depreciation	406,470	434,085
Total operating expenses	<u>4,917,068</u>	<u>4,507,113</u>
Operating income (loss)	<u>(180,306)</u>	<u>62,205</u>
<u>Nonoperating revenues</u>		
Interest	9,767	8,863
Gain on sale of assets	480	-
Connection charges	313,542	27,189
Total nonoperating revenues	<u>323,789</u>	<u>36,052</u>
Income (loss) before contributions and transfers	143,483	98,257
Capital contributions	171,539	26,640
Transfers out	<u>(36,250)</u>	<u>(32,307)</u>
Change in net position	278,772	92,590
Total net position - beginning	<u>14,795,619</u>	<u>14,703,029</u>
Total net position - ending	<u>\$ 15,074,391</u>	<u>\$ 14,795,619</u>

LAYTON CITY CORPORATION

REFUSE FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<hr/>		
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 263,396	\$ 262,778
Accounts receivable, net	490,380	453,898
	<hr/>	<hr/>
Total assets	753,776	716,676
	<hr/>	<hr/>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	216,134	213,470
	<hr/>	<hr/>
Total liabilities	216,134	213,470
	<hr/>	<hr/>
<u>Net position</u>		
Unrestricted	537,642	503,206
	<hr/>	<hr/>
Total net position	\$ 537,642	\$ 503,206
	<hr/>	<hr/>

LAYTON CITY CORPORATION

REFUSE FUND

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

For the years ended June 30, 2013 and 2012

	2013	2012
<u>Operating revenues</u>		
Charges for services	\$ 2,741,668	\$ 2,563,867
Total operating revenues	<u>2,741,668</u>	<u>2,563,867</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	66,842	64,848
Supplies and maintenance	53,249	46,379
Utilities	4,276	4,226
Refuse collection and disposal contracts	2,576,077	2,542,561
Insurance	1,768	2,253
Rent	7,125	7,125
Bad debt collection fees	689	744
Total operating expenses	<u>2,710,026</u>	<u>2,668,136</u>
Operating income (loss)	31,642	(104,269)
<u>Nonoperating revenues</u>		
Interest revenue	<u>2,794</u>	<u>2,165</u>
Change in net position	34,436	(102,104)
Total net position - beginning	<u>503,206</u>	<u>605,310</u>
Total net position - ending	<u>\$ 537,642</u>	<u>\$ 503,206</u>

LAYTON CITY CORPORATION

SWIMMING POOL FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 321,888	\$ 295,581
Inventory	2,521	2,109
Total current assets	<u>324,409</u>	<u>297,690</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	665,585
Less accumulated depreciation	<u>(2,161,605)</u>	<u>(2,087,357)</u>
Total noncurrent assets	<u>775,916</u>	<u>850,164</u>
Total assets	<u>1,100,325</u>	<u>1,147,854</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	7,551	22,804
Accrued liabilities	14,717	13,875
Compensated absences payable	<u>8,990</u>	<u>3,656</u>
Total liabilities	<u>31,258</u>	<u>40,335</u>
<u>Net position</u>		
Net investment in capital assets	775,916	850,164
Unrestricted	<u>293,151</u>	<u>257,355</u>
Total net position	<u>\$ 1,069,067</u>	<u>\$ 1,107,519</u>

LAYTON CITY CORPORATION

SWIMMING POOL FUND

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

For the years ended June 30, 2013 and 2012

	2013	2012
<u>Operating revenues</u>		
Charges for services	\$ 435,743	\$ 431,763
Miscellaneous	45,586	45,495
Total operating revenues	<u>481,329</u>	<u>477,258</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	571,610	563,620
Supplies and maintenance	118,683	126,899
Utilities	222,356	204,563
Professional services and training	2,601	1,610
Insurance	6,045	8,015
Depreciation	74,248	65,678
Total operating expenses	<u>995,543</u>	<u>970,385</u>
Operating loss	(514,214)	(493,127)
Transfers in	<u>475,762</u>	<u>481,636</u>
Change in net position	(38,452)	(11,491)
Total net position - beginning	<u>1,107,519</u>	<u>1,119,010</u>
Total net position - ending	<u>\$ 1,069,067</u>	<u>\$ 1,107,519</u>

LAYTON CITY CORPORATION

EMERGENCY MEDICAL SERVICES FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 486,286	\$ 272,025
Accounts receivable, net	256,282	201,808
Total current assets	742,568	473,833
Noncurrent assets:		
Equipment	1,124,930	1,111,697
Less accumulated depreciation	(802,145)	(701,859)
Total noncurrent assets	322,785	409,838
Total assets	1,065,353	883,671
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	11,363	10,334
Accrued liabilities	27,341	28,544
Compensated absences payable	167,898	157,255
Payable to other governments	3,156	2,817
Total current liabilities	209,758	198,950
Noncurrent liabilities:		
Compensated absences payable	50,044	40,537
Total liabilities	259,802	239,487
<u>Net position</u>		
Net investment in capital assets	322,785	409,838
Unrestricted	482,766	234,346
Total net position	\$ 805,551	\$ 644,184

LAYTON CITY CORPORATION

EMERGENCY MEDICAL SERVICES FUND

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

For the years ended June 30, 2013 and 2012

	2013	2012
<u>Operating revenues</u>		
Charges for services	\$ 1,665,294	\$ 1,616,118
Miscellaneous	134,913	2,115
Total operating revenues	<u>1,800,207</u>	<u>1,618,233</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	1,895,762	1,860,815
Supplies and maintenance	198,431	208,796
Utilities	6,388	8,421
Professional services and training	52,174	54,824
Insurance	24,837	33,522
Bad debt collection fees	19,839	18,718
Depreciation	100,286	132,397
Total operating expenses	<u>2,297,717</u>	<u>2,317,493</u>
Operating loss	<u>(497,510)</u>	<u>(699,260)</u>
<u>Nonoperating revenues (expenses)</u>		
Interest	2,192	1,685
Gain (loss) from sale of capital assets	-	(35,550)
Grants	656,685	632,024
Total nonoperating revenues (expenses)	<u>658,877</u>	<u>598,159</u>
Change in net position	161,367	(101,101)
Total net position - beginning	<u>644,184</u>	<u>745,285</u>
Total net position - ending	<u>\$ 805,551</u>	<u>\$ 644,184</u>

LAYTON CITY CORPORATION

ATHLETIC PROGRAMS FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<hr/>		
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 98,072	\$ 111,309
Total assets	<u>98,072</u>	<u>111,309</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	11,794	39,713
Accrued liabilities	<u>2,428</u>	<u>3,838</u>
Total liabilities	<u>14,222</u>	<u>43,551</u>
<u>Net position</u>		
Unrestricted	<u>83,850</u>	<u>67,758</u>
Total net position	<u>\$ 83,850</u>	<u>\$ 67,758</u>

LAYTON CITY CORPORATION

ATHLETIC PROGRAMS FUND

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

For the years ended June 30, 2013 and 2012

	2013	2012
<hr/>		
<u>Operating revenues</u>		
Charges for services	\$ 314,086	\$ 327,528
	<hr/>	<hr/>
Total operating revenues	314,086	327,528
<u>Operating expenses</u>		
Salaries, wages and benefits	101,637	99,974
Supplies and maintenance	197,075	199,954
	<hr/>	<hr/>
Total operating expenses	298,712	299,928
Transfer in	718	-
	<hr/>	<hr/>
Change in net position	16,092	27,600
Total net position - beginning	67,758	40,158
	<hr/>	<hr/>
Total net position - ending	\$ 83,850	\$ 67,758
	<hr/>	<hr/>

LAYTON CITY CORPORATION

UIA - UTAH INFRASTRUCTURE AGENCY
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ -	\$ 93
Accounts receivable	210	395
Contracts receivable	15,900	6,201
Total current assets	<u>16,110</u>	<u>6,689</u>
Noncurrent assets:		
Contracts receivable	<u>134,975</u>	<u>110,643</u>
Total assets	<u>151,085</u>	<u>117,332</u>
<u>Liabilities</u>		
Current liabilities:		
Due to other funds	447	-
Accounts payable	364	-
Due to UIA - contracts	15,900	6,201
Noncurrent liabilities:		
Due to UIA - contracts	<u>134,975</u>	<u>110,643</u>
Total liabilities	<u>151,686</u>	<u>116,844</u>
<u>Net position</u>		
Unrestricted	<u>(601)</u>	<u>488</u>
Total net position	<u>\$ (601)</u>	<u>488</u>

LAYTON CITY CORPORATION

UIA - UTAH INFRASTRUCTURE AGENCY

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

For the years ended June 30, 2013 and 2012

	2013	2012
<u>Operating revenues</u>		
Fees	\$ 16,776	\$ 8,740
Total operating revenues	<u>16,776</u>	<u>8,740</u>
<u>Operating expenses</u>		
Contracted agreements	160,237	8,130
Administrative expenses	18	122
Total operating expenses	<u>160,255</u>	<u>8,252</u>
Operating income	(143,479)	488
<u>Nonoperating revenues (expenses)</u>		
Interest	125	-
Transfer in	142,265	-
Total nonoperating revenues (expenses)	<u>142,390</u>	<u>-</u>
Change in net position	(1,089)	488
Total net position - beginning	<u>488</u>	<u>-</u>
Total net position - ending	<u>\$ (601)</u>	<u>\$ 488</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, 2013 and 2012

	2013	2012
<u>Assets</u>		
Cash and cash equivalents	\$ 319,628	\$ 231,152
Receivables-grants	81,359	85,774
Restricted cash and cash equivalents	114,994	144,055
	<hr/>	<hr/>
Total assets	\$ 515,981	\$ 460,981
	<hr/>	<hr/>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 43,884	\$ 40,220
Accrued liabilities	886	1,026
Seizure deposits	113,729	144,055
	<hr/>	<hr/>
Total liabilities	158,499	185,301
	<hr/>	<hr/>
Fund balance:		
Restricted for federal and state programs	191,266	50,932
Assigned	166,216	224,748
	<hr/>	<hr/>
Total fund balance	357,482	275,680
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 515,981	\$ 460,981
	<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, 2013 and 2012
 (with comparative actual amounts for year ended June 30, 2012)

	2013			Variance With Final Budget - Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
HIDTA grant	\$ 107,163	\$ 129,163	\$ 125,321	\$ (3,842)	\$ 95,504
SAFG grant	-	63,000	92,330	29,330	19,783
STFG grant	225,000	162,000	138,923	(23,077)	215,565
NADDI grant	-	5,000	5,000	-	5,000
Participating entity assessments	60,101	103,766	103,766	-	60,101
Restitution and forfeited seizures	5,000	5,000	24,897	19,897	29,513
Total Intergovernmental	397,264	467,929	490,237	22,308	425,466
Miscellaneous:					
Interest	-	-	2,913	2,913	2,182
Other	-	-	215	215	85
Total revenues	397,264	467,929	493,365	25,436	427,733
<u>Expenditures</u>					
Current:					
Public safety:					
Salaries, wages and benefits	141,428	162,814	135,640	27,174	129,907
Materials and supplies	278,026	327,578	309,712	17,866	267,474
Equipment	-	-	-	-	7,500
Total expenditures	419,454	490,392	445,352	45,040	404,881
Revenues over (under) expenditures	(22,190)	(22,463)	48,013	70,476	22,852
<u>Other financing sources</u>					
Sale of capital assets	12,000	12,000	33,789	21,789	27,500
Net change in fund balance	(10,190)	(10,463)	81,802	92,265	50,352
Fund balance - beginning	275,680	275,680	275,680	-	225,328
Fund balance - ending	\$ 265,490	\$ 265,217	\$ 357,482	\$ 92,265	\$ 275,680

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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.

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LAYTON CITY CORPORATION

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Governmental activities:</u>										
Net investment in capital assets	\$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	\$146,237,235
Restricted	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	3,980,692
Unrestricted	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	7,773,546
Total governmental activities net position	<u>\$92,655,511</u>	<u>\$95,845,885</u>	<u>\$101,707,551</u>	<u>\$114,290,197</u>	<u>\$127,183,619</u>	<u>\$140,548,909</u>	<u>\$149,858,672</u>	<u>\$155,505,999</u>	<u>\$155,274,610</u>	<u>\$157,991,473</u>
<u>Business-type activities:</u>										
Net investment in capital assets	\$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	\$84,719,199
Restricted	836,523	817,187	570,768	538,657	802,518	733,707	925,231	1,006,543	735,475	759,017
Unrestricted	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	9,498,798
Total business-type activities net position	<u>\$59,819,133</u>	<u>\$62,993,442</u>	<u>\$66,772,755</u>	<u>\$72,577,003</u>	<u>\$76,001,420</u>	<u>\$81,133,427</u>	<u>\$85,997,000</u>	<u>\$89,369,045</u>	<u>\$90,770,828</u>	<u>\$94,977,014</u>
<u>Primary government:</u>										
Net investment in capital assets	\$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	\$230,956,434
Restricted	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	4,739,709
Unrestricted	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	17,272,344
Total primary government net position	<u>\$152,474,644</u>	<u>\$158,839,327</u>	<u>\$168,480,306</u>	<u>\$186,867,200</u>	<u>\$203,185,039</u>	<u>\$221,682,336</u>	<u>\$235,855,672</u>	<u>\$244,875,044</u>	<u>\$246,045,438</u>	<u>\$252,968,487</u>

LAYTON CITY CORPORATION

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Expenses</u>										
Government activities:										
General government	\$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	\$7,141,328
Public safety	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	14,765,863
Community and economic development	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	2,393,966
Streets and public improvements	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	7,022,012
Parks and recreation	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	3,161,815
Interest on long-term debt	138,844	88,718	69,351	193,111	237,852	159,885	180,341	186,051	174,655	164,462
Total governmental activities expenses	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	34,649,446
Business-type activities:										
Water	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	4,990,010
Storm sewer	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	2,357,989
Sewer	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	4,917,068
Refuse	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	2,710,026
Swimming pool	735,506	760,232	1,041,813	788,014	819,964	988,375	912,377	980,394	995,543	995,543
Emergency medical services	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	2,297,717
UIA									8,252	160,255
Athletic programs	229,192	224,172	258,362	253,482	276,848	283,242	316,227	323,522	299,928	298,712
Total business-type activities expenses	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	18,727,320
Total primary government expenses	\$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	\$53,376,766
<u>Program Revenues</u>										
Governmental activities:										
Charges for services:										
Public safety	\$736,224	\$915,760	\$881,805	\$1,004,443	\$1,351,349	\$1,210,549	\$1,156,772	\$636,059	\$1,325,789	\$1,367,903
Community and economic development	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	1,569,973
Streets and public improvements	1,073,982	115,842	98,839	153,910	166,881	171,455	70,452	550,764	132,107	254,053
Other activities	722,931	1,215,547	323,247	331,280	332,353	690,222	754,937	760,769	781,814	822,961
Operating grants and contributions	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	2,669,991
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	5,130,225
Total governmental activities program revenues	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	11,815,106
Business-type activities:										
Charges for services										
Water	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	6,499,294
Storm sewer	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	2,210,843
Sewer	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	5,039,995
Refuse	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	2,741,668
Swimming pool	474,174	464,786	463,282	474,820	424,149	375,163	383,653	383,597	431,763	435,743
Emergency medical services	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	1,665,294
UIA									8,740	16,776
Athletic programs	209,104	234,951	259,810	269,175	268,399	300,128	314,792	317,845	327,528	314,086
Operating grants and contributions	21,579	47,015	1,822,250	1,424,217	1,148,556	596,760	601,950	630,701	632,024	656,685
Capital grants and contributions	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	2,337,334
Total business-type activities program revenues	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	21,917,718
Total primary government program revenues	\$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	\$33,732,824

LAYTON CITY CORPORATION

CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS

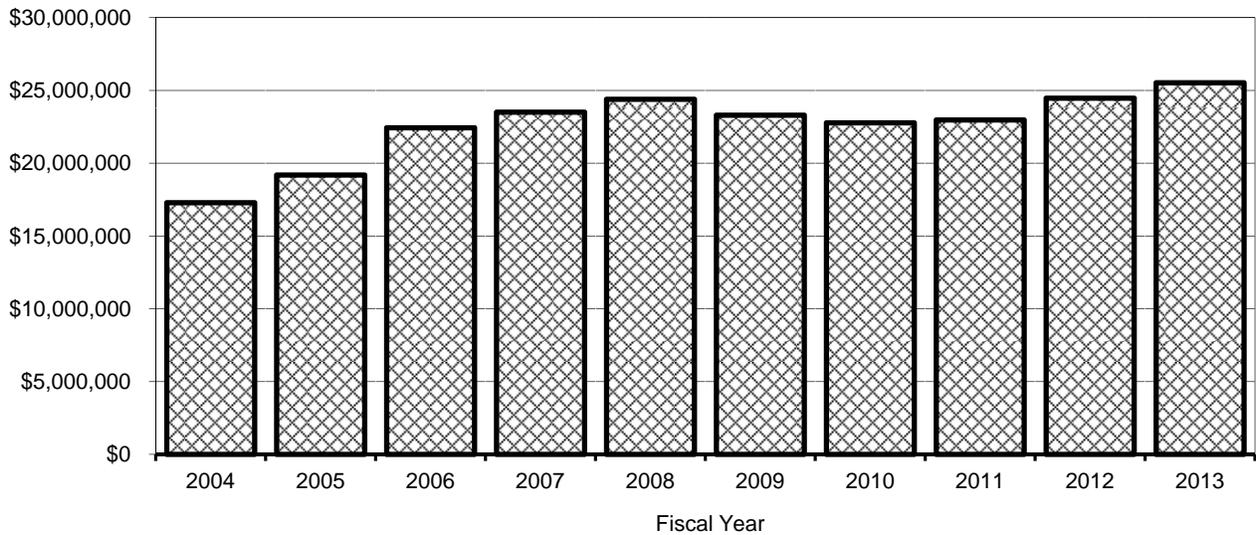
	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Net (expense) revenue</u>										
Governmental activities	(\$12,564,929)	(\$16,001,322)	(\$15,507,839)	(\$10,991,434)	(\$13,965,061)	(\$11,224,921)	(\$14,533,828)	(\$17,468,492)	(\$25,183,218)	(\$22,834,340)
Business-type activities	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	3,190,398
Total primary government net expense	(\$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)	(\$19,643,942)
<u>General Revenues and Other Changes in Net Position</u>										
Governmental activities:										
Property and uniform vehicle taxes	\$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	\$7,968,919
Sales and use taxes	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	11,705,575
Franchise, telecommunication and energy sales taxes	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	5,706,022
Transient room tax	48,979	86,353	143,669	125,773	166,759	146,027	150,790	150,535	159,336	154,075
Investment earnings	110,657	139,777	311,432	403,494	342,583	198,324	64,907	81,072	70,502	117,906
Miscellaneous	377,198	558,876	462,606	474,940	791,075	459,707	530,355	189,792	346,454	168,810
Gain (loss) on sale of capital assets		39,851	169,491	126,421	935,246	284,158	527,247	154,616	37,287	129,035
Transfers	(245,025)	(615,635)	(1,899,331)	(941,093)	390,750	341,941	(319,818)	(289,235)	24,637	(399,139)
Total governmental activities	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	25,551,203
Business-type activities:										
Investment earnings	131,986	138,531	202,763	205,611	196,588	109,288	43,139	29,938	43,081	52,528
Miscellaneous						69,743	192,338	77,794	59,943	525,647
Gain (loss) on sale of capital assets				8,000		3,412	630	10,000	(35,550)	38,474
Transfers	245,025	615,635	1,899,331	941,093	(390,750)	(341,941)	319,818	289,235	(24,637)	399,139
Total business-type activities	377,011	754,166	2,102,094	1,154,704	(194,162)	(159,498)	555,925	406,967	42,837	1,015,788
Total primary government	\$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	\$26,566,991
<u>Change in Net Position</u>										
Governmental activities	\$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)	\$2,716,863
Business-type activities	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	4,206,186
Total primary government	\$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	\$6,923,049

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
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
2013	7,470,039	498,246	11,705,575	5,706,022	154,075	634	25,534,591

Governmental Activities Tax and Special Assessment Revenues



LAYTON CITY CORPORATION

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013
<u>General fund:</u>					
Nonspendable	\$17,757	\$18,514	\$16,005	\$435,156	\$425,088
Restricted	30,745	21,671	221,767	96,104	6,343
Assigned		58,087	92,883	90,611	1,437,512
Unassigned	2,126,421	4,635,703	4,906,723	5,348,811	5,431,181
Total general fund	\$2,174,923	\$4,733,975	\$5,237,378	\$5,970,682	\$7,300,124
<u>All other governmental funds:</u>					
Nonspendable				\$113,273	\$104,405
Restricted	\$4,488,730	\$3,838,988	\$3,184,737	2,607,289	3,974,349
Assigned reported in:					
Special revenue funds	552,088	234	807	697,754	425,282
Debt service fund	138,833	855	338,142	636,091	359,204
Capital projects fund	5,277,348	3,587,792	3,194,596	2,615,473	2,190,459
Unassigned	(433)				
Total all other governmental funds	\$10,456,566	\$7,427,869	\$6,718,282	\$6,669,880	\$7,053,699

Note: Implementation of GASB 54 changed fund balance category presentation. The years from 2004 to 2008 are displayed below under the former GAAP categories. The presentations are not comparable and are therefore displayed separately.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes and special assessments	\$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	\$25,534,591
Licenses and permits	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	1,499,432
Intergovernmental	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	2,960,088
Charges for services	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	5,025,379
Fines and forfeitures	231,300	291,415	306,685	261,751	359,321	269,871	317,319	239,567	317,959	298,146
Miscellaneous	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	906,139
Total Revenues	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	36,223,775
Expenditures:										
General government	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	4,195,531
Public safety	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	14,600,255
Community and economic development	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	2,379,439
Streets and public improvements	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	4,507,494
Parks and recreation	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	2,825,095
Debt service										
Principal	5,760,000 (1)	910,855	937,821	956,294	1,160,123	1,231,906	671,787	225,000	230,000	245,000
Interest	218,363	113,313	94,228	75,414	320,812	245,755	211,630	196,100	185,850	173,975
Bond issuance costs	117,243			129,841						
Lease	5,308,538 (1)									
Pledge payments								1,559,250	2,078,889	2,326,540
Capital outlay	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	3,128,081
Total Expenditures	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	34,381,410
Excess of revenues over (under) expenditures	(7,272,941)	(184,232)	4,640,304	(4,914,850)	1,760,863	(1,881,319)	(340,434)	(75,880)	622,990	1,842,365
Other financing sources (uses):										
Transfers in	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	4,514,330
Transfers out	(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)	(4,913,469)
Sale of capital assets		91,307	199,571	171,545	25,061	306,712	528,036	158,931	37,287	129,035
Developer payments					208,917		506,747			141,000
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)	4,529,865	(524,328)	(1,699,760)	4,523,369	1,283,428	1,282,530	(129,211)	(130,304)	61,924	(129,104)
Special items:										
Sale of surplus land					977,947					
Reimbursement of CDBG funds					(583,077)					
Total Special items					394,870					
Net change in fund balances	(\$2,743,076)	(\$708,560)	\$2,940,544	(\$391,481)	\$3,439,161	(\$598,789)	(\$469,645)	(\$206,184)	\$684,914	\$1,713,261
Debt service as a percentage of noncapital expenditures	18.9%	4.5%	4.4%	4.1%	5.6%	5.4%	3.3%	1.5%	1.4%	1.3%

108

(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 2013			Fiscal Year 2004		
	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	8	N/A
Sams Club	N/A	2	N/A	N/A	6	N/A
Target	N/A	3	N/A	N/A	7	N/A
Utah Power and Light	N/A	4	N/A	---	---	---
Home Depot	N/A	5	N/A	---	---	---
Young Chevrolet	N/A	6	N/A	N/A	2	N/A
Smith's Food Stores	N/A	7	N/A	---	---	---
Ed Kenley Ford	N/A	8	N/A	N/A	1	N/A
Walmart Neighborhood Market	N/A	9	N/A	---	---	---
Lowes	N/A	10	N/A	N/A	4	N/A
Young Pontiac/Cadillac	---		---	N/A	3	N/A
Stock Building Supply	---		---	N/A	5	N/A
Mier & Frank	---		---	N/A	9	N/A
JC Penny	---		---	N/A	10	N/A
Total	<u>\$3,477,570</u>		<u>29.71%</u>	<u>\$3,507,369</u>		<u>36.54%</u>

Source: Utah State Tax Commission

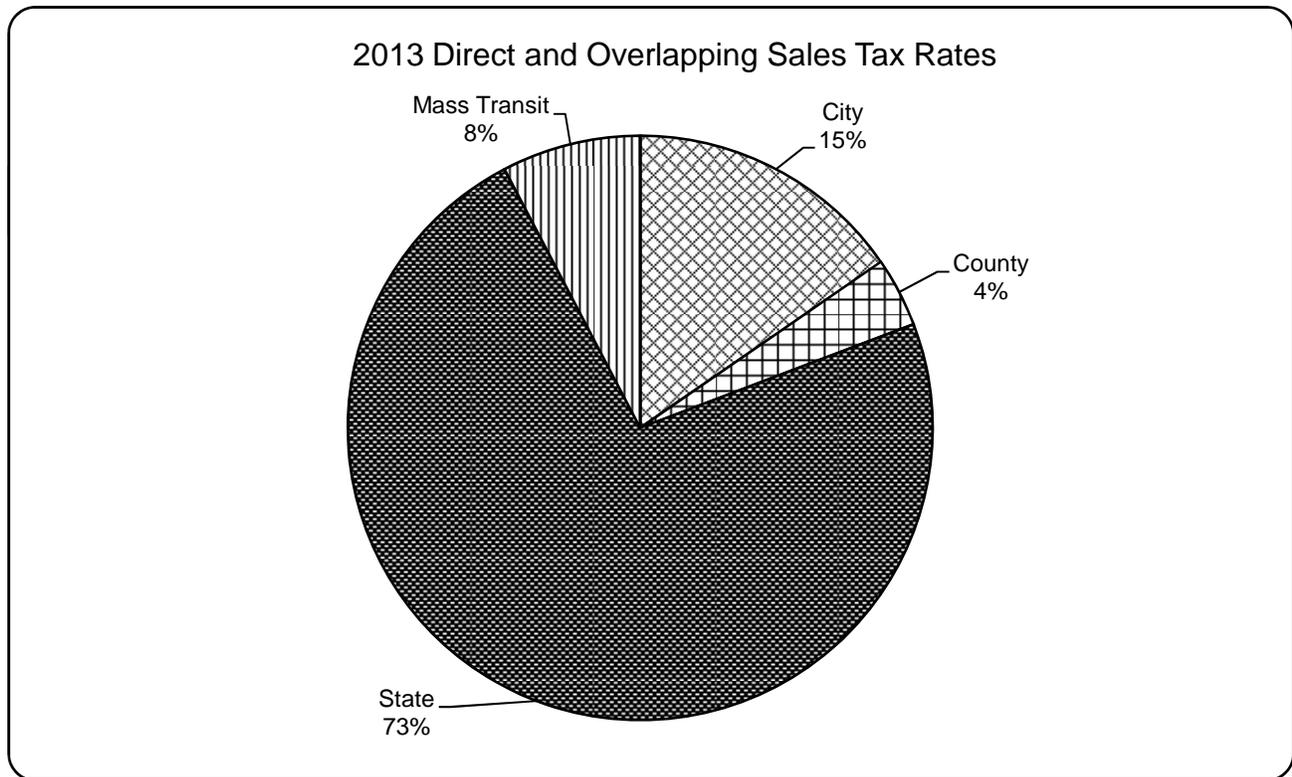
¹ Due to confidentiality issues, the amounts and percentages of the ten largest revenue payers cannot be displayed. However, the aggregate total is displayed along with the individual rankings in an effort to provide the reader with information as to where the City's sales tax base originates.

LAYTON CITY CORPORATION

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS

Year	City	County	State	Mass Transit	Total
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%	6.50%
2008	1.00%	0.25%	4.65%	0.50%	6.40%
2009	1.00%	0.25%	4.70%	0.50%	6.45%
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%
2013	1.00%	0.25%	4.75%	0.50%	6.50%

Source: Davis County Clerk/Auditor

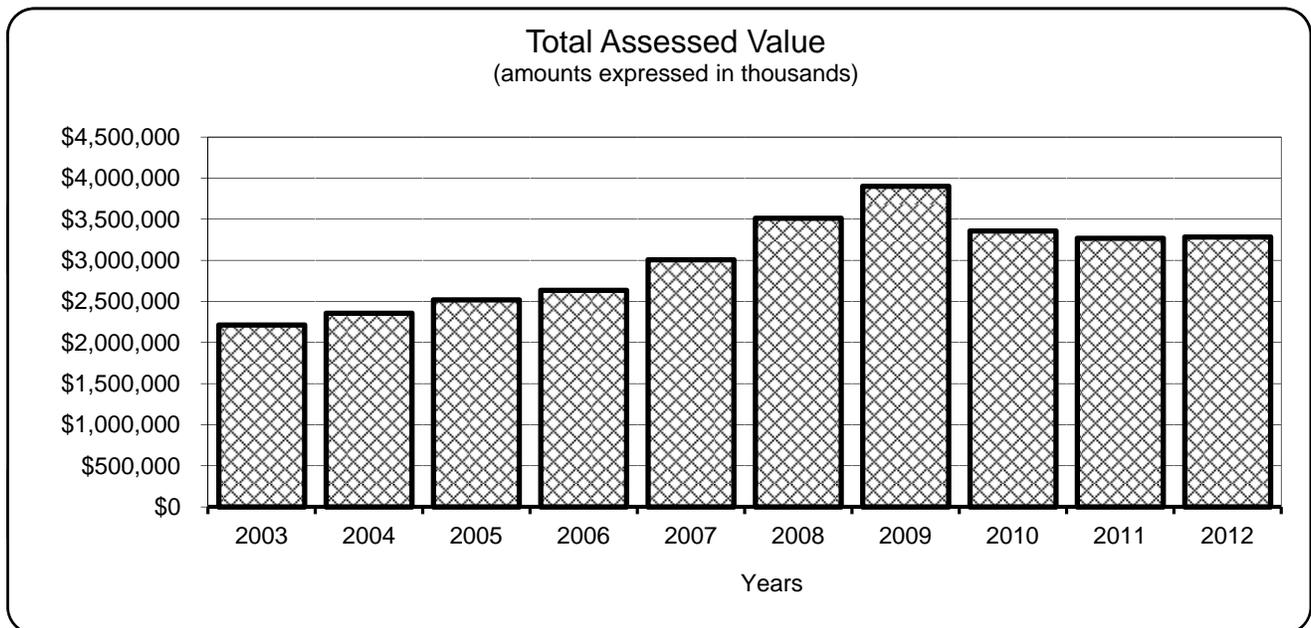


LAYTON CITY CORPORATION

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		
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	5,240,528	191,747	191,747	3,268,633	5,432,275	0.2068%	60.17%
2012	3,097,967	4,987,728	185,670	185,670	3,283,637	5,173,398	0.2084%	63.47%

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

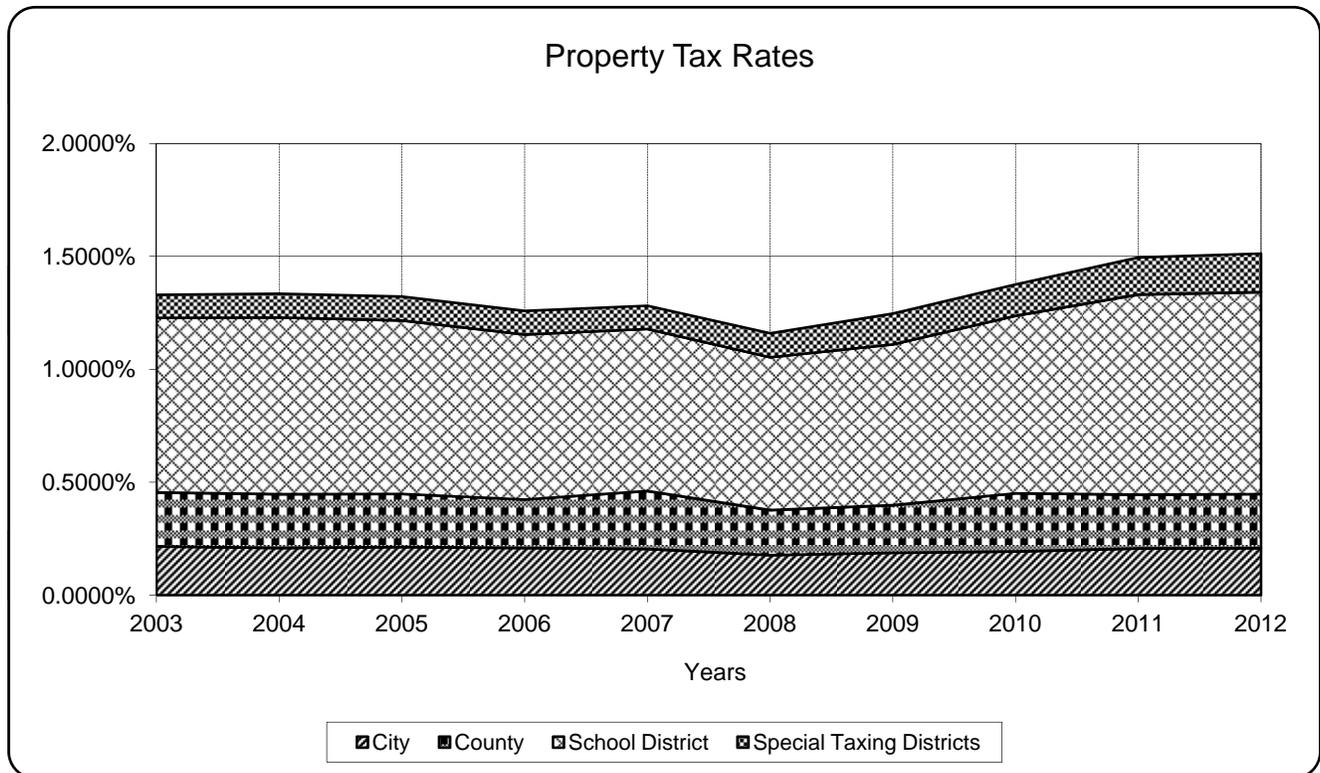


LAYTON CITY CORPORATION

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

Year	Total City	Overlapping Rates			Total Direct & Overlapping Rates
		County	School District	Special Tax Districts	
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%
2012	0.2084%	0.2391%	0.8941%	0.1709%	1.5125%

Source: Davis County Clerk/Auditor

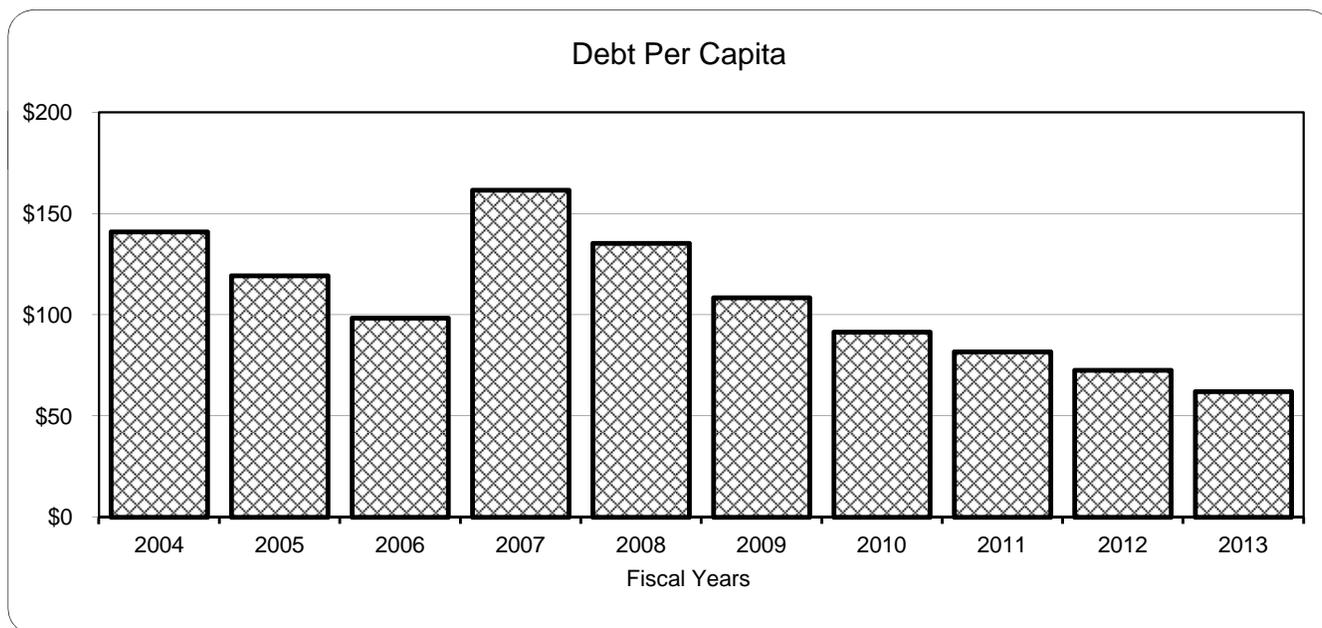


LAYTON CITY CORPORATION

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			
2004	\$4,615,000		\$683,786	\$3,125,000		\$28,787	\$8,452,573	0.53%	\$141
2005	3,810,000		577,931	2,850,000			7,237,931	0.43%	119
2006	2,990,000		460,110	2,570,000			6,020,110	0.34%	98
2007	7,370,000		333,816	2,275,000			9,978,816	0.54%	162
2008	6,370,000		173,693	1,975,000			8,518,693	0.41%	135
2009	5,285,000		26,787	1,670,000			6,981,787	0.32%	108
2010	4,640,000			1,360,000			6,000,000	0.26%	91
2011	4,415,000			1,035,000			5,450,000	0.24%	82
2012	4,185,000			700,000			4,885,000	0.22%	73
2013	3,940,000			355,000			4,295,000	0.19%	62

Note: See schedule of demographic and economic statistics, page 118, 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
2004	---	---	---	---	---	---
2005	---	---	---	---	---	---
2006	---	---	---	---	---	---
2007	---	---	---	---	---	---
2008	---	---	---	---	---	---
2009	---	---	---	---	---	---
2010	---	---	---	---	---	---
2011	---	---	---	---	---	---
2012	---	---	---	---	---	---
2013	---	---	---	---	---	---

Note: Population data can be found on the schedule of demographic and economic statistics page 118.
Estimated actual taxable value of property can be found on page 111 assessed and estimated actual value of property table.

LAYTON CITY CORPORATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Davis County	\$20,555,240	20.78%	\$4,271,379
Davis School District	419,175,000	20.78%	87,104,565
Other debt			
Davis County:			
Sales tax revenue bonds	38,846,199	30.83%	11,976,283
MBA lease revenue bonds	21,371,941	20.78%	4,441,089
Total overlapping debt	499,948,380		107,793,316
Layton City Corporation sales tax revenue bonds	3,940,000		3,940,000
Total direct and overlapping debt	\$503,888,380		\$111,733,316

(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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$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	\$131,345,482
Total net debt applicable to limit										
Legal debt margin	\$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	\$131,345,482
Total net debt applicable to the limit as a percentage of debt limit	0.00%									

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$3,283,637,045
Debt limit (4 percent of total assessed value)	131,345,482
Debt applicable to limit:	
Total bonded debt	4,295,000
Less revenue bonds	<u>(4,295,000)</u>
Total debt applicable to limitation	<u>0</u>
Legal debt margin	<u>\$131,345,482</u>

LAYTON CITY CORPORATION

PLEDGED REVENUE COVERAGE - SALES TAX REVENUE AND REFUNDING BONDS LAST TEN 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
2013	11,705,575	590,000	183,942	773,942	15.12

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
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	68,229	33,817	2,307,300,093	29.2	13,332	5.8%
2012	69,194	34,755	2,404,837,470	29.2	14,546	5.3%

(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 SIX YEARS AGO

Employer	2013			2007		
	Employees	Rank	Percentage of Total City Labor Force	Employees	Rank	Percentage of Total City Labor Force
Hill Air Force Base (1)	14,999	1	N/A	14,997	1	N/A
Davis School District	9,999	2	28.90%	9,999	2	26.77%
Wal-Mart	1,999	3	5.78%	1,999	3	5.35%
Kroger Group Cooperative, Inc. (Smiths)	999	4	2.89%	1,999	4	5.35%
Davis Hospital and Medical Center	999	5	2.89%	999	5	2.67%
May Trucking	499	6	1.44%	499	7	1.34%
Tanner Memorial Clinic	499	7	1.44%	499	9	1.34%
Layton City	499	8	1.44%	499	10	1.34%
Lowes	499	9	1.34%			
Home Depot	499	10				
SOS Staffing				499	8	1.34%
Citigroup				999	6	2.67%
Layton City total labor force	34,597			37,347		

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
General Government:										
Administration	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Legal	6.0	7.5	7.5	7.8	7.8	7.8	7.8	7.8	7.8	7.8
Finance	11.5	11.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0	10.5
Management services	18.0	19.0	19.0	19.6	19.6	21.6	21.6	21.6	21.6	21.6
Total general government	38.5	41.0	41.5	42.4	42.4	45.4	45.4	45.4	45.4	43.9
Public Safety:										
Police	100.0	105.5	110.5	112.0	114.4	115.4	115.4	115.4	117.4	117.4
Fire (including EMS)	56.0	60.5	64.5	67.2	67.2	67.2	67.2	67.2	67.2	67.2
Total public safety	156.0	166.0	175.0	179.2	181.6	182.6	182.6	182.6	184.6	184.6
Community development	17.0	17.0	16.0	16.0	17.0	15.0	15.0	15.0	15.0	15.0
Street and public improvements:										
Streets	18.8	18.8	17.6	17.6	17.5	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	11.5
Total streets and public improvements	22.8	22.8	30.4	32.6	33.0	33.0	33.0	33.0	33.0	33.0
Parks and recreation:										
Parks administration	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Parks	29.5	29.5	32.0	32.0	32.0	33.0	33.0	33.0	33.0	33.0
Recreation	7.1	7.1	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Museum	1.0	1.0	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0
Total parks and recreation	41.6	41.6	44.1	44.1	44.1	45.1	44.6	44.6	44.6	44.6
Water	22.3	22.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Storm sewer	2.0	2.0	3.0	3.0	4.0	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	16.4	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Total enterprise activities	46.3	46.5	40.9	42.0	43.0	43.0	43.0	43.0	43.0	43.0
Total primary government	322.2	334.9	347.9	356.3	361.1	364.1	363.6	363.6	365.6	364.1

LAYTON CITY CORPORATION

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Citations issued	9,348	9,991	8,052	8,669	9,875	8,419	6,921	5,537	7,243	7,078
Arrests made	2,551	2,876	2,855	2,978	3,124	3,088	3,091	3,080	3,057	3,140
Incidents	51,490	50,869	57,970	53,853	58,406	57,496	56,718	58,816	57,510	57,186
Fire										
Calls answered	3,693	4,102	4,141	4,309	4,451	4,574	4,548	4,701	4,895	4,887
Water										
Water users (units)	21,417	22,040	22,329	23,038	23,320	23,463	23,647	24,203	24,284	25,097
Average daily consumption (millions of gallons)	11.1	11.2	11.2	10.5	10.2	10.2	9.8	10.0	10.6	11.5
Sewer										
Users (units)	21,342	21,965	22,254	22,963	23,245	23,388	23,572	24,128	24,346	25,135
Storm sewer										
Users (units)	21,342	21,965	22,254	22,963	23,245	23,388	23,572	24,128	24,346	25,135
Refuse										
Residential cans in service	18,499	19,158	19,949	20,925	21,383	21,611	22,033	22,186	22,186	22,734

LAYTON CITY CORPORATION

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	50	50	53	53	57	57	58	58	58	
Fire Stations	3	3	3	3	3	3	3	3	3	3
Streets (lineal mileage)	221	223	223	227	231	238	242	245	246	247
Parks and Recreation										
Park acreage developed	161	171	171	171	171	203	206	206	225.5	259.8
Park acreage undeveloped	310	300	343	387	387	355	355	358.5	359	347.5
Parks	11	12	12	12	12	12	12	13	13	13
Tennis Courts	12	13	13	13	14	14	16	16	16	16
Gymnasiums	2	2	2	2	2	2	3	3	3	3
Water										
Water mains (miles)	239	243	243	248	253	261	267	271	274	276
Maximum daily capacity (million gallons)	21	21	21	21	21	21	21	21	33	33
Storage capacity (million gallons)	22	23	23	23	23	23	23	23	22	22
Wells	5	5	5	5	5	5	5	5	5	5
Sewer										
Sanitary sewer mains (miles)	172	174	175	178	183	191	195	199	200	202
Storm Sewer										
Storm sewer mains (miles)	115	118	120	124	131	136	142	146	149	150
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*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 1, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Responses as items 13-1 and 13-2.

Management's Responses to Findings

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

Purpose of this Report

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

Hansen, Bradshaw, Malmrose & Erickson, P.C.
November 1, 2013

Hansen, Bradshaw, Malmrose & Erickson

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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 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, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the compliance 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. A compliance 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 compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on the City's compliance with those requirements.

Opinion

In our opinion, Layton City Corporation, Utah 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, 2013.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

Purpose of This Report

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

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

November 1, 2013

LAYTON CITY CORPORATION, UTAH
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

<u>Federal Grantor / Pass-Through Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Federal Award / Contract #</u>	<u>Award Amount</u>	<u>Federal Expenditures</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	\$ 103,085
Community Development Block Grant (CDBG)	14.218	B-11-MC-49-0010	311,202	181,887
Total Department of Housing and Urban Development				<u>284,972</u>
<u>U.S. Department of Justice</u>				
Justice Assistance Grant (JAG)	16.738	2007-DJ-BX-0869	50,004	1,577
Justice Assistance Grant (JAG)	16.738	2010-DJ-BX-0454	35,777	22,085
Justice Assistance Grant (JAG)	16.738	2012-DJ-BX-0465	18,219	17,761
Justice Assistance Grant (JAG)	16.804	2010-DJ-BX-3195	331,458	81,149
Passed through State of Utah:				
Victims of Crime Act Grant (VOCA)	16.575	12VOCA31	49,653	49,653
Total Department of Justice				<u>172,225</u>
<u>U.S. Department of Homeland Security</u>				
Passed through State of Utah:				
Emergency Management Performance Grant	97.042	EMPG-2012-DEM-012	19,000	18,645
Emergency Management Performance Grant	97.042	EMPG-2013-DEM-013	10,000	5,000
Total Department of Homeland Security				<u>23,645</u>
<u>U.S. Office of National Drug Control Policy</u>				
High Intensity Drug Trafficking Area (HIDTA)	95.001	G12RM0040A	107,163	106,251
High Intensity Drug Trafficking Area (HIDTA)	95.001	G13RM0040A	128,486	19,070
Total Office of National Drug Control Policy				<u>125,321</u>
Total Expenditures of Federal Awards				<u>\$ 606,163</u>

LAYTON CITY CORPORATION, UTAH
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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, 2013.

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, 2013

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, 2013.

5. LOANS OUTSTANDING

No federal loans were outstanding at June 30, 2013.

LAYTON CITY CORPORATION, UTAH
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

A. Summary of Auditors' Results

Type of report issued on the financial statements:	An unmodified 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 unmodified opinion was issued on compliance for the major programs.
Audit findings:	There are no audit findings required to be reported under Section 510(a) of the OMB Circular A-133.
Major programs tested:	14.218 – Community Development Block Grant (CDBG)
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

There are two findings that are required to be reported under *Government Auditing Standards*, items 13-1 and 13-2 on the Schedule of Findings and Responses.

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, 2012

No matters were reported in the prior year.

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

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

Report on Compliance

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

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

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

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

B & C Road Funds (UDOT)
State Asset Forfeiture Grant (UCCJJ)

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits

contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, Layton City Corporation, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying Schedule of Findings and Responses as items 13-1 and 13-2.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Management's Responses to Findings

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

Purpose of This Report

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

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

November 1, 2013

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

State Legal Compliance Finding

Requirement/Program

Current Year Findings

13-1 Budgetary Compliance

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

Fund	Department/Category	Amount Over Budget
Debt Service	Total expenditures	\$3,577

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

Management's Response: Subsequent to June 30, 2013, it was discovered that the annual increase (2%) in the UTOPIA debt service reserve replenishment payment did not align with the City's fiscal year end. This caused the debt service fund to be over budget and beyond the period for budget adjustment. Management's awareness will allow them to avoid this in the future.

13-2 Deficit Fund Balance

Finding: State law, Utah Code 10-6-117, prohibits any deficit fund balance for any fund. For the year ended June 30, 2013, we noted a deficit fund balance in the UIA Fund of \$601. This deficit resulted in the City's noncompliance with State of Utah fund balance requirements.

Recommendation: We recommend management take appropriate action to eliminate this deficit fund balance in accordance with State of Utah legal compliance guidelines.

Management's Response: An unanticipated increase in UIA invoices caused the fund to end the year in a deficit position. Management intends to eliminate the deficit through a current year budget amendment and transfer from the General Fund.