

Layton City Corporation



Comprehensive Annual Financial Report

**Layton, Utah
Fiscal Year Ended June 30, 2014**

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Layton City Corporation

Layton, Utah

Fiscal Year Ended June 30, 2014

Prepared by:
Finance Department

LAYTON CITY CORPORATION

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LAYTON CITY CORPORATION

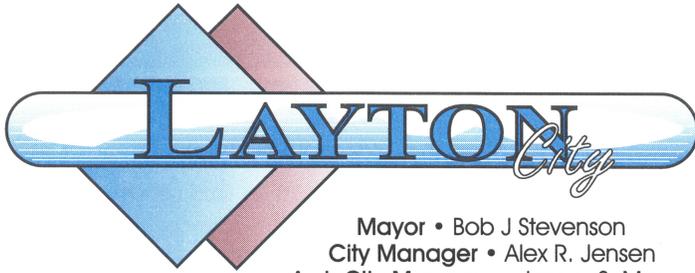
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Layton City Corporation

Introductory Section



Mayor • Bob J Stevenson
City Manager • Alex R. Jensen
Asst. City Manager • James S. Mason

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

December 4, 2014

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, 2014.

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, 2014, 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, 2014, 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 three 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 3.5% for June 2014. That is very favorable compared to the national unemployment rate of 5.9%. 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.

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, 2014, was 17.35% 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, 2013. This was the nineteenth 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

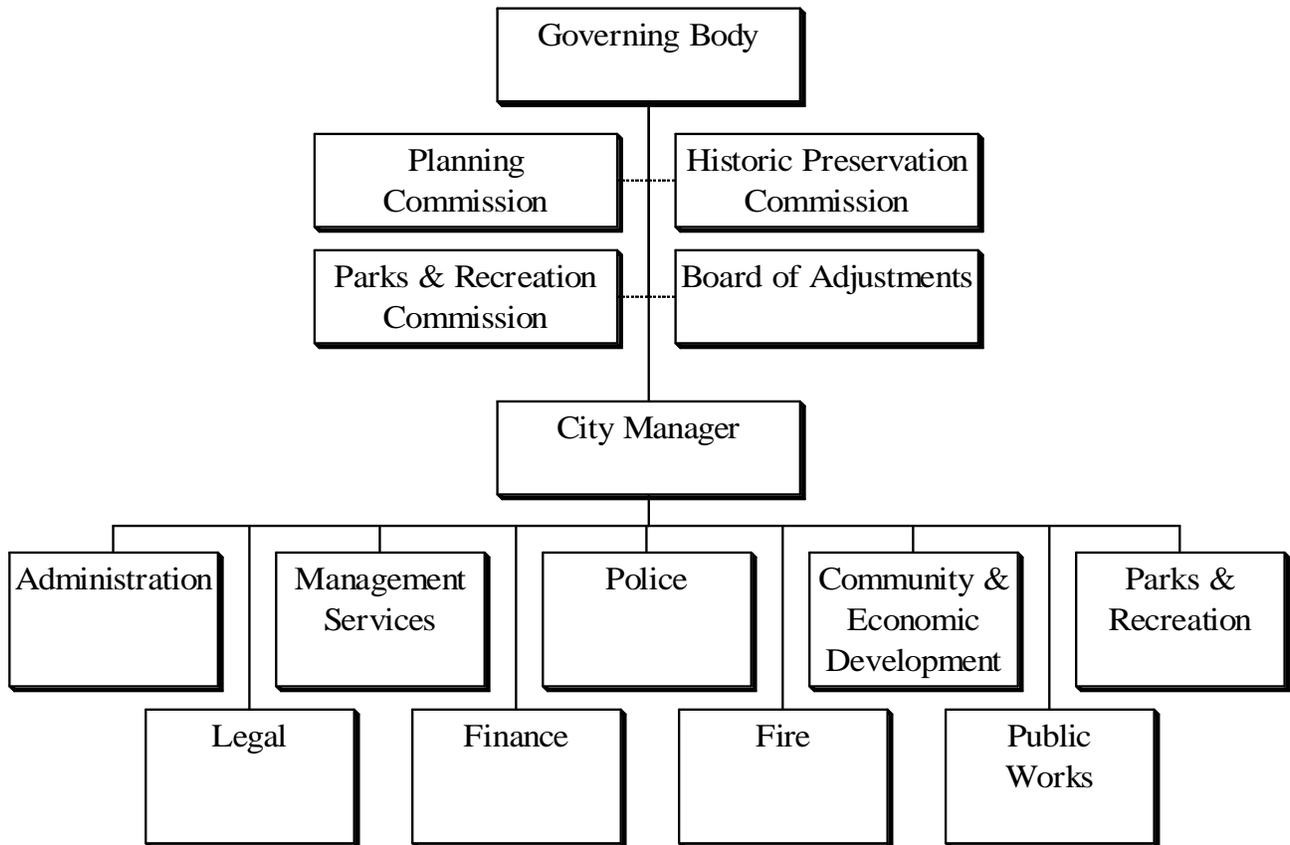
**Layton City Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Layton City Corporation Organization Chart



LAYTON CITY CORPORATION

Listing of Principal City Officials

Governing Body

Mayor Robert J Stevenson
Council Member Joyce F. Brown
Council Member Tom Day
Council Member Jory Francis
Council Member Scott Freitag
Council Member Joy Petro

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 Vicki Wetzel
City Recorder Thieda R. Wellman
Deputy City Recorder Tori Campbell
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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Layton City Corporation, Utah, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue redevelopment agency 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 13-22 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, 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, and component unit fund schedules 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 10, 2014 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 10, 2014

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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, 2014.

Financial Highlights

The assets of Layton City exceeded its liabilities at June 30, 2014, by \$263,492,664 (net position). Of this amount, \$18,660,730 (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 \$10,524,177. Projects in streets, water, sewer, and storm sewer as well as developer contributed assets were part of the increase. New development continues to move forward throughout the City.

Layton City's governmental funds reported combined ending fund balances of \$15,870,250 at June 30, 2014, an increase of \$1,516,427 in comparison to the previous year. Of the ending fund balances, \$5,155,535 was unassigned and available for spending at the City's discretion. This represents 17.35% of FY14 total estimated general fund revenue.

Fund balance at year end that was classified as spendable and unrestricted amounted to \$7,124,846 or 24% of FY14 total estimated revenue of the general fund.

Layton City's total long-term debt decreased \$605,000 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), street lighting 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 the general fund, capital projects fund and redevelopment agency special revenue fund, which are considered to be major funds. Data from the other five (5) 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, street lighting 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, street lighting 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 \$263,492,664 at the close of the fiscal year.

Layton City Net Position

	Govem- mental activities 2014	Govem- mental activities 2013	Business- type activities 2014	Business- type activities 2013	Total 2014	Total 2013
Current and other assets	\$ 26,616,825	\$ 26,396,129	\$ 13,875,937	\$ 12,753,684	\$ 40,492,762	\$ 39,149,813
Capital assets	153,555,508	149,902,956	88,442,593	84,712,320	241,998,101	234,615,276
Total assets	180,172,333	176,299,085	102,318,530	97,466,004	282,490,863	273,765,089
Long-term liabilities	5,876,255	6,187,318	566,001	926,441	6,442,256	7,113,759
Other liabilities	3,613,930	3,862,620	1,738,452	1,562,549	5,352,382	5,425,169
Total liabilities	9,490,185	10,049,938	2,304,453	2,488,990	11,794,638	12,538,928
Deferred inflows of resources	7,203,561	8,257,674	-	-	7,203,561	8,257,674
Net position:						
Net investment in capital assets	150,159,678	146,237,235	88,442,593	84,719,199	238,602,271	230,956,434
Restricted	5,435,689	3,980,692	1,812,732	759,017	7,248,421	4,739,709
Unrestricted	7,883,220	7,773,546	9,758,752	9,498,798	17,641,972	17,272,344
Total net position	\$163,478,587	\$157,991,473	\$100,014,077	\$ 94,977,014	\$ 263,492,664	\$ 252,968,487

The largest portion of the City’s net position (90.6%) 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, \$7,248,421 represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of \$17,641,972 may be used to pay for the City's obligations and ongoing operations.

At June 30, 2014, 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.

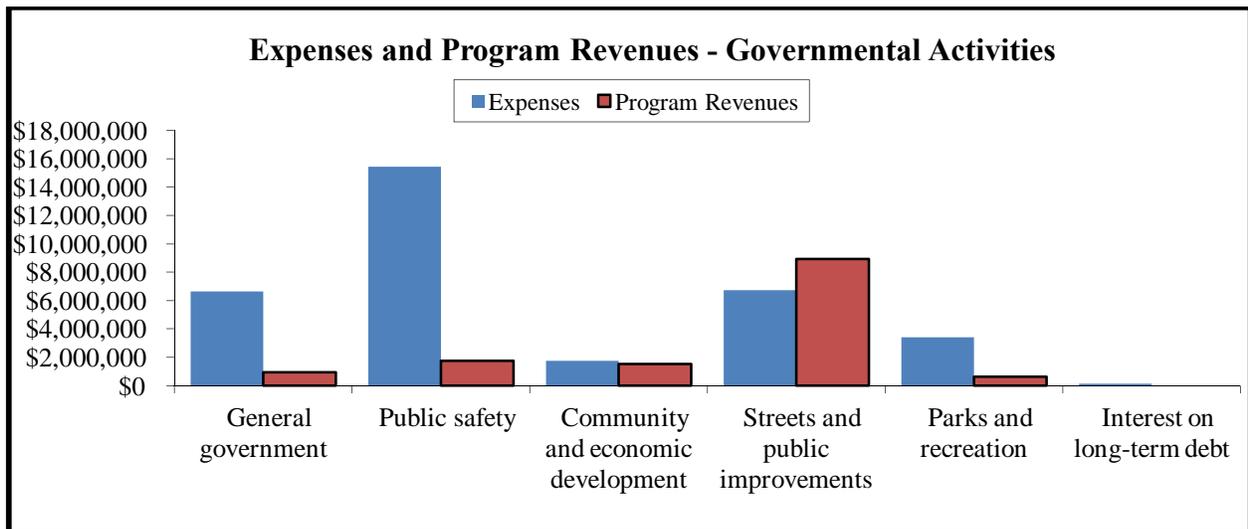
Layton City Changes in Net Position

	Govern- mental activities 2014	Govern- mental activities 2013	Business- type activities 2014	Business- type activities 2013	Total 2014	Total 2013
Revenues:						
Program revenues:						
Charges for services	\$ 3,520,381	\$ 4,014,890	\$ 20,109,657	\$ 18,923,699	\$ 23,630,038	\$ 22,938,589
Operating grants and Contributions	2,463,746	2,669,991	660,177	656,685	3,123,923	3,326,676
Capital grants and contributions	7,842,229	5,130,225	3,573,370	2,337,334	11,415,599	7,467,559
General revenues:						
Property taxes	8,030,753	7,968,919			8,030,753	7,968,919
Sales taxes	12,194,440	11,705,575			12,194,440	11,705,575
Other taxes	6,027,262	5,860,097			6,027,262	5,860,097
Other	296,787	415,751	108,257	616,649	405,044	1,032,400
Total revenues	<u>\$ 40,375,598</u>	<u>\$ 37,765,448</u>	<u>\$ 24,451,461</u>	<u>\$ 22,534,367</u>	<u>\$ 64,827,059</u>	<u>\$ 60,299,815</u>
Expenses:						
General government	\$ 6,671,153	\$ 7,141,328			\$ 6,671,153	\$ 7,141,328
Public safety	15,261,468	14,765,863			15,261,468	14,765,863
Community and economic Development	1,761,550	2,393,966			1,761,550	2,393,966
Streets and public improvements	6,770,720	7,022,012			6,770,720	7,022,012
Parks and recreation	3,403,417	3,161,815			3,403,417	3,161,815
Interest on long-term debt	149,542	164,462			149,542	164,462
Water			\$ 5,749,044	\$ 4,990,010	5,749,044	4,990,010
Storm sewer			2,062,924	2,357,989	2,062,924	2,357,989
Sewer			5,112,186	4,917,068	5,112,186	4,917,068
Refuse			2,760,288	2,710,026	2,760,288	2,710,026
Street lighting			689,940	-	689,940	-
Swimming pool			993,878	995,543	993,878	995,543
EMS			2,345,428	2,297,717	2,345,428	2,297,717
UIA			269,044	160,255	269,044	160,255
Athletic programs			302,300	298,712	302,300	298,712
Total expenses	<u>\$ 34,017,850</u>	<u>\$ 34,649,446</u>	<u>\$ 20,285,032</u>	<u>\$ 18,727,320</u>	<u>\$ 54,302,882</u>	<u>\$ 53,376,766</u>
Increase in net position before transfers	6,357,748	3,116,002	4,166,429	3,807,047	10,524,177	6,923,049
Transfers	(870,634)	(399,139)	870,634	399,139	-	-
Increase in net position	<u>\$ 5,487,114</u>	<u>\$ 2,716,863</u>	<u>\$ 5,037,063</u>	<u>\$ 4,206,186</u>	<u>\$ 10,524,177</u>	<u>\$ 6,923,049</u>
Net position, beginning	157,991,473	155,274,610	94,977,014	90,770,828	252,968,487	246,045,438
Net position, ending	<u>\$ 163,478,587</u>	<u>\$ 157,991,473</u>	<u>\$ 100,014,077</u>	<u>\$ 94,977,014</u>	<u>\$ 263,492,664</u>	<u>\$ 252,968,487</u>

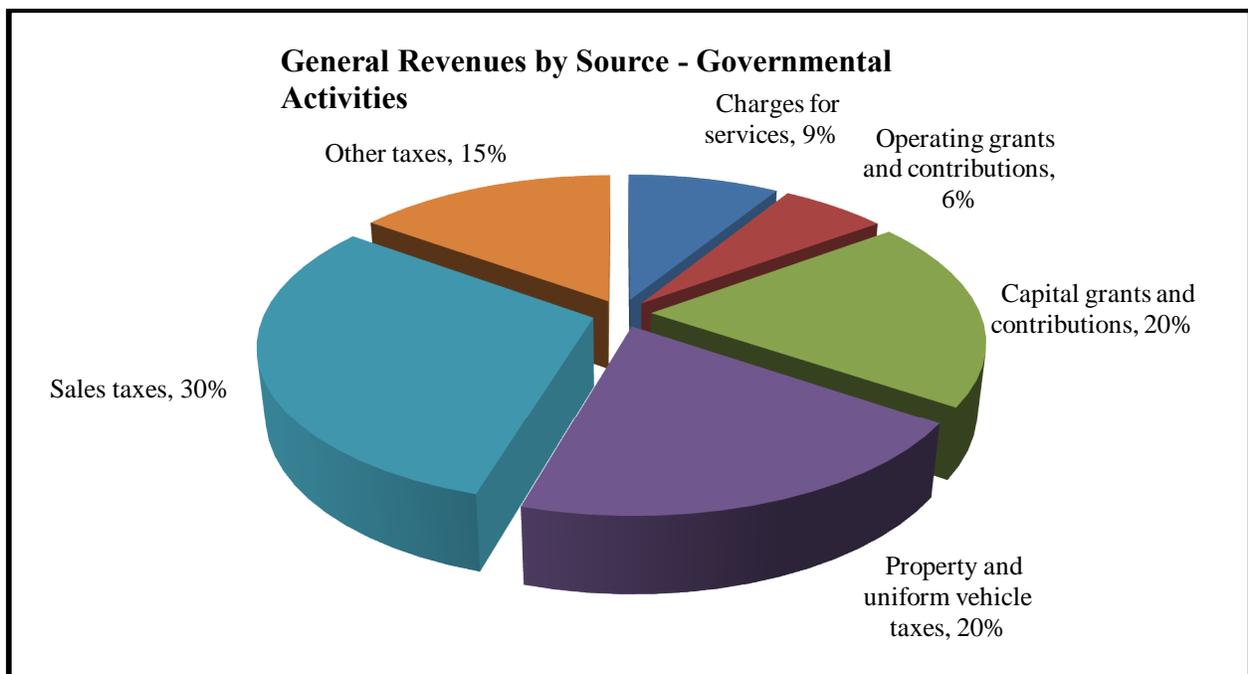
Governmental activities. As noted in the previous table, governmental activities increased the City's net position by \$5,487,114 in the current fiscal year. Key elements affecting the increase were as follows:

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.



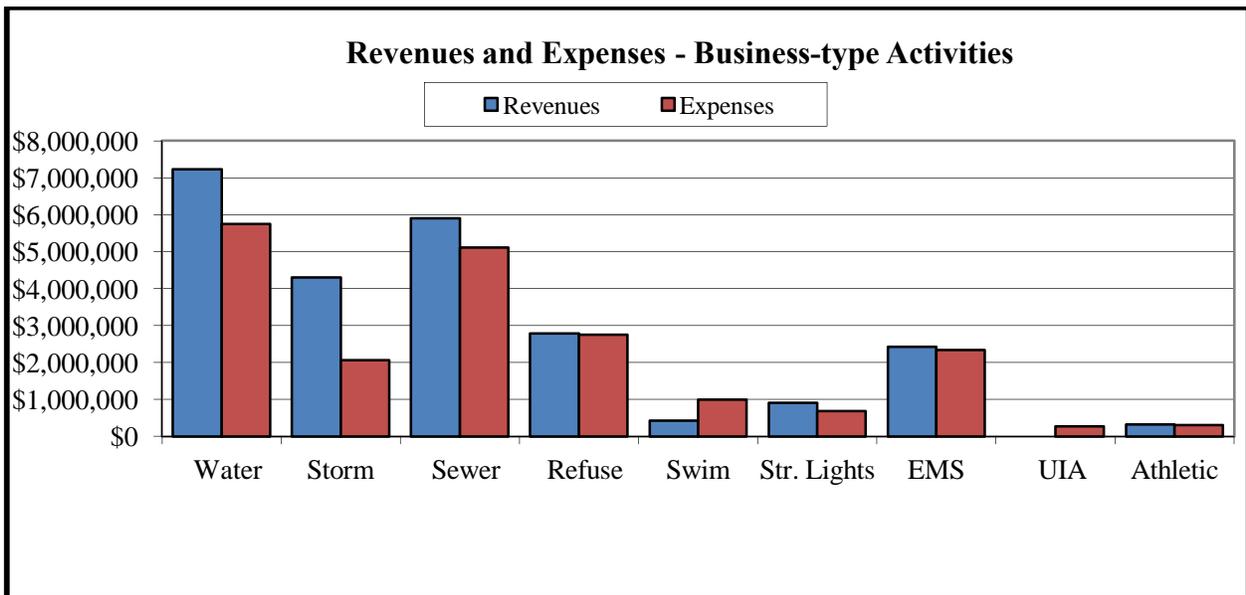
The following chart displays the major sources of general revenues for governmental activities. Taxes accounted for 65% of total revenue that funds governmental activities.



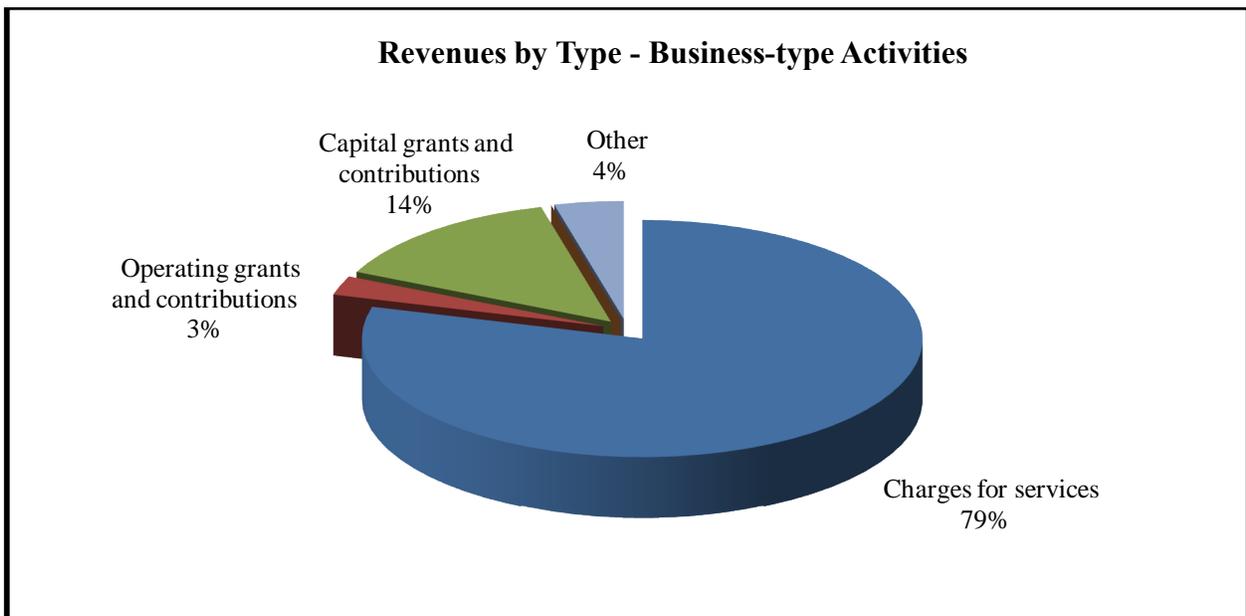
Business-type activities. As noted in the table “Layton City Changes in Net Position,” business-type activities increased the City’s net position by \$5,037,063. Key elements of the increase were as follows:

1. Capital contributions of \$3,573,370 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 79% 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, 2014, the City's governmental funds reported combined ending fund balances of \$15,870,250, an increase of \$1,516,427. There are four components of fund balance; nonspendable, restricted, assigned, and unassigned. Unassigned fund balance of \$5,155,535 is available for spending at the City's discretion. Assigned fund balance of \$4,768,194 has been assigned to intended uses. Restricted fund balance of \$5,435,689 is funds that must be spent for specific purposes and may not be used for general governmental activities. Nonspendable fund balance of \$510,832 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 16.7% and 24.4% of total general fund expenditures and transfers, respectively. The City has very good liquidity.

The unassigned fund balance of the general fund decreased \$275,646. The original budget plan for the year was to decrease the fund balance by \$1,156,690. Revenues were higher than anticipated and good management of expenditures made it possible to limit the use of unassigned fund balance.

The fund balance of the capital projects fund increased \$28,164. The increase resulted from developer participation on a project. Projects included completion of the fire training tower, Ellison park improvements and many street projects as detailed in the City's capital improvement plan. Funding of 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, 2014, amounted to \$2,669,379, a decrease of 17% from the previous year. The primary element was the second installment for the purchase of water contracts from Weber Basin Water for \$1,081,890. Total net position increased \$1,396,533. The primary elements of the increase were: 1) constructed and contributed assets of \$1,085,550; and 2) income from operations of \$407,048. Income from operations experienced a significant decline from the prior year. Revenue decreased \$270,485 and operating expenditures increased \$777,332 due to merit increases and realignment of employees between divisions. There were also additional expenses in the purchase of water.

Storm sewer fund. Unrestricted net position at June 30, 2014, amounted to \$2,649,477, a decrease of 1.8% from the previous year. Total net position increased \$2,170,537. The primary elements of the increase were: 1) development impact fees of \$908,383, capital contributions from developers of \$1,168,412 and 2) income from operations of \$166,224.

Sewer fund. Unrestricted net position at June 30, 2014, amounted to \$2,744,117, an increase of 25% from the previous year. Total net position increased \$784,123. The primary elements of the increase were: 1) contributed assets by developers of \$360,425; and 2) operating income of \$447,839.

Refuse fund. Unrestricted net position at June 30, 2014, amounted to \$566,316, an increase of 6%. Total net position increased \$28,674 and resulted from a gain in operations which was projected in a rate increase two years prior.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and transfers was amended from \$30,698,363 to a final budget total of \$31,758,940, an increase of \$1,060,577.

Actual expenditures and transfers were \$30,987,885 and were \$771,055 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, 2014, was \$241,998,101 (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 \$7,382,825 or 3.2%.

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

- 1) Developers contributed new subdivision streets and utility systems amounting to \$5,833,350.
- 2) The City expended \$709,488 on street projects, \$1,732,093 on water systems, \$1,257,941 on storm sewer systems, \$294,213 on sewer systems, \$257,230 on fire and emergency medical services equipment, and \$283,971 on police vehicles and equipment.
- 3) The main reductions in capital assets were depreciation of \$6,161,938 and disposals of \$690,202.

Layton City Capital Assets (net of depreciation)

	Govern- mental Activities 2014	Govern- mental Activities 2013	Business- type Activities 2014	Business- type Activities 2013	Total 2014	Total 2013
Land	\$ 80,812,092	\$ 77,467,590	\$ 1,174,040	\$ 1,174,040	\$ 81,986,132	\$ 78,641,630
Intangible	577,870	577,870	-	-	577,870	577,870
Water stock and rights	-	-	3,425,567	3,065,442	3,425,567	3,065,442
Water contracts	-	-	2,163,780	1,081,890	2,163,780	1,081,890
Buildings	17,020,272	15,706,806	2,293,084	2,250,824	19,313,356	17,957,630
Improvements other than buildings	4,591,748	4,239,363	417,579	417,579	5,009,327	4,656,942
Equipment and utility systems	17,753,240	17,438,213	118,856,222	113,093,051	136,609,462	130,531,264
Infrastructure	96,738,517	93,713,311	-	-	96,738,517	93,713,311
Construction in progress	283,191	1,917,832	1,377,179	2,486,009	1,660,370	4,403,841
Less accumulated depreciation	(64,221,422)	(61,158,029)	(41,264,858)	(38,856,515)	(105,486,280)	(100,014,544)
Total	\$ 153,555,508	\$ 149,902,956	\$ 88,442,593	\$ 84,712,320	\$ 241,998,101	\$ 234,615,276

More information is available in the notes to the financial statements, note IV (G) pages 46 and 47.

Long-term debt. On June 30, 2014, the City had total bonded debt outstanding of \$3,690,000 that came from a sales tax revenue obligation issued in 2006.

Layton City Outstanding Debt
General Obligations and Revenue Bonds

	Govern- mental activities 2014	Govern- mental activities 2013	Business- type activities 2014	Business- type activities 2013	Total 2014	Total 2013
Revenue bonds	\$3,690,000	\$3,940,000	\$ -	\$355,000	\$3,690,000	\$4,295,000

The City's total debt decreased \$605,000 (14.1%) during the year from principal payments.

The City received and has maintained an A- rating from Standard and Poor's on the 2006 sales tax revenue debt issue (\$3,690,000 outstanding). The underlying rating was A and credit insurance that guaranteed the payment of principal and interest increased the rating to A-

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, 2014, 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) page 48.

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 2014 was 3.5%. This is 0.8% lower than the 4.3% for June 2013. The rate reported for the State of Utah for June 2014 was 3.5%. These compare favorably to the national seasonally adjusted rate reported by the U.S. Department of Labor, Bureau of Labor and Statistics for June 2014 of 5.9%. 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 2014 predicted a slight increase in housing, with slow but steady growth in various sectors. The State economy is one of the stronger in the country. Employment is projected to remain stable in FY 2015.
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 remain steady but have returned to more historical levels through the end of fiscal year 2014. Commercial building permits have also remained steady at more historical levels during this same time period. New business and business relocations, expansions, reoccupations and many other positive commercial and manufacturing activities occurred during FY14.
5. Sales tax revenues in the fiscal year ended June 30, 2014 and 2013, were 4.18% and 3.74% higher than the previous year, respectively. The increase in the year over year change shows that the

economy has leveled off and the City may be experiencing some gains from increased population due to new construction. 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 2014-2015 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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Davis Metro Narcotics Strike Force
<u>Assets</u>				
Cash and cash equivalents	\$ 13,880,899	\$ 9,143,791	\$ 23,024,690	\$ 351,138
Investments	250,764	-	250,764	-
Receivables, net	10,508,048	3,493,388	14,001,436	63,096
Inventory	-	165,330	165,330	-
Prepaid expense	16,489	621,865	638,354	-
Note receivable	95,449	39,832	135,281	-
Contracts receivable	-	161,475	161,475	-
Restricted assets:				
Cash and cash equivalents	1,794,628	250,256	2,044,884	48,397
Receivables	70,548	-	70,548	-
Capital assets:				
Water stocks and rights	-	3,425,567	3,425,567	-
Intangible	577,870	-	577,870	-
Land	80,812,092	1,174,040	81,986,132	-
Water contracts	-	2,163,780	2,163,780	-
Buildings	17,020,272	2,293,084	19,313,356	-
Improvements other than buildings	4,591,748	417,579	5,009,327	-
Infrastructure	96,738,517	-	96,738,517	-
Equipment and utility systems	17,753,240	118,856,222	136,609,462	237,804
Construction in progress	283,191	1,377,179	1,660,370	-
Less accumulated depreciation	(64,221,422)	(41,264,858)	(105,486,280)	(225,646)
Total capital assets (net of accumulated depreciation)	153,555,508	88,442,593	241,998,101	12,158
Total assets	180,172,333	102,318,530	282,490,863	474,789
<u>Liabilities</u>				
Accounts payable	512,509	1,269,460	1,781,969	37,345
Accrued liabilities	1,563,263	213,594	1,776,857	833
Payable to other governments	-	5,142	5,142	-
Accrued bond interest payable	70,916	-	70,916	-
Deposits	1,447,142	250,256	1,697,398	48,397
Due to developers	20,100	-	20,100	-
Noncurrent liabilities:				
Due within one year	1,541,282	174,480	1,715,762	216
Due in more than one year	4,334,973	391,521	4,726,494	-
Total liabilities	9,490,185	2,304,453	11,794,638	86,791
Deferred inflow of resources:				
Property tax revenue	7,203,561	-	7,203,561	
<u>Net position</u>				
Net investment in capital assets	150,159,678	88,442,593	238,602,271	12,158
Restricted for:				
Class c roads	46,433	-	46,433	-
Street construction	2,486,813	-	2,486,813	-
Park development	1,391,721	-	1,391,721	-
Public safety	416,523	-	416,523	233,676
Community development	746,713	-	746,713	-
Debt service	347,486	-	347,486	-
Distribution and collection systems	-	1,812,732	1,812,732	-
Unrestricted	7,883,220	9,758,752	17,641,972	142,164
Total net position	\$163,478,587	\$100,014,077	\$ 263,492,664	\$ 387,998

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, 2014

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	\$ 6,671,153	\$ 738,437	\$ 44,465	\$ 165,273	\$ (5,722,978)		\$ (5,722,978)	
Public safety	15,261,468	1,369,749	190,831	199,141	(13,501,747)		(13,501,747)	
Community and economic development	1,761,550	1,272,806	265,454	-	(223,290)		(223,290)	
Streets and public improvements	6,770,720	93,831	1,962,996	6,876,662	2,162,769		2,162,769	
Parks and recreation	3,403,417	45,558	-	601,153	(2,756,706)		(2,756,706)	
Interest on long-term debt	149,542	-	-	-	(149,542)		(149,542)	
Total governmental activities	34,017,850	3,520,381	2,463,746	7,842,229	(20,191,494)		(20,191,494)	
Business-type activities:								
Water	5,749,044	6,152,705	-	1,085,550		\$ 1,489,211	1,489,211	
Storm sewer	2,062,924	2,229,148	-	2,076,795		2,243,019	2,243,019	
Sewer	5,112,186	5,551,462	-	360,425		799,701	799,701	
Refuse	2,760,288	2,787,593	-	-		27,305	27,305	
Swimming pool	993,878	426,409	-	-		(567,469)	(567,469)	
Emergency medical services	2,345,428	1,765,930	660,177	-		80,679	80,679	
Street lighting	689,940	856,832	-	50,600		217,492	217,492	
UIA	269,044	13,741	-	-		(255,303)	(255,303)	
Athletic programs	302,300	325,837	-	-		23,537	23,537	
Total business-type activities	20,285,032	20,109,657	660,177	3,573,370		4,058,172	4,058,172	
Total primary government activities	\$ 54,302,882	\$ 23,630,038	\$ 3,123,923	\$ 11,415,599	(20,191,494)	4,058,172	(16,133,322)	
Component unit:								
Davis metro narcotics strike force	\$ 465,795		\$ 463,840					\$ (1,955)
General revenues:								
Property and uniform vehicle taxes					8,030,753		8,030,753	
Sales and use taxes					12,194,440		12,194,440	
Franchise, telecommunication and energy sales taxes					5,848,189		5,848,189	
Transient room tax					179,073		179,073	
Investment earnings					80,258	39,178	119,436	2,004
Miscellaneous					181,454	77,954	259,408	
Gain on sale of capital assets					35,075	(8,875)	26,200	4,000
Transfers					(870,634)	870,634	-	
Total general revenues and transfers					25,678,608	978,891	26,657,499	6,004
Change in net position					5,487,114	5,037,063	10,524,177	4,049
Net position - beginning					157,991,473	94,977,014	252,968,487	383,949
Net position - ending					\$ 163,478,587	\$ 100,014,077	\$ 263,492,664	\$ 387,998

LAYTON CITY CORPORATION

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Capital Projects	Special Revenue Redevelopment Agency	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 5,568,423	\$ 2,405,686	\$ 1,134,573	\$ 4,772,217	\$ 13,880,899
Investments	250,764	-	-	-	250,764
Receivables	9,636,823	-	765,061	106,164	10,508,048
Due from other funds	398,894	-	-	-	398,894
Prepaid	16,489	-	-	-	16,489
Note receivable	-	-	95,449	-	95,449
Restricted assets:					
Cash and cash equivalents	1,447,142	-	-	347,486	1,794,628
Receivables	-	-	70,548	-	70,548
Total assets	\$ 17,318,535	\$ 2,405,686	\$ 2,065,631	\$ 5,225,867	\$ 27,015,719
<u>Liabilities</u>					
Accounts payable	\$ 382,255	\$ 28,108	\$ 1,500	\$ 100,646	\$ 512,509
Accrued liabilities	1,560,857	-	-	2,406	1,563,263
Deposits	1,447,142	-	-	-	1,447,142
Due to developers	20,100	-	-	-	20,100
Due to other funds	-	-	386,360	12,534	398,894
Total liabilities	3,410,354	28,108	387,860	115,586	3,941,908
<u>Deferred inflows of resources</u>					
Property tax revenue	6,367,952	-	835,609	-	7,203,561
<u>Fund balance</u>					
Nonspendable	415,383	-	95,449	-	510,832
Restricted for:					
Class c roads	-	46,433	-	-	46,433
Street construction	-	140,886	-	2,345,927	2,486,813
Park development	-	-	-	1,391,721	1,391,721
Public safety facilities	-	1,178	-	415,345	416,523
Community development	-	-	746,713	-	746,713
Debt service	-	-	-	347,486	347,486
Total restricted fund balance	-	188,497	746,713	4,500,479	5,435,689
Assigned to:					
General fund	1,969,311	-	-	-	1,969,311
Capital projects fund	-	2,189,081	-	-	2,189,081
Debt service fund	-	-	-	351,197	351,197
Emergency dispatch fund	-	-	-	253,620	253,620
Victims services fund	-	-	-	4,985	4,985
Total assigned fund balance	1,969,311	2,189,081	-	609,802	4,768,194
Unassigned	5,155,535	-	-	-	5,155,535
Total fund balances	7,540,229	2,377,578	842,162	5,110,281	15,870,250
Total liabilities, deferred inflow of resources and fund balances	\$ 17,318,535	\$ 2,405,686	\$ 2,065,631	\$ 5,225,867	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	153,555,508
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.	(5,947,171)
Net position of governmental activities	<u>\$ 163,478,587</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, 2014

	General	Capital Projects	Special Revenue Redevelopment Agency	Other Governmental	Total Governmental Funds
Revenues:					
Taxes and special assessments	\$ 25,403,904	\$ -	\$ 848,551	\$ -	\$ 26,252,455
Licenses and permits	1,238,610	-	-	-	1,238,610
Intergovernmental	2,318,440	-	-	310,556	2,628,996
Charges for services	888,864	-	-	2,302,273	3,191,137
Fines and forfeitures	297,592	-	-	-	297,592
Developer payments	-	44,334	-	-	44,334
Miscellaneous	825,668	-	5,380	23,001	854,049
Total revenues	30,973,078	44,334	853,931	2,635,830	34,507,173
Expenditures:					
Current:					
General government	4,387,678	-	-	76,204	4,463,882
Public safety	14,493,464	-	-	671,992	15,165,456
Community and economic development	1,190,038	-	355,053	239,238	1,784,329
Streets and public improvements	3,710,956	-	-	-	3,710,956
Parks and recreation	2,944,150	-	-	-	2,944,150
Debt service:					
Principal	-	-	-	250,000	250,000
Interest and agent fees	-	-	-	162,538	162,538
Pledge payments	-	-	-	2,193,179	2,193,179
Capital outlay	-	1,480,697	-	-	1,480,697
Total expenditures	26,726,286	1,480,697	355,053	3,593,151	32,155,187
Excess (deficiency) of revenues over (under) expenditures	4,246,792	(1,436,363)	498,878	(957,321)	2,351,986
Other financing sources (uses):					
Transfers in	219,837	1,464,527	-	2,642,355	4,326,719
Transfers out	(4,261,599)	-	-	(935,754)	(5,197,353)
Sale of capital assets	35,075	-	-	-	35,075
Total other financing sources (uses)	(4,006,687)	1,464,527	-	1,706,601	(835,559)
Net change in fund balances	240,105	28,164	498,878	749,280	1,516,427
Fund balances - beginning	7,300,124	2,349,414	343,284	4,361,001	14,353,823
Fund balances - ending	\$ 7,540,229	\$ 2,377,578	\$ 842,162	\$ 5,110,281	\$ 15,870,250

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, 2014

Net change in fund balances - total governmental funds	\$ 1,516,427
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.	3,652,550
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.	262,996
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>55,141</u>
Change in net position of governmental activities	<u><u>\$ 5,487,114</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 BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>Revenues</u>				
Taxes and special assessments	\$ 24,146,532	\$ 24,146,532	\$ 25,403,904	\$ 1,257,372
Licenses and permits	1,200,000	1,201,350	1,238,610	37,260
Intergovernmental	2,146,147	2,264,495	2,318,440	53,945
Charges for services	382,500	690,365	888,864	198,499
Fines and forfeitures	275,000	275,000	297,592	22,592
Miscellaneous	1,122,132	1,125,805	825,668	(300,137)
Total revenues	29,272,311	29,703,547	30,973,078	1,269,531
<u>Expenditures</u>				
Current:				
General government:				
Administration	844,535	1,031,975	990,969	41,006
Legal	774,114	771,519	755,508	16,011
Management services	2,104,690	2,237,240	2,109,087	128,153
Finance	716,887	574,674	532,114	42,560
Non-departmental	67,863	14,323	-	14,323
Total general government	4,508,089	4,615,408	4,387,678	227,730
Public safety:				
Police	10,494,624	10,718,524	10,422,875	295,649
Fire	3,896,119	4,218,757	4,070,589	148,168
Total public safety	14,390,743	14,937,281	14,493,464	443,817
Community and economic development				
Streets and public improvements	1,212,041	1,218,985	1,190,038	28,947
Parks and recreation	3,419,315	3,710,956	3,710,956	-
Total expenditures	2,995,161	3,018,360	2,944,150	74,210
Total expenditures	26,525,349	27,500,990	26,726,286	774,704
Excess of revenues over expenditures	2,746,962	2,202,557	4,246,792	2,044,235
<u>Other financing sources (uses)</u>				
Transfers in	219,837	219,837	219,837	-
Transfers out	(4,173,014)	(4,257,950)	(4,261,599)	(3,649)
Sale of capital assets	50,000	50,000	35,075	(14,925)
Total other financing sources (uses)	(3,903,177)	(3,988,113)	(4,006,687)	(18,574)
Net change in fund balance	(1,156,215)	(1,785,556)	240,105	2,025,661
Fund balance - beginning	7,300,124	7,300,124	7,300,124	-
Fund balance - ending	\$ 6,143,909	\$ 5,514,568	\$ 7,540,229	\$ 2,025,661

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

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LAYTON CITY CORPORATION

REDEVELOPMENT AGENCY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>Revenues</u>				
Property taxes - development increment	\$ 824,000	\$ 824,000	\$ 848,551	\$ 24,551
Miscellaneous	-	-	5,380	5,380
Total revenues	824,000	824,000	853,931	29,931
<u>Expenditures</u>				
Current:				
Community and economic development:				
Materials and supplies	21,000	21,000	3,704	17,296
Capital outlay - projects	445,555	932,832	20,490	912,342
Payback agreements	357,445	357,445	330,859	26,586
Total expenditures	824,000	1,311,277	355,053	956,224
Excess (deficiency) of revenue over (under) expenditures	-	(487,277)	498,878	986,155
Net change in fund balance	-	(487,277)	498,878	986,155
Fund balance - beginning	343,284	343,284	343,284	-
Fund balance - ending	\$ 343,284	\$ (143,993)	\$ 842,162	\$ 986,155

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

LAYTON CITY CORPORATION

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2014

	Water	Storm Sewer	Sewer	Refuse	Other Proprietary Funds	Total Proprietary Funds
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 1,174,288	\$ 4,347,650	\$ 2,227,139	\$ 298,547	\$ 1,096,167	\$ 9,143,791
Accounts receivable, net	1,372,979	248,477	968,066	489,374	414,492	3,493,388
Contracts receivable	-	-	-	-	4,875	4,875
Inventory	161,657	-	-	-	3,673	165,330
Note receivable	39,832	-	-	-	-	39,832
Prepaid expense	621,865	-	-	-	-	621,865
Total current assets	<u>3,370,621</u>	<u>4,596,127</u>	<u>3,195,205</u>	<u>787,921</u>	<u>1,519,207</u>	<u>13,469,081</u>
Noncurrent assets:						
Restricted cash and cash equivalents	101,375	148,881	-	-	-	250,256
Contracts receivable	-	-	-	-	156,600	156,600
Capital assets:						
Water stocks and rights	3,425,567	-	-	-	-	3,425,567
Land	420,551	721,777	30,712	-	1,000	1,174,040
Water contracts	2,163,780	-	-	-	-	2,163,780
Buildings	-	-	-	-	2,293,084	2,293,084
Improvements other than buildings	397,467	-	-	-	20,112	417,579
Distribution and collections systems	47,667,875	47,431,854	18,778,513	-	218,816	114,097,058
Equipment	1,298,331	541,197	833,585	-	2,086,051	4,759,164
Construction in progress	113,585	1,263,594	-	-	-	1,377,179
Less: accumulated depreciation	(16,697,017)	(14,905,965)	(6,528,413)	-	(3,133,463)	(41,264,858)
Total capital assets (net of accumulated depreciation)	<u>38,790,139</u>	<u>35,052,457</u>	<u>13,114,397</u>	<u>-</u>	<u>1,485,600</u>	<u>88,442,593</u>
Total noncurrent assets	<u>38,891,514</u>	<u>35,201,338</u>	<u>13,114,397</u>	<u>-</u>	<u>1,642,200</u>	<u>88,849,449</u>
Total assets	<u>42,262,135</u>	<u>39,797,465</u>	<u>16,309,602</u>	<u>787,921</u>	<u>3,161,407</u>	<u>102,318,530</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	204,028	407,406	346,119	221,605	90,302	1,269,460
Accrued liabilities	44,808	28,150	75,895	-	64,741	213,594
Compensated absences payable	50,583	10,494	11,778	-	96,750	169,605
Customer deposits	101,375	148,881	-	-	-	250,256
Payable to other governments	-	-	-	-	5,142	5,142
Contracts payable	-	-	-	-	4,875	4,875
Total current liabilities	<u>400,794</u>	<u>594,931</u>	<u>433,792</u>	<u>221,605</u>	<u>261,810</u>	<u>1,912,932</u>
Noncurrent liabilities:						
Compensated absences payable	74,281	15,410	17,296	-	127,934	234,921
Contracts payable	-	-	-	-	156,600	156,600
Total noncurrent liabilities	<u>74,281</u>	<u>15,410</u>	<u>17,296</u>	<u>-</u>	<u>284,534</u>	<u>391,521</u>
Total liabilities	<u>475,075</u>	<u>610,341</u>	<u>451,088</u>	<u>221,605</u>	<u>546,344</u>	<u>2,304,453</u>
<u>Net Position</u>						
Net investment in capital assets	38,790,139	35,052,457	13,114,397	-	1,485,600	88,442,593
Restricted for system development	327,542	1,485,190	-	-	-	1,812,732
Unrestricted	2,669,379	2,649,477	2,744,117	566,316	1,129,463	9,758,752
Total net position	<u>\$ 41,787,060</u>	<u>\$ 39,187,124</u>	<u>\$ 15,858,514</u>	<u>\$ 566,316</u>	<u>\$ 2,615,063</u>	<u>\$ 100,014,077</u>

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, 2014

	Water	Storm Sewer	Sewer	Refuse	Other Proprietary Funds	Total Proprietary Funds
<u>Operating revenues</u>						
Charges for services	\$ 6,151,305	\$ 2,229,148	\$ 5,549,486	\$ 2,787,593	\$ 3,388,749	\$ 20,106,281
Miscellaneous	1,787	-	10,539	-	65,628	77,954
Total operating revenues	6,153,092	2,229,148	5,560,025	2,787,593	3,454,377	20,184,235
<u>Operating expenses</u>						
Salaries, wages and benefits	1,264,771	527,839	742,802	70,985	2,579,687	5,186,084
Supplies and maintenance	1,039,613	321,254	250,420	36,404	914,432	2,562,123
Utilities	728,662	7,509	8,425	5,139	570,014	1,319,749
Professional services and training	13,512	7,625	9,225	-	52,283	82,645
Contracted services	1,275,164	-	3,238,024	2,638,787	268,961	7,420,936
Insurance	37,973	6,944	12,152	1,736	23,589	82,394
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	1,082	112	112	112	21,911	23,329
Depreciation	886,314	935,439	416,877	-	169,713	2,408,343
Total operating expenses	5,746,044	2,062,924	5,112,186	2,760,288	4,600,590	20,282,032
Operating income (loss)	407,048	166,224	447,839	27,305	(1,146,213)	(97,797)
<u>Nonoperating revenues (expenses)</u>						
Interest revenue	5,894	19,621	10,133	1,369	2,161	39,178
Connection charges	1,400	-	1,976	-	-	3,376
Grants/intergovernmental	-	-	-	-	660,177	660,177
Loss on sale of capital assets	(8,875)	-	-	-	-	(8,875)
Interest expense	(3,000)	-	-	-	-	(3,000)
Total nonoperating revenues (expenses)	(4,581)	19,621	12,109	1,369	662,338	690,856
Income (loss) before contributions and transfers	402,467	185,845	459,948	28,674	(483,875)	593,059
Capital contributions	1,085,550	2,076,795	360,425	-	50,600	3,573,370
Transfers in	-	-	-	-	1,090,471	1,090,471
Transfers out	(91,484)	(92,103)	(36,250)	-	-	(219,837)
Change in net position	1,396,533	2,170,537	784,123	28,674	657,196	5,037,063
Total net position - beginning	40,390,527	37,016,587	15,074,391	537,642	1,957,867	94,977,014
Total net position - ending	\$ 41,787,060	\$ 39,187,124	\$ 15,858,514	\$ 566,316	\$ 2,615,063	\$ 100,014,077

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, 2014

	Water	Storm Sewer	Sewer
<u>Cash flow from operating activities</u>			
Receipts from customers (including cash deposits)	\$ 6,178,910	\$ 2,265,706	\$ 5,460,536
Receipts from interfund services received	447	-	-
Payments to suppliers	(2,411,066)	(39,093)	(567,996)
Payments to other governments	(1,275,164)	-	(3,238,024)
Payments for interfund services used	(199,172)	(163,549)	(177,799)
Payments to employees	(1,242,492)	(529,023)	(679,684)
Net cash provided (used) by operating activities	<u>1,051,463</u>	<u>1,534,041</u>	<u>797,033</u>
<u>Cash flow from non-capital financing activities</u>			
Transfers from other funds	-	-	-
Transfers to other funds	(91,484)	(92,103)	(36,250)
County, state and federal grants	-	-	-
Connection fees	1,400	-	1,976
Net cash provided (used) by non-capital financing activities	<u>(90,084)</u>	<u>(92,103)</u>	<u>(34,274)</u>
<u>Cash flow from capital and related financing activities</u>			
Bond payments - principal	(355,000)	-	-
Bond payments - interest	(8,492)	-	-
Notes receivable from developers	(4,474)	-	-
Contracts receivable	-	-	-
Contracts payable and developer payments	-	-	-
Purchase of capital assets	(1,142,936)	(257,673)	(55,457)
Construction of capital assets	(589,159)	(1,000,268)	(238,756)
Developer payments	6,800	-	-
Impact fees	208,660	908,383	-
Exaction fees	92,297	-	-
Net cash provided (used) by capital and related financing activities	<u>(1,792,304)</u>	<u>(349,558)</u>	<u>(294,213)</u>
<u>Cash flow from investing activities</u>			
Interest earned on investments	5,894	19,621	10,133
Net cash provided by investing activities	<u>5,894</u>	<u>19,621</u>	<u>10,133</u>
Net increase (decrease) in cash and cash equivalents	(825,031)	1,112,001	478,679
Cash and cash equivalents at beginning of year	2,100,694	3,384,530	1,748,460
Cash and cash equivalents at end of year	<u>\$ 1,275,663</u>	<u>\$ 4,496,531</u>	<u>\$ 2,227,139</u>
<u>Reconciliation of operating income to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ 407,048	\$ 166,224	\$ 447,839
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	886,314	935,439	416,877
(Increase) decrease in accounts receivable	25,818	36,558	(99,489)
(Increase) decrease in due from other funds	447	-	-
(Increase) decrease in prepaids	(18,400)	-	-
Increase in inventories	97,201	-	-
Increase (decrease) in accounts payable	(425,174)	377,504	(31,312)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in accrued liabilities	(3,656)	-	-
Increase (decrease) in compensated absences	25,935	(1,184)	63,118
Increase (decrease) in customer deposits	55,930	19,500	-
Total adjustments	<u>644,415</u>	<u>1,367,817</u>	<u>349,194</u>
Net cash provided (used) by operating activities	<u>\$ 1,051,463</u>	<u>\$ 1,534,041</u>	<u>\$ 797,033</u>
<u>Noncash investing, capital and financing activities:</u>			
Contribution of water, sewer, storm drain and street lights from developers	\$ 408,793	\$ 1,168,412	\$ 360,425
Water exaction fees received as water stock shares	369,000	-	-

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

Refuse	Other Proprietary Funds	Totals
\$ 2,788,599	\$ 3,296,377	\$ 19,990,128
-	(447)	-
(2,676,707)	(1,492,647)	(7,187,509)
-	(11,938)	(4,525,126)
(7,125)	(286,541)	(834,186)
(70,985)	(2,561,680)	(5,083,864)
<u>33,782</u>	<u>(1,056,876)</u>	<u>2,359,443</u>

-	1,090,471	1,090,471
-	-	(219,837)
-	660,177	660,177
-	-	3,376
<u>-</u>	<u>1,750,648</u>	<u>1,534,187</u>

-	-	(355,000)
-	-	(8,492)
-	-	(4,474)
-	11,025	11,025
-	(11,025)	(11,025)
-	(506,012)	(1,962,078)
-	-	(1,828,183)
-	-	6,800
-	-	1,117,043
-	-	92,297
<u>-</u>	<u>(506,012)</u>	<u>(2,942,087)</u>

1,369	2,161	39,178
<u>1,369</u>	<u>2,161</u>	<u>39,178</u>

35,151	189,921	990,721
263,396	906,246	8,403,326
<u>\$ 298,547</u>	<u>\$ 1,096,167</u>	<u>\$ 9,394,047</u>

\$ 27,305	\$ (1,146,213)	\$ (97,797)
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-	169,713	2,408,343
1,006	(158,000)	(194,107)
-	-	447
-	-	(18,400)
-	(1,152)	96,049
5,471	59,230	(14,281)
-	(447)	(447)
-	3,286	(370)
-	16,707	104,576
-	-	75,430
<u>6,477</u>	<u>89,337</u>	<u>2,457,240</u>
<u>\$ 33,782</u>	<u>\$ (1,056,876)</u>	<u>\$ 2,359,443</u>

\$ -	\$ 50,600	\$ 1,988,230
-	-	369,000

LAYTON CITY CORPORATION
Notes to Financial Statements for year ended June 30, 2014

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.

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. 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, 2014.

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, 2014, 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 ó Prepaid expenditures are nonspendable assets and therefore are classified as a nonspendable fund balance.

Restricted Fund Balance ó 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 ó 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 ó 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 ó 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."

11. Reclassifications

Certain amounts have been reclassified in the 2013 financial statements to conform with the 2014 presentation.

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 are 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	\$217,776,930
Less accumulated depreciation	<u>(64,221,422)</u>
Total difference	<u>\$153,555,508</u>

Long-term obligations or 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, 2014, were:

Sales tax and refunding revenue bonds	\$3,690,000
Sales tax and refunding revenue bond premium	59,241
Interest payable on long-term debt	70,916
Compensated absences payable	<u>2,127,014</u>
Total difference	<u>\$5,947,171</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 or 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	\$1,572,797
Capital contributions from developers	5,833,350
Less depreciation expense	<u>(3,753,597)</u>
Net difference as reported	<u>\$3,652,550</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 Auditor's 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 25 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 \$1,900,916. 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 | \$101,393 |
| 2. Increase of expenditures for police and fire special services and recreation special events | 312,561 |
| 3. Increase of exaction fee revenue budgeted to increase net assets in the water fund | 245,650 |
| 4. Increase of expenditures for salt, sand, security system camera | 238,150 |
| 5. Increase of expenditures for land settlement, WIFI in the parks, Municipal building entrances | 124,215 |

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of June 30, 2014, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity
Utah state public treasurer's investment pool	\$23,578,477	.23 years
Corporate notes	250,764	.78 years
Total	\$23,829,241	
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 of 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, 2014, \$1,829,224 of the City's \$2,079,224 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 of 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 \$23,578,477 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 \$250,764 invested in corporate notes is uninsured and unregistered and held by a brokerage firm. City policy limits investments in corporate notes and bonds to no more than 10% of the total portfolio in any single issuer.

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

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

B. External Investment Pools

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

Notes to Financial Statements for year ended June 30, 2014

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, 2014, the City had \$23,578,477 invested in the PTIF which had a fair market value of \$23,708,305 for an unrealized gain of \$129,828. 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.

B. 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:	Special Revenue						Nonmajor Funds	Total
	General	RDA	Water	Storm	Sewer	Refuse		
Taxes and inter-governmental	\$ 9,624,047	\$ 835,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,459,656
Accounts	5,642	-	1,407,553	248,477	968,066	489,374	923,504	4,042,616
Grants	7,134	-	-	-	-	-	20,354	27,488
Loans	9,324,572	-	-	-	-	-	-	9,324,572
Total receivables	18,961,395	835,609	1,407,553	248,477	968,066	489,374	943,858	23,854,332
Less: allowance for uncollectible accounts	(9,324,572)	-	(34,574)	-	-	-	(423,202)	(9,782,348)
Net receivables	\$ 9,636,823	\$ 835,609	\$ 1,372,979	\$ 248,477	\$ 968,066	\$ 489,374	\$ 520,656	\$ 14,071,984

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, 2014, deferred inflow of resources reported in the governmental funds consisted of:

Property taxes levied and receivable, but not due	<u>Unavailable</u>
	<u>\$ 7,203,561</u>

As of June 30, 2014, the Strike Force had receivables in the amount of \$63,096. The receivables were for state and federal grants and no allowance for uncollectible amounts was made.

D. Interfund receivables and payables

The composition of interfund balances as of June 30, 2014, is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
General	\$398,894	Non major governmental	\$398,894

The victims services fund, community development block grant fund and redevelopment agency fund temporarily borrowed pooled cash of \$4,134, \$8,400, and \$386,360, respectively.

E. Leases

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

Notes to Financial Statements for year ended June 30, 2014

F. Interfund transfers

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

Transfers Out	Transfers In					Totals
	General	Capital Projects	Non-major Governmental Funds	Non-major Proprietary Funds		
General	\$ -	\$ 969,527	\$ 2,201,601	\$ 1,090,471	\$	4,261,599
Non-major governmental funds	-	495,000	440,754	-		935,754
Water	91,484	-	-	-		91,484
Storm sewer	92,103	-	-	-		92,103
Sewer	36,250	-	-	-		36,250
Totals	\$ 219,837	\$ 1,464,527	\$ 2,642,355	\$ 1,090,471	\$	5,417,190

Transfers from the general fund were: 1) \$969,527 to the capital projects fund for various projects listed in the capital improvement plan. 2) Non-major governmental funds - \$2,198,179 to the debt services fund to pay bond payments and other pledges and \$31,638 to the victims services fund to match grant revenue; and 3) Non-major proprietary funds - \$435,000 to the swimming pool fund for operations; \$284,571 to the street lighting fund for operations, \$342,000 to the telecom infrastructure fund for operations and \$684 to athletic programs for operations.

Transfers from the impact fee fund, a non-major governmental fund, were: 1) \$495,000 to the capital project fund for street, and public safety projects; and 2) \$412,538 to the debt service fund to pay park facility bond payments.

Transfer from the CDBG fund, a non-major governmental fund, was: \$28,316 to the street lighting fund, a non-major proprietary fund, for street lighting projects.

Notes to Financial Statements for year ended June 30, 2014

G. Capital assets

Primary government

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance			Balance
	June 30, 2013	Additions	Reductions	June 30, 2014
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 77,467,590	\$ 3,344,502	\$ -	\$ 80,812,092
Construction in progress	1,917,832	32,271	1,666,912	283,191
Total capital assets, not being depreciated	79,385,422	3,376,773	1,666,912	81,095,283
Capital assets, being depreciated				
Buildings	15,706,806	1,313,466	-	17,020,272
Improvements other than buildings	4,239,363	352,385	-	4,591,748
Equipment	17,438,213	1,005,231	690,204	17,753,240
Infrastructure	93,713,311	3,025,206	-	96,738,517
Intangible	577,870	-	-	577,870
Total capital assets, being depreciated	131,675,563	5,696,288	690,204	136,681,647
Less accumulated depreciation for:				
Buildings	6,614,785	246,916	-	6,861,701
Improvements other than buildings	2,845,247	151,827	-	2,997,074
Equipment	14,547,383	845,583	690,204	14,702,762
Infrastructure	36,612,544	2,486,426	-	39,098,970
Intangible	538,070	22,845	-	560,915
Total accumulated depreciation	61,158,029	3,753,597	690,204	64,221,422
Total capital assets, being depreciated, net	70,517,534	1,942,691	-	72,460,225
Governmental activities capital assets, net	\$ 149,902,956	\$ 5,319,464	\$ 1,666,912	\$ 153,555,508
	Balance			Balance
	June 30, 2013	Additions	Reductions	June 30, 2014
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,174,040	\$ -	\$ -	\$ 1,174,040
Water stock and rights	3,065,442	369,000	8,875	3,425,567
Water contracts	1,081,890	1,081,890	-	2,163,780
Construction in progress	2,486,009	1,044,848	2,153,678	1,377,179
Total capital assets, not being depreciated	7,807,381	2,495,738	2,162,553	8,140,566
Capital assets, being depreciated				
Buildings	2,250,824	42,260	-	2,293,084
Improvements other than buildings	417,579	-	-	417,579
Equipment and infrastructure systems	113,093,051	5,763,171	-	118,856,222
Total capital assets, being depreciated	115,761,454	5,805,431	-	121,566,885
Less accumulated depreciation for:				
Buildings	1,677,496	22,156	-	1,699,652
Improvements other than buildings	410,876	1,341	-	412,217
Equipment and infrastructure systems	36,768,143	2,384,846	-	39,152,989
Total accumulated depreciation	38,856,515	2,408,343	-	41,264,858
Total capital assets, being depreciated, net	76,904,939	3,397,088	-	80,302,027
Business-type activities capital assets, net	\$ 84,712,320	\$ 5,892,826	\$ 2,162,553	\$ 88,442,593

Notes to Financial Statements for year ended June 30, 2014

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

Governmental activities:	
General government	\$ 130,876
Public safety	609,775
Community and economic development	5,240
Streets and public improvements	2,660,495
Parks and recreation	347,211
Total depreciation expense ó governmental activities	<u>\$ 3,753,597</u>
Business-type activities:	
Water	\$ 886,314
Storm sewer	935,439
Sewer	416,877
Swimming pool	71,450
Emergency medical services (EMS)	98,263
Total depreciation expense ó business-type activities	<u>\$ 2,408,343</u>

Construction and other commitments

The City had active construction projects as of June 30, 2014. They included projects for street widening, and storm sewer lines. At the year end the City's commitments with contractors and vendors were as follows:

<u>Projects:</u>	<u>Spent-to-date</u>	<u>Remaining</u>
Parks and recreation	\$ 138,622	\$ 9,407
Streets, Street lighting and walkways	376,173	114,346
Water	198,516	281,172
Storm sewer	968,289	822,415
Sanitary sewer	30,090	581,972
Total	<u>\$ 1,711,690</u>	<u>\$ 1,809,312</u>

<u>Encumbrances (by fund):</u>	
General	\$ 206,072
Davis Metro	7,660
CDBG	282,742
Capital projects	108,085
Street lighting	21,780
Water	189,420
Storm sewer	497,441
Sanitary sewer	458,011
Swimming pool	9,940
Redevelopment agency	2,290
	<u>\$ 1,783,441</u>

Discretely presented component unit

Activity for the Strike Force for the year ended June 30, 2014, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
	<u>July 1, 2013</u>			<u>June 30, 2014</u>
Capital assets, being depreciated:				
Equipment	\$ 253,004	\$ -	\$(15,200)	\$ 237,804
Less accumulated depreciation	(225,532)	(15,314)	15,200	(225,646)
Strike Force capital assets, net	<u>\$ 27,472</u>	<u>\$(15,314)</u>	<u>-</u>	<u>\$ 12,158</u>

Notes to Financial Statements for year ended June 30, 2014

H. Long term debt - Revenue bonds

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%. The City pledged sales tax revenues for the amount outstanding and term of the bonds as security for the bonds. The total outstanding principal and interest on the bonds of \$4,573,887 represents 37.5% of current year sales tax revenue received. Principal and interest payments made during fiscal 2014 of \$410,038 represent 3.4% of current year sales tax revenue received. 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.

Revenue bonds outstanding at the year- end were \$3,690,000 and debt service requirements to maturity are as follows:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$270,000	\$147,975
2016	285,000	134,812
2017	300,000	121,650
2018	300,000	108,150
2019	320,000	95,000
2020 ó 2024	1,415,000	243,900
2025	800,000	32,400
Total	<u>\$3,690,000</u>	<u>\$883,887</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>One Year</u>
Governmental activities:					
Sales tax revenue bonds	\$ 3,940,000	\$ -	\$ 250,000	\$ 3,690,000	\$ 270,000
Issuance premium	65,164	-	5,924	59,240	5,924
Total bonds payable	4,005,164	-	255,924	3,749,240	275,924
Compensated absences	2,182,154	1,237,855	1,292,994	2,127,015	1,265,358
Total governmental activities	<u>\$ 6,187,318</u>	<u>\$1,237,855</u>	<u>\$1,548,918</u>	<u>\$ 5,876,255</u>	<u>\$1,541,282</u>
Business-type activities:					
Sales tax revenue bonds	\$ 355,000	\$ -	\$ 355,000	\$ -	\$ -
Contracts payable	150,875	38,187	27,587	161,475	4,875
Compensated absences	420,566	127,610	143,650	404,526	169,605
Total business-type activities	<u>\$ 926,441</u>	<u>\$ 165,797</u>	<u>\$ 526,237</u>	<u>\$ 566,001</u>	<u>\$ 174,480</u>

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

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

Notes to Financial Statements for year ended June 30, 2014

statements may be obtained at their office, 360 West 920 North, Orem, Utah 84057.

The City paid premiums and loss recovery of \$148,926 to URMMA for the year ended June 30, 2014. The City paid URMMA \$9,034 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.

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, 2014:

	Contribution Rates	
	Tier 1	Tier 2
Local Government Contributory Retirement System	19.28%	13.99%
Local Government Noncontributory Retirement System	17.29%	
Public Safety Retirement System, Contributory Division	33.12%	20.85%
Public Safety Retirement System, Noncontributory Division	32.14%	
Firefighters Retirement System	18.01%	

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

System Name	Contributions		
	2014	2013	2012
Local Government Contributory Retirement System	\$ 155,813	\$ 135,553	\$ 97,113
Local Government Noncontributory Retirement System	1,154,406	1,062,411	909,413
Public Safety Retirement System, Contributory Division	58,320	45,788	22,504
Public Safety Retirement System, Noncontributory Division	1,179,018	1,118,712	1,015,940
Firefighters Retirement System	526,395	504,455	434,502

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, 2014, were \$254,405.

Deferred compensation plan - The City offers plans created in accordance with Internal Revenue Code section 457 and Roth IRAs. 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 2014 total \$2,326,540. Payments for 2015 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. The City has not reported the loan receivable for \$9,324,572 in the general fund or in the entity-wide statements 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 2014 were \$247,011. Total assessments anticipated for fiscal year 2015 are \$213,723.

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 fee revenue.

G. Redevelopment agency ó 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	\$ 352,739
b) Tax increment paid to other entities	-
c) Outstanding principal amount of bonds issued	-
d) Project expenditures and administrative costs	-

The following further information about tax increment funds but not required by State Statute:

a) Tax increment revenue restricted by statute for affordable housing, current year	\$ 70,548
b) Total tax increment revenue restricted for affordable housing at June 30, 2014	-
c) Tax increment revenue spent on affordable housing during the year	-

East Gate Economic Development Project -

a) Tax increment collected	\$ 495,812
b) Tax increment paid to other entities	330,858
c) Outstanding principal amount of bonds issued	-
d) Project expenditures and administrative costs	3,705

The Agency collected tax increment revenue of \$495,812 at June 30, 2014. 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 \$165,585. The City was repaid \$165,273.

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.

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, 2014

	Special Revenue			
	Emergency Dispatch Service	Victims Services	Community Development Block Grant	Impact Fee
<u>Assets</u>				
Cash and cash equivalents	\$ 268,027	\$ -	\$ -	\$ 4,152,993
Receivables:				
Taxes and intergovernmental Accounts	-	11,384	8,970	-
85,810	85,810	-	-	-
Restricted assets:				
Restricted cash and cash equivalents	-	-	-	-
 Total assets	 \$ 353,837	 \$ 11,384	 \$ 8,970	 \$ 4,152,993
<u>Liabilities</u>				
Accounts payable	\$ 100,217	\$ 429	\$ -	\$ -
Accrued liabilities	-	1,836	570	-
Due to other funds	-	4,134	8,400	-
Total liabilities	100,217	6,399	8,970	-
<u>Fund balances</u>				
Restricted for:				
Street construction	-	-	-	2,345,927
Park development	-	-	-	1,391,721
Public safety facilities	-	-	-	415,345
Debt service	-	-	-	-
Assigned	253,620	4,985	-	-
 Total fund balances	 253,620	 4,985	 -	 4,152,993
 Total liabilities and fund balances	 \$ 353,837	 \$ 11,384	 \$ 8,970	 \$ 4,152,993

<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 351,197	\$ 4,772,217
-	20,354
-	85,810
<u>347,486</u>	347,486
<u>\$ 698,683</u>	<u>\$ 5,225,867</u>
\$ -	\$ 100,646
-	2,406
-	12,534
<u>-</u>	<u>115,586</u>
-	2,345,927
-	1,391,721
-	415,345
347,486	347,486
<u>351,197</u>	<u>609,802</u>
<u>698,683</u>	<u>5,110,281</u>
<u>\$ 698,683</u>	<u>\$ 5,225,867</u>

LAYTON CITY CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the year ended June 30, 2014

	Special Revenue			
	Emergency Dispatch Service	Victims Services	Community Development Block Grant	Impact Fee
Revenues:				
Intergovernmental	\$ 660	\$ 44,442	\$ 265,454	\$ -
Charges for services	503,001	-	-	1,799,272
Miscellaneous	1,346	23	2,000	18,672
Total revenues	505,007	44,465	267,454	1,817,944
Expenditures:				
Current:				
General government	-	75,795	-	409
Public safety	671,992	-	-	-
Community and economic development	-	-	239,238	-
Debt service:				
Principal	-	-	-	-
Interest and agent fees	-	-	-	-
Pledge payments	-	-	-	-
Total expenditures	671,992	75,795	239,238	409
Excess (deficiency) of revenues over (under) expenditures	(166,985)	(31,330)	28,216	1,817,535
Other financing sources (uses):				
Transfers in	-	31,638	-	-
Transfers out	-	-	(28,216)	(907,538)
Total other financing sources (uses)	-	31,638	(28,216)	(907,538)
Net change in fund balances	(166,985)	308	-	909,997
Fund balances - beginning	420,605	4,677	-	3,242,996
Fund balances - ending	\$ 253,620	\$ 4,985	\$ -	\$ 4,152,993

<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 310,556
-	2,302,273
<u>960</u>	<u>23,001</u>
<u>960</u>	<u>2,635,830</u>
-	76,204
-	671,992
-	239,238
250,000	250,000
162,538	162,538
<u>2,193,179</u>	<u>2,193,179</u>
<u>2,605,717</u>	<u>3,593,151</u>
<u>(2,604,757)</u>	<u>(957,321)</u>
2,610,717	2,642,355
<u>-</u>	<u>(935,754)</u>
<u>2,610,717</u>	<u>1,706,601</u>
5,960	749,280
<u>692,723</u>	<u>4,361,001</u>
<u>\$ 698,683</u>	<u>\$ 5,110,281</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.

Street Lighting Fund — This fund accounts for the activities related to the City street lighting fee, system and program. In FY14 the City instituted a street lighting fee to facilitate the purchase of the street lighting system within the City. The City is also using funds collected to expand the system in areas previously overlooked during development.

LAYTON CITY CORPORATION

COMBINING STATEMENT OF NET POSITION

NONMAJOR PROPRIETARY FUNDS

June 30, 2014

	Swimming Pool	Emergency Medical Services	Street Lighting	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 287,249	\$ 467,695	\$ 132,304	\$ 123,634	\$ 85,285	\$ 1,096,167
Accounts receivable, net	-	327,609	86,030	-	853	414,492
Contracts receivable	-	-	-	-	4,875	4,875
Inventory	3,673	-	-	-	-	3,673
Total current assets	290,922	795,304	218,334	123,634	91,013	1,519,207
Noncurrent assets:						
Contracts receivable	-	-	-	-	156,600	156,600
Capital assets:						
Land	1,000	-	-	-	-	1,000
Buildings	2,293,084	-	-	-	-	2,293,084
Improvements other than buildings	20,112	-	-	-	-	20,112
Distribution and collection systems	-	-	218,816	-	-	218,816
Equipment	665,585	1,293,232	127,234	-	-	2,086,051
Less: accumulated depreciation	(2,233,055)	(900,408)	-	-	-	(3,133,463)
Total capital assets	746,726	392,824	346,050	-	-	1,485,600
Total noncurrent assets	746,726	392,824	346,050	-	156,600	1,642,200
Total assets	1,037,648	1,188,128	564,384	123,634	247,613	3,161,407
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	26,066	20,219	32,182	11,835	-	90,302
Accrued liabilities	19,927	41,086	-	3,728	-	64,741
Compensated absences payable	9,633	87,117	-	-	-	96,750
Payable to other governments	-	5,142	-	-	-	5,142
Contracts payable	-	-	-	-	4,875	4,875
Total current liabilities	55,626	153,564	32,182	15,563	4,875	261,810
Noncurrent liabilities:						
Contracts payable	-	-	-	-	156,600	156,600
Compensated absences payable	-	127,934	-	-	-	127,934
Total noncurrent liabilities	-	127,934	-	-	156,600	284,534
Total liabilities	55,626	281,498	32,182	15,563	161,475	546,344
<u>Net position</u>						
Net investment in capital assets	746,726	392,824	346,050	-	-	1,485,600
Unrestricted	235,296	513,806	186,152	108,071	86,138	1,129,463
Total net position	\$ 982,022	\$ 906,630	\$ 532,202	\$ 108,071	\$ 86,138	\$ 2,615,063

LAYTON CITY CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 For the year ended June 30, 2014

	Swimming Pool	Emergency Medical Services	Street Lighting	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Operating revenues</u>						
Charges for services	\$ 426,409	\$ 1,765,930	\$ 856,832	\$ 325,837	\$ 13,741	\$ 3,388,749
Miscellaneous	45,424	18,419	1,775	-	10	65,628
Total operating revenues	471,833	1,784,349	858,607	325,837	13,751	3,454,377
<u>Operating expenses</u>						
Salaries, wages and benefits	576,364	1,907,050	-	96,273	-	2,579,687
Supplies and maintenance	120,359	246,648	341,380	206,027	18	914,432
Utilities	215,999	6,345	347,670	-	-	570,014
Professional services and training	2,032	49,361	890	-	-	52,283
Contracted agreements	-	-	-	-	268,961	268,961
Insurance	7,674	15,915	-	-	-	23,589
Bad debt collection fees	-	21,846	-	-	65	21,911
Depreciation	71,450	98,263	-	-	-	169,713
Total operating expenses	993,878	2,345,428	689,940	302,300	269,044	4,600,590
Operating income (loss)	(522,045)	(561,079)	168,667	23,537	(255,293)	(1,146,213)
<u>Nonoperating revenues</u>						
Interest	-	1,981	148	-	32	2,161
Grants	-	660,177	-	-	-	660,177
Total nonoperating revenues	-	662,158	148	-	32	662,338
Income (loss) before transfers and contributions	(522,045)	101,079	168,815	23,537	(255,261)	(483,875)
Capital contribution	-	-	50,600	-	-	50,600
Transfers in	435,000	-	312,787	684	342,000	1,090,471
Change in net position	(87,045)	101,079	532,202	24,221	86,739	657,196
Total net position - beginning	1,069,067	805,551	-	83,850	(601)	1,957,867
Total net position - ending	\$ 982,022	\$ 906,630	\$ 532,202	\$ 108,071	\$ 86,138	\$ 2,615,063

LAYTON CITY CORPORATION

COMBINING STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS

For the year ended June 30, 2014

	Swimming Pool	Emergency Medical Services	Street Lighting	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
Cash flow from operating activities						
Receipts from customers	\$ 471,833	\$ 1,713,022	\$ 772,577	\$ 325,837	\$ 13,108	\$ 3,296,377
Receipts from interfund services provided	-	-	-	-	(447)	(447)
Payments to suppliers	(318,048)	(310,408)	(657,758)	(205,986)	(447)	(1,492,647)
Payments for interfund services used	(9,818)	(2,120)	-	-	-	(11,938)
Payments to other governments	(835)	(16,745)	-	-	(268,961)	(286,541)
Payments to employees	(570,511)	(1,896,196)	-	(94,973)	-	(2,561,680)
Net cash used by operating activities	(427,379)	(512,447)	114,819	24,878	(256,747)	(1,056,876)
Cash flow from non-capital financing activities						
Transfers (to) from other funds	435,000	-	312,787	684	342,000	1,090,471
County, state and federal grants	-	660,177	-	-	-	660,177
Net cash provided by non-capital financing activities	435,000	660,177	312,787	684	342,000	1,750,648
Cash flow from capital and related financing activities						
Purchase of capital assets	(42,260)	(168,302)	(295,450)	-	-	(506,012)
Contracts receivable	-	-	-	-	11,025	11,025
Contracts payable	-	-	-	-	(11,025)	(11,025)
Net cash used by capital and related financing activities	(42,260)	(168,302)	(295,450)	-	-	(506,012)
Cash flow from investing activities						
Interest earned on investments	-	1,981	148	-	32	2,161
Net cash provided by investing activities	-	1,981	148	-	32	2,161
Net increase (decrease) in cash and cash equivalents	(34,639)	(18,591)	132,304	25,562	85,285	189,921
Cash and cash equivalents at beginning of year	321,888	486,286	-	98,072	-	906,246
Cash and cash equivalents at end of year	\$ 287,249	\$ 467,695	\$ 132,304	\$ 123,634	\$ 85,285	\$ 1,096,167

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

Operating income (loss)	\$ (522,045)	\$ (561,079)	\$ 168,667	\$ 23,537	\$ (255,293)	\$(1,146,213)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:						
Depreciation expense	71,450	98,263	-	-	-	169,713
Decrease (increase) in accounts receivable	-	(71,327)	(86,030)	-	(643)	(158,000)
Increase (decrease) in inventories	(1,152)	-	-	-	-	(1,152)
Increase (decrease) in accounts payable	18,515	8,856	32,182	41	(364)	59,230
Increase (decrease) in due to other funds	-	-	-	-	(447)	(447)
Increase (decrease) in accrued liabilities	-	1,986	-	1,300	-	3,286
Increase (decrease) in compensated absences	5,853	10,854	-	-	-	16,707
Total adjustments	94,666	48,632	(53,848)	1,341	(1,454)	89,337
Net cash provided (used) by operating activities	\$ (427,379)	\$ (512,447)	\$ 114,819	\$ 24,878	\$ (256,747)	\$(1,056,876)

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Layton City Corporation

Individual Fund Statements

LAYTON CITY CORPORATION

GENERAL FUND
COMPARATIVE BALANCE SHEET

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Cash and cash equivalents	\$ 5,568,423	\$ 5,350,944
Investments	250,764	754,431
Receivables:		
Taxes and intergovernmental	9,633,328	10,780,912
Accounts	3,495	20,920
Loans	-	7,090,275
Due from other funds	398,894	405,956
Prepaid	16,489	19,132
Restricted assets:		
Cash and cash equivalents	1,447,142	1,074,259
 Total assets	 \$ 17,318,535	 \$ 25,496,829
<u>Liabilities</u>		
Accounts payable	\$ 382,255	\$ 300,397
Accrued liabilities	1,560,857	2,190,716
Customer deposits	1,447,142	1,074,259
Due to developers	20,100	20,100
Total liabilities	3,410,354	3,585,472
<u>Deferred inflow of resources</u>		
Property tax revenue	6,367,952	7,520,958
Loan receivable	-	7,090,275
Total deferred inflows of resources	6,367,952	14,611,233
Fund balance:		
Nonspendable	415,383	425,088
Restricted for class c roads	-	6,343
Assigned	1,969,311	1,437,512
Unassigned	5,155,535	5,431,181
 Total fund balance	 7,540,229	 7,300,124
 Total liabilities, deferred inflows of resources and fund balance	 \$ 17,318,535	 \$ 25,496,829

LAYTON CITY CORPORATION

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the years ended June 30, 2014 and 2013

	2014	2013
<u>Revenues</u>		
Taxes and special assessments	\$ 25,403,904	\$ 24,794,033
Licenses and permits	1,238,610	1,499,432
Intergovernmental	2,318,440	2,530,959
Charges for services	888,864	1,011,694
Fines and forfeitures	297,592	298,146
Miscellaneous	825,668	879,020
Total revenues	30,973,078	31,013,284
<u>Expenditures</u>		
Current:		
General government	4,387,678	4,102,039
Public safety	14,493,464	14,046,833
Community and economic development	1,190,038	1,097,991
Streets and public improvements	3,713,455	4,507,494
Parks and recreation	2,941,651	2,825,095
Total expenditures	26,726,286	26,579,452
Excess of revenues over expenditures	4,246,792	4,433,832
<u>Other financing sources (uses)</u>		
Transfers in:		
B&C road fund	-	70,646
Water fund	91,484	91,253
Storm sewer fund	92,103	92,103
Sewer fund	36,250	36,250
Total transfers in	219,837	290,252
Transfers out:		
B&C road fund	-	(70,646)
Swimming pool fund	(435,000)	(475,762)
Debt service fund	(2,198,179)	(1,906,098)
Capital projects fund	(969,527)	(903,657)
UIA infrastructure fund	(342,000)	(142,265)
Athletic fund	(684)	(718)
Street lighting fund	(284,571)	-
Victim services fund	(31,638)	(24,531)
Total transfers out	(4,261,599)	(3,523,677)
Sale of capital assets	35,075	129,035
Total other financing sources and (uses)	(4,006,687)	(3,104,390)
Net change in fund balance	240,105	1,329,442
Fund balance - beginning	7,300,124	5,970,682
Fund balance - ending	\$ 7,540,229	\$ 7,300,124

LAYTON CITY CORPORATION

EMERGENCY DISPATCH SERVICE FUND
COMPARATIVE BALANCE SHEET

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Cash and cash equivalents	\$ 268,027	\$ 351,140
Receivables - accounts	85,810	85,154
Total assets	<u>\$ 353,837</u>	<u>\$ 436,294</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 100,217	\$ 15,689
Total liabilities	<u>100,217</u>	<u>15,689</u>
Fund balance:		
Assigned	<u>253,620</u>	<u>420,605</u>
Total fund balance	<u>253,620</u>	<u>420,605</u>
Total liabilities and fund balance	<u>\$ 353,837</u>	<u>\$ 436,294</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, 2014

(with comparative actual amounts for year ended June 30, 2013)

	2014			2013	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Intergovernmental:					
State and federal grants	\$ -	\$ 660	\$ 660	\$ -	\$ 549
Charges for services:					
Telephone fees	452,000	452,000	503,001	51,001	503,695
Miscellaneous:					
Interest	1,500	1,500	1,346	(154)	2,573
Total revenues	453,500	454,160	505,007	50,847	506,817
<u>Expenditures</u>					
Current:					
Public safety:					
Salaries, wages and benefits	349,751	350,883	350,883	-	341,687
Materials and supplies	205,834	227,494	225,820	1,674	107,086
Equipment	-	97,546	95,289	2,257	104,649
Total expenditures	555,585	675,923	671,992	3,931	553,422
Net change in fund balance	(102,085)	(221,763)	(166,985)	54,778	(46,605)
Fund balance - beginning	420,605	420,605	420,605	-	467,210
Fund balance - ending	\$ 318,520	\$ 198,842	\$ 253,620	\$ 54,778	\$ 420,605

LAYTON CITY CORPORATION

VICTIMS SERVICES FUND
COMPARATIVE BALANCE SHEET

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Receivables - grants	\$ 11,384	\$ 12,571
Total assets	<u>\$ 11,384</u>	<u>\$ 12,571</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 429	\$ 487
Accrued liabilities	1,836	1,173
Due to other funds	4,134	6,234
Total liabilities	<u>6,399</u>	<u>7,894</u>
Fund balance		
Assigned	<u>4,985</u>	<u>4,677</u>
Total fund balance	<u>4,985</u>	<u>4,677</u>
Total liabilities and fund balance	<u>\$ 11,384</u>	<u>\$ 12,571</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, 2014

(with comparative actual amounts for year ended June 30, 2013)

	2014			Variance With Final Budget - Positive (Negative)	2013
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
VOCA grant	\$ 44,688	\$ 44,688	\$ 44,442	\$ (246)	\$ 49,653
Miscellaneous	-	-	23	23	-
Total revenues	44,688	44,688	44,465	(223)	49,653
<u>Expenditures</u>					
Current:					
General government:					
Salaries, wages and benefits	71,986	72,559	73,038	(479)	69,690
Materials and supplies	4,340	4,340	2,757	1,583	2,617
Total expenditures	76,326	76,899	75,795	1,104	72,307
Deficiency of revenues under expenditures	(31,638)	(32,211)	(31,330)	881	(22,654)
<u>Other financing sources:</u>					
Transfers in	31,638	32,211	31,638	(573)	24,531
Net change in fund balance	-	-	308	308	1,877
Fund balance - beginning	4,677	4,677	4,677	-	2,800
Fund balance - ending	\$ 4,677	\$ 4,677	\$ 4,985	\$ 308	\$ 4,677

LAYTON CITY CORPORATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUND
COMPARATIVE BALANCE SHEET

June 30, 2014 and 2013

	2014	2013
<hr/>		
<u>Assets</u>		
Receivables - grants	\$ 8,970	\$ 3,672
Total assets	<u>\$ 8,970</u>	<u>\$ 3,672</u>
<u>Liabilities</u>		
Liabilities:		
Accounts payable	\$ -	\$ 39
Accrued liabilities	570	271
Due to other funds	<u>8,400</u>	<u>3,362</u>
Total liabilities	<u>\$ 8,970</u>	<u>\$ 3,672</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, 2014
 (with comparative actual amounts for year ended June 30, 2013)

	2014			2013	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Intergovernmental:					
Community development block grants	\$ 253,000	\$ 666,638	\$ 265,454	\$ (401,184)	\$ 284,972
Miscellaneous:					
Sundry	-	-	2,000	2,000	-
Total revenue	253,000	666,638	267,454	(399,184)	284,972
<u>Expenditures</u>					
Current:					
Community and economic development:					
Salaries, wages and benefits	33,200	44,600	21,996	22,604	33,992
Materials, supplies and programs	55,350	344,400	59,788	284,612	52,830
Housing, sidewalk, and other projects	164,450	252,638	157,454	95,184	198,150
Total expenditures	253,000	641,638	239,238	402,400	284,972
Excess of revenues over expenditures	-	25,000	28,216	3,216	-
<u>Other financing uses</u>					
Transfers out	-	(30,000)	(28,216)	1,784	-
Total other financing uses	-	(30,000)	(28,216)	1,784	-
Net change in fund balance	-	(5,000)	-	5,000	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ (5,000)	\$ -	\$ 5,000	\$ -

LAYTON CITY CORPORATION

IMPACT FEE FUND
COMPARATIVE BALANCE SHEET

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Cash and cash equivalents	\$ 4,152,993	\$ 3,242,996
Total assets	<u>\$ 4,152,993</u>	<u>\$ 3,242,996</u>
<u>Liabilities and fund balance</u>		
Fund balance:		
Restricted for street construction	\$ 2,345,927	\$ 1,831,545
Restricted for park development	1,391,721	1,196,983
Restricted for public safety facilities	415,345	214,468
Total fund balance	<u>4,152,993</u>	<u>3,242,996</u>
Total liabilities and fund balance	<u>\$ 4,152,993</u>	<u>\$ 3,242,996</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, 2014

(with comparative actual amounts for year ended June 30, 2013)

	2014			2013	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Charges for services:					
Transportation impact fees	\$ 600,000	\$ 602,500	\$ 998,978	\$ 396,478	\$ 1,719,889
Park impact fees	350,000	350,000	601,153	251,153	1,369,585
Public safety impact fees	150,000	150,000	199,141	49,141	420,516
Miscellaneous:					
Interest	7,000	7,000	18,672	11,672	15,503
Total revenues	1,107,000	1,109,500	1,817,944	708,444	3,525,493
<u>Expenditures</u>					
General government	-	2,500	409	2,091	21,185
Excess of revenue over expenditures	1,107,000	1,107,000	1,817,535	706,353	3,504,308
<u>Other financing uses</u>					
Transfers out:					
Debt service fund	412,538	412,538	412,538	-	418,975
Capital projects fund:					
Street projects	495,000	495,000	495,000	-	150,000
Public safety projects	-	-	-	-	783,317
Total other financing uses	907,538	907,538	907,538	-	1,352,292
Net change in fund balance	199,462	199,462	909,997	706,353	2,152,016
Fund balance - beginning	3,242,996	3,242,996	3,242,996	-	1,090,980
Fund balance - ending	\$ 3,442,458	\$ 3,442,458	\$ 4,152,993	\$ 706,353	\$ 3,242,996

LAYTON CITY CORPORATION

REDEVELOPMENT AGENCY FUND
COMPARATIVE BALANCE SHEET

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Cash and cash equivalents	\$ 1,134,573	\$ 651,402
Receivables - taxes	765,061	671,457
Note receivable	95,449	104,405
Restricted assets:		
Restricted receivables - taxes - affordable housing	70,548	65,259
Total assets	<u>\$ 2,065,631</u>	<u>\$ 1,492,523</u>
<u>Liabilities and fund balance</u>		
Due to other funds	\$ 386,360	\$ 396,360
Accounts payable	1,500	16,163
Total liabilities	<u>387,860</u>	<u>412,523</u>
<u>Deferred inflow of resources</u>		
Property tax revenue	<u>835,609</u>	<u>736,716</u>
Fund balance:		
Nonspendable	95,449	104,405
Restricted	746,713	238,879
Total fund balance	<u>842,162</u>	<u>343,284</u>
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 2,065,631</u>	<u>\$ 1,492,523</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, 2014

(with comparative actual amounts for year ended June 30, 2013)

	2014			Variance With Final Budget - Positive (Negative)	2013
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Property taxes - development increment	\$ 824,000	\$ 824,000	\$ 848,551	24,551	\$ 740,558
Intergovernmental	-	-	-	-	11,455
Miscellaneous	-	-	5,380	5,380	7,638
Total revenues	824,000	824,000	853,931	29,931	759,651
<u>Expenditures</u>					
Current:					
Community and economic development:					
Materials and supplies	21,000	21,000	3,704	17,296	7,286
Capital outlay - projects	445,555	932,832	20,490	912,342	614,543
Payback agreements	357,445	357,445	330,859	26,586	374,647
Total expenditures	824,000	1,311,277	355,053	956,224	996,476
Excess (deficiency) of revenue over (under) expenditures	-	(487,277)	498,878	986,155	(236,825)
<u>Other financing uses</u>					
Transfers out:					
Capital projects fund	-	-	-	-	37,500
Total other financing uses	-	-	-	-	37,500
Net change in fund balance	-	(487,277)	498,878	986,155	(274,325)
Fund balance - beginning	343,284	343,284	343,284	-	617,609
Fund balance - ending	\$ 343,284	\$ (143,993)	\$ 842,162	\$ 986,155	\$ 343,284

LAYTON CITY CORPORATION

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET

June 30, 2014 and 2013

	2014	2013
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 351,197	\$ 359,204
Cash and cash equivalents - restricted	347,486	333,519
	<hr/>	<hr/>
Total assets	\$ 698,683	\$ 692,723
	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and fund balance</u>		
Fund balance:		
Restricted	\$ 347,486	\$ 333,519
Assigned	351,197	359,204
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 698,683	\$ 692,723
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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, 2014

(with comparative actual amounts for year ended June 30, 2013)

	2014			Variance With Final Budget - Positive (Negative)	2013
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Miscellaneous:					
Interest	\$ -	\$ -	\$ 960	\$ 960	\$ 1,405
Total revenues	-	-	960	960	1,405
<u>Expenditures</u>					
Debt service:					
Principal	250,000	250,000	250,000	-	245,000
Interest and agent fees	162,538	162,538	162,538	-	173,975
Pledge payments - UTOPIA debt service reserve	2,189,530	2,194,530	2,193,179	1,351	2,326,540
Total expenditures	2,602,068	2,607,068	2,605,717	1,351	2,745,515
Deficiency of revenues under expenditures	(2,602,068)	(2,607,068)	(2,604,757)	2,311	(2,744,110)
<u>Other financing sources (uses)</u>					
Transfer in - general fund	2,189,530	2,194,530	2,198,179	3,649	1,906,098
Transfer in - impact fee fund	412,538	412,538	412,538	-	418,975
Total other financing sources (uses)	2,602,068	2,607,068	2,610,717	3,649	2,325,073
Net change in fund balance	-	-	5,960	5,960	(419,037)
Fund balance - beginning	692,723	692,723	692,723	-	1,111,760
Fund balance - ending	\$ 692,723	\$ 692,723	\$ 698,683	\$ 5,960	\$ 692,723

LAYTON CITY CORPORATION

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Cash and cash equivalents	\$ 2,405,686	\$ 2,514,752
Total assets	<u>\$ 2,405,686</u>	<u>\$ 2,514,752</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 28,108	\$ 110,885
Retainage payable	<u>-</u>	<u>54,453</u>
Total liabilities	<u>28,108</u>	<u>165,338</u>
Fund balance:		
Restricted for:		
Street construction - class c roads	46,433	11,622
Street construction - transportation impact fees	140,886	76,784
Public safety facilities - public safety impact fees	<u>1,178</u>	<u>70,549</u>
Total restricted	188,497	158,955
Assigned	<u>2,189,081</u>	<u>2,190,459</u>
Total fund balance	<u>2,377,578</u>	<u>2,349,414</u>
Total liabilities and fund balance	<u>\$ 2,405,686</u>	<u>\$ 2,514,752</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, 2014
 (with comparative actual amounts for year ended June 30, 2013)

	2014			2013	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Developer payments	\$ -	\$ 44,334	\$ 44,334	\$ -	\$ 141,000
Project participation	-	-	-	-	82,500
Total revenues	-	44,334	44,334	-	223,500
<u>Expenditures</u>					
Capital outlay	\$ 1,440,000	\$ 3,760,022	\$ 1,480,697	\$ 2,279,325	\$ 3,128,081
Total expenditures	1,440,000	3,760,022	1,480,697	2,279,325	3,128,081
Deficiency of revenues under expenditures	(1,440,000)	(3,715,688)	(1,436,363)	2,279,325	(2,904,581)
<u>Other financing sources</u>					
Transfers in:					
Impact fee fund	495,000	495,000	495,000	-	933,317
Redevelopment agency	-	-	-	-	37,500
General fund - class c roads	650,000	614,806	614,806	-	340,000
General fund - other	295,000	354,721	354,721	-	563,657
Total other financing sources	1,440,000	1,464,527	1,464,527	-	1,874,474
Net change in fund balance	-	(2,251,161)	28,164	2,279,325	(1,030,107)
Fund balance - beginning	2,349,414	2,349,414	2,349,414	-	3,379,521
Fund balance - ending	\$ 2,349,414	\$ 98,253	\$ 2,377,578	\$ 2,279,325	\$ 2,349,414

LAYTON CITY CORPORATION

WATER FUND COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,174,288	\$ 1,693,370
Accounts receivable, net	1,372,979	1,398,797
Due from other funds	-	447
Note receivable	39,832	35,358
Inventory	161,657	258,858
Prepaid expense	621,865	603,465
Total current assets	<u>3,370,621</u>	<u>3,990,295</u>
Noncurrent assets:		
Restricted cash and cash equivalents	<u>101,375</u>	<u>407,324</u>
Capital assets:		
Water stocks and rights	3,425,567	3,065,442
Land	420,551	420,551
Water contracts	2,163,780	1,081,890
Improvements other than buildings	397,467	397,467
Distribution system	47,667,875	44,808,122
Equipment	1,298,331	1,237,285
Construction in progress	113,585	1,975,386
Less: accumulated depreciation	<u>(16,697,017)</u>	<u>(15,810,703)</u>
Total capital assets (net of accumulated depreciation)	<u>38,790,139</u>	<u>37,175,440</u>
Total noncurrent assets	<u>38,891,514</u>	<u>37,582,764</u>
Total assets	<u>42,262,135</u>	<u>41,573,059</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	204,028	629,202
Accrued liabilities	44,808	18,873
Compensated absences payable	50,583	99,009
Customer deposits	101,375	45,445
Accrued bond interest payable	-	5,492
Bonds payable	-	355,000
Total current liabilities	<u>400,794</u>	<u>1,153,021</u>
Noncurrent liabilities:		
Compensated absences payable	<u>74,281</u>	<u>29,511</u>
Total noncurrent liabilities	<u>74,281</u>	<u>29,511</u>
Total liabilities	<u>475,075</u>	<u>1,182,532</u>
<u>Net position</u>		
Net investment in capital assets	38,790,139	37,182,319
Restricted for increased system development	327,542	514,930
Unrestricted	<u>2,669,379</u>	<u>2,693,278</u>
Total net position	<u>\$ 41,787,060</u>	<u>\$ 40,390,527</u>

LAYTON CITY CORPORATION

WATER FUND

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

For the years ended June 30, 2014 and 2013

	2014	2013
<u>Operating revenues</u>		
Charges for services	\$ 6,151,305	\$ 6,413,738
Miscellaneous	1,787	9,839
Total operating revenues	<u>6,153,092</u>	<u>6,423,577</u>
<u>Operating expenses</u>		
Salaries wages and benefits	1,264,771	1,023,400
Supplies and maintenance	1,039,613	687,722
Utilities	728,662	754,111
Professional services and training	13,512	11,557
Water purchases	1,275,164	1,085,882
Insurance	37,973	25,347
Rent	161,522	161,522
Franchise tax	337,431	337,431
Bad debt collection fees	1,082	660
Depreciation	886,314	881,080
Total operating expenses	<u>5,746,044</u>	<u>4,968,712</u>
Operating income	<u>407,048</u>	<u>1,454,865</u>
<u>Nonoperating revenues (expenses)</u>		
Interest revenue	5,894	18,429
Connection charges	1,400	85,556
Gain (loss) on sale of capital assets	(8,875)	37,994
Bond issuance costs	-	(6,331)
Interest expense	(3,000)	(14,967)
Total nonoperating revenues (expenses)	<u>(4,581)</u>	<u>120,681</u>
Income before contributions and transfers	402,467	1,575,546
Capital contributions - infrastructure	408,793	256,253
Capital contributions - water stock	369,000	476,000
Capital contributions - impact fees	208,660	362,850
Capital contributions - exaction fees	92,297	14,207
Capital contributions - developer payments	6,800	-
Transfers out	(91,484)	(91,253)
Change in net position	1,396,533	2,593,603
Total net position - beginning	<u>40,390,527</u>	<u>37,796,924</u>
Total net position - ending	<u>\$ 41,787,060</u>	<u>\$ 40,390,527</u>

LAYTON CITY CORPORATION

STORM SEWER FUND COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 4,347,650	\$ 3,255,149
Accounts receivable, net	248,477	285,035
Total current assets	<u>4,596,127</u>	<u>3,540,184</u>
Noncurrent assets:		
Restricted cash and cash equivalents	<u>148,881</u>	<u>129,381</u>
Capital assets:		
Land	721,777	721,777
Collection system	47,431,854	46,189,293
Equipment	541,197	283,981
Construction in progress	1,263,594	337,018
Less accumulated depreciation	<u>(14,905,965)</u>	<u>(13,970,526)</u>
Total capital assets	35,052,457	33,561,543
Total noncurrent assets	<u>35,201,338</u>	<u>33,690,924</u>
Total assets	<u>39,797,465</u>	<u>37,231,108</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	407,406	29,902
Accrued liabilities	28,150	25,773
Surety deposits	148,881	129,381
Compensated absences payable	<u>10,494</u>	<u>22,699</u>
Total current liabilities	<u>594,931</u>	<u>207,755</u>
Noncurrent liabilities:		
Compensated absences payable	<u>15,410</u>	<u>6,766</u>
Total liabilities	<u>610,341</u>	<u>214,521</u>
<u>Net position</u>		
Net investment in capital assets	35,052,457	33,561,543
Restricted for increased system development	1,485,190	759,017
Unrestricted	<u>2,649,477</u>	<u>2,696,027</u>
Total net position	<u>\$ 39,187,124</u>	<u>\$ 37,016,587</u>

LAYTON CITY CORPORATION

STORM SEWER FUND

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

For the years ended June 30, 2014 and 2013

	2014	2013
<u>Operating revenues</u>		
Charges for services	\$ 2,229,148	\$ 2,210,843
Miscellaneous	-	325,000
Total operating revenues	<u>2,229,148</u>	<u>2,535,843</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	527,839	491,454
Supplies and maintenance	321,254	681,488
Utilities	7,509	6,591
Professional services and training	7,625	7,350
Insurance	6,944	8,323
Rent	125,899	125,899
Franchise tax	130,303	130,303
Bad debt collection fees	112	689
Depreciation	<u>935,439</u>	<u>905,892</u>
Total operating expenses	<u>2,062,924</u>	<u>2,357,989</u>
Operating income	<u>166,224</u>	<u>177,854</u>
<u>Nonoperating revenues</u>		
Interest	<u>19,621</u>	<u>19,221</u>
Income before contributions and transfers	185,845	197,075
Capital contributions - infrastructure	1,168,412	530,172
Capital contributions - impact fees	908,383	526,313
Transfers out	<u>(92,103)</u>	<u>(92,103)</u>
Change in net position	2,170,537	1,161,457
Total net position - beginning	<u>37,016,587</u>	<u>35,855,130</u>
Total net position - ending	<u><u>\$ 39,187,124</u></u>	<u><u>\$ 37,016,587</u></u>

LAYTON CITY CORPORATION

SEWER FUND COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,227,139	\$ 1,748,460
Accounts receivable, net	968,066	868,577
Total current assets	<u>3,195,205</u>	<u>2,617,037</u>
Noncurrent assets:		
Capital assets:		
Land	30,712	30,712
Collection system	18,778,513	18,005,726
Equipment	833,585	778,129
Construction in progress	-	173,605
Less accumulated depreciation	<u>(6,528,413)</u>	<u>(6,111,536)</u>
Total capital assets (net of accumulated depreciation)	<u>13,114,397</u>	<u>12,876,636</u>
Total noncurrent assets	<u>13,114,397</u>	<u>12,876,636</u>
Total assets	<u>16,309,602</u>	<u>15,493,673</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	346,119	377,431
Accrued liabilities	75,895	6,202
Compensated absences payable	11,778	27,463
Total current liabilities	<u>433,792</u>	<u>411,096</u>
Noncurrent liabilities:		
Compensated absences payable	<u>17,296</u>	<u>8,186</u>
Total liabilities	<u>451,088</u>	<u>419,282</u>
<u>Net position</u>		
Net investment in capital assets	13,114,397	12,876,636
Unrestricted	<u>2,744,117</u>	<u>2,197,755</u>
Total net position	<u>\$ 15,858,514</u>	<u>\$ 15,074,391</u>

LAYTON CITY CORPORATION

SEWER FUND

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

For the years ended June 30, 2014 and 2013

	2014	2013
<u>Operating revenues</u>		
Charges for services	\$ 5,549,486	\$ 4,998,877
Miscellaneous	10,539	10,309
Total operating revenues	<u>5,560,025</u>	<u>5,009,186</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	742,802	981,056
Supplies and maintenance	250,420	405,343
Utilities	8,425	7,733
Professional services and training	9,225	8,285
Sewage treatment contract	3,238,024	2,660,965
Insurance	12,152	12,378
Rent	140,149	140,149
Franchise tax	294,000	294,000
Bad debt collection fees	112	689
Depreciation	416,877	406,470
Total operating expenses	<u>5,112,186</u>	<u>4,917,068</u>
Operating income (loss)	<u>447,839</u>	<u>92,118</u>
<u>Nonoperating revenues</u>		
Interest	10,133	9,767
Gain on sale of assets	-	480
Connection charges	1,976	41,118
Total nonoperating revenues	<u>12,109</u>	<u>51,365</u>
Income (loss) before contributions and transfers	459,948	143,483
Capital contributions	360,425	171,539
Transfers out	<u>(36,250)</u>	<u>(36,250)</u>
Change in net position	784,123	278,772
Total net position - beginning	<u>15,074,391</u>	<u>14,795,619</u>
Total net position - ending	<u>\$ 15,858,514</u>	<u>\$ 15,074,391</u>

LAYTON CITY CORPORATION

REFUSE FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 298,547	\$ 263,396
Accounts receivable, net	489,374	490,380
Total assets	787,921	753,776
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	221,605	216,134
Total liabilities	221,605	216,134
<u>Net position</u>		
Unrestricted	566,316	537,642
Total net position	\$ 566,316	\$ 537,642

LAYTON CITY CORPORATION

REFUSE FUND

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

For the years ended June 30, 2014 and 2013

	2014	2013
<u>Operating revenues</u>		
Charges for services	\$ 2,787,593	\$ 2,741,668
Total operating revenues	<u>2,787,593</u>	<u>2,741,668</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	70,985	66,842
Supplies and maintenance	36,404	53,249
Utilities	5,139	4,276
Refuse collection and disposal contracts	2,638,787	2,576,077
Insurance	1,736	1,768
Rent	7,125	7,125
Bad debt collection fees	112	689
Total operating expenses	<u>2,760,288</u>	<u>2,710,026</u>
Operating income (loss)	27,305	31,642
<u>Nonoperating revenues</u>		
Interest revenue	<u>1,369</u>	<u>2,794</u>
Change in net position	28,674	34,436
Total net position - beginning	<u>537,642</u>	<u>503,206</u>
Total net position - ending	<u>\$ 566,316</u>	<u>\$ 537,642</u>

LAYTON CITY CORPORATION

STREET LIGHTING FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 132,304	\$ -
Accounts receivable, net	86,030	-
Total current assets	<u>218,334</u>	<u>-</u>
Noncurrent assets:		
Capital assets:		
Lighting system	218,816	-
Equipment	127,234	-
Total capital assets	<u>346,050</u>	<u>-</u>
Total assets	<u>564,384</u>	<u>-</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	32,182	-
Total liabilities	<u>32,182</u>	<u>-</u>
<u>Net position</u>		
Net investment in capital assets	346,050	-
Unrestricted	186,152	-
Total net position	<u>\$ 532,202</u>	<u>\$ -</u>

LAYTON CITY CORPORATION

STREET LIGHTING FUND

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

For the years ended June 30, 2014 and 2013

	2014	2013
<u>Operating revenues</u>		
Charges for services	\$ 856,832	\$ -
Miscellaneous	1,775	-
Total operating revenues	<u>858,607</u>	<u>-</u>
<u>Operating expenses</u>		
Supplies and maintenance	341,380	-
Utilities	347,670	-
Miscellaneous	890	-
Total operating expenses	<u>689,940</u>	<u>-</u>
Operating income	<u>168,667</u>	<u>-</u>
<u>Nonoperating revenues</u>		
Interest	148	-
Total nonoperating revenues	<u>148</u>	<u>-</u>
Income before contributions and transfers	168,815	-
Capital contributions	50,600	-
Transfers in	<u>312,787</u>	<u>-</u>
Change in net position	532,202	-
Total net position - beginning	<u>-</u>	<u>-</u>
Total net position - ending	<u>\$ 532,202</u>	<u>\$ -</u>

LAYTON CITY CORPORATION

SWIMMING POOL FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 287,249	\$ 321,888
Inventory	3,673	2,521
Total current assets	<u>290,922</u>	<u>324,409</u>
Noncurrent assets:		
Capital assets:		
Land	1,000	1,000
Buildings	2,293,084	2,250,824
Improvements other than buildings	20,112	20,112
Equipment	665,585	665,585
Less accumulated depreciation	<u>(2,233,055)</u>	<u>(2,161,605)</u>
Total noncurrent assets	<u>746,726</u>	<u>775,916</u>
Total assets	<u>1,037,648</u>	<u>1,100,325</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	26,066	7,551
Accrued liabilities	19,927	14,717
Compensated absences payable	<u>9,633</u>	<u>8,990</u>
Total liabilities	<u>55,626</u>	<u>31,258</u>
<u>Net position</u>		
Net investment in capital assets	746,726	775,916
Unrestricted	<u>235,296</u>	<u>293,151</u>
Total net position	<u>\$ 982,022</u>	<u>\$ 1,069,067</u>

LAYTON CITY CORPORATION

SWIMMING POOL FUND

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

For the years ended June 30, 2014 and 2013

	2014	2013
<u>Operating revenues</u>		
Charges for services	\$ 426,409	\$ 435,743
Miscellaneous	45,424	45,586
Total operating revenues	<u>471,833</u>	<u>481,329</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	576,364	571,610
Supplies and maintenance	120,359	118,683
Utilities	215,999	222,356
Professional services and training	2,032	2,601
Insurance	7,674	6,045
Depreciation	71,450	74,248
Total operating expenses	<u>993,878</u>	<u>995,543</u>
Operating loss	(522,045)	(514,214)
Transfers in	<u>435,000</u>	<u>475,762</u>
Change in net position	(87,045)	(38,452)
Total net position - beginning	<u>1,069,067</u>	<u>1,107,519</u>
Total net position - ending	<u>\$ 982,022</u>	<u>\$ 1,069,067</u>

LAYTON CITY CORPORATION

EMERGENCY MEDICAL SERVICES FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 467,695	\$ 486,286
Accounts receivable, net	<u>327,609</u>	<u>256,282</u>
Total current assets	<u>795,304</u>	<u>742,568</u>
Noncurrent assets:		
Equipment	1,293,232	1,124,930
Less accumulated depreciation	<u>(900,408)</u>	<u>(802,145)</u>
Total noncurrent assets	<u>392,824</u>	<u>322,785</u>
Total assets	<u>1,188,128</u>	<u>1,065,353</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	20,219	11,363
Accrued liabilities	41,086	27,341
Compensated absences payable	87,117	167,898
Payable to other governments	<u>5,142</u>	<u>3,156</u>
Total current liabilities	<u>153,564</u>	<u>209,758</u>
Noncurrent liabilities:		
Compensated absences payable	<u>127,934</u>	<u>50,044</u>
Total liabilities	<u>281,498</u>	<u>259,802</u>
<u>Net position</u>		
Net investment in capital assets	392,824	322,785
Unrestricted	<u>513,806</u>	<u>482,766</u>
Total net position	<u>\$ 906,630</u>	<u>\$ 805,551</u>

LAYTON CITY CORPORATION

EMERGENCY MEDICAL SERVICES FUND

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

For the years ended June 30, 2014 and 2013

	2014	2013
<u>Operating revenues</u>		
Charges for services	\$ 1,765,930	\$ 1,665,294
Miscellaneous	18,419	134,913
Total operating revenues	<u>1,784,349</u>	<u>1,800,207</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	1,907,050	1,895,762
Supplies and maintenance	246,648	198,431
Utilities	6,345	6,388
Professional services and training	49,361	52,174
Insurance	15,915	24,837
Bad debt collection fees	21,846	19,839
Depreciation	<u>98,263</u>	<u>100,286</u>
Total operating expenses	<u>2,345,428</u>	<u>2,297,717</u>
Operating loss	<u>(561,079)</u>	<u>(497,510)</u>
<u>Nonoperating revenues (expenses)</u>		
Interest	1,981	2,192
Grants	<u>660,177</u>	<u>656,685</u>
Total nonoperating revenues (expenses)	<u>662,158</u>	<u>658,877</u>
Change in net position	101,079	161,367
Total net position - beginning	<u>805,551</u>	<u>644,184</u>
Total net position - ending	<u>\$ 906,630</u>	<u>\$ 805,551</u>

LAYTON CITY CORPORATION

ATHLETIC PROGRAMS FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 123,634	\$ 98,072
Total assets	123,634	98,072
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	11,835	11,794
Accrued liabilities	3,728	2,428
Total liabilities	15,563	14,222
<u>Net position</u>		
Unrestricted	108,071	83,850
Total net position	\$ 108,071	\$ 83,850

LAYTON CITY CORPORATION

ATHLETIC PROGRAMS FUND

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

For the years ended June 30, 2014 and 2013

	2014	2013
<hr/>		
<u>Operating revenues</u>		
Charges for services	\$ 325,837	\$ 314,086
Total operating revenues	<u>325,837</u>	<u>314,086</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	96,273	101,637
Supplies and maintenance	<u>206,027</u>	<u>197,075</u>
Total operating expenses	<u>302,300</u>	<u>298,712</u>
Transfer in	<u>684</u>	<u>718</u>
Change in net position	24,221	16,092
Total net position - beginning	<u>83,850</u>	<u>67,758</u>
Total net position - ending	<u><u>\$ 108,071</u></u>	<u><u>\$ 83,850</u></u>

LAYTON CITY CORPORATION

UIA - UTAH INFRASTRUCTURE AGENCY
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 85,285	\$ -
Accounts receivable	853	210
Contracts receivable	4,875	15,900
Total current assets	<u>91,013</u>	<u>16,110</u>
Noncurrent assets:		
Contracts receivable	<u>156,600</u>	<u>134,975</u>
Total assets	<u>247,613</u>	<u>151,085</u>
<u>Liabilities</u>		
Current liabilities:		
Due to other funds	-	447
Accounts payable	-	364
Due to UIA - contracts	4,875	15,900
Noncurrent liabilities:		
Due to UIA - contracts	<u>156,600</u>	<u>134,975</u>
Total liabilities	<u>161,475</u>	<u>151,686</u>
<u>Net position</u>		
Unrestricted	<u>86,138</u>	<u>(601)</u>
Total net position	<u>\$ 86,138</u>	<u>(601)</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, 2014 and 2013

	2014	2013
<u>Operating revenues</u>		
Fees	\$ 13,741	\$ 16,776
Miscellaneous	10	-
Total operating revenues	<u>13,751</u>	<u>16,776</u>
<u>Operating expenses</u>		
Contracted agreements	268,961	160,237
Administrative expenses	83	18
Total operating expenses	<u>269,044</u>	<u>160,255</u>
Operating income	(255,293)	(143,479)
<u>Nonoperating revenues (expenses)</u>		
Interest	32	125
Transfer in	342,000	142,265
Total nonoperating revenues (expenses)	<u>342,032</u>	<u>142,390</u>
Change in net position	86,739	(1,089)
Total net position - beginning	<u>(601)</u>	<u>488</u>
Total net position - ending	<u>\$ 86,138</u>	<u>\$ (601)</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, 2014 and 2013

	2014	2013
<u>Assets</u>		
Cash and cash equivalents	\$ 351,138	\$ 319,628
Receivables-grants	63,096	81,359
Restricted cash and cash equivalents	<u>48,397</u>	<u>114,994</u>
Total assets	<u>\$ 462,631</u>	<u>\$ 515,981</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 37,345	\$ 43,884
Accrued liabilities	833	886
Seizure deposits	<u>48,397</u>	<u>113,729</u>
Total liabilities	<u>86,575</u>	<u>158,499</u>
Fund balance:		
Restricted for federal and state programs	233,676	191,266
Assigned	<u>142,380</u>	<u>166,216</u>
Total fund balance	<u>376,056</u>	<u>357,482</u>
Total liabilities and fund balance	<u>\$ 462,631</u>	<u>\$ 515,981</u>

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, 2014 and 2013
 (with comparative actual amounts for year ended June 30, 2013)

	2014			2013	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Intergovernmental:					
HIDTA grant	\$ 107,163	\$ 135,093	\$ 133,627	\$ (1,466)	\$ 125,321
SAFG grant	-	-	75,000	75,000	92,330
STFG grant	225,000	225,000	111,948	(113,052)	138,923
NADDI grant	-	5,000	5,000	-	5,000
Participating entity assessments	103,766	103,766	83,291	(20,475)	103,766
Restitution and forfeited seizures	5,000	5,000	54,974	49,974	24,897
Total Intergovernmental	440,929	473,859	463,840	(10,019)	490,237
Miscellaneous:					
Interest	-	-	1,739	1,739	2,913
Other	-	-	265	265	215
Total revenues	440,929	473,859	465,844	(8,015)	493,365
<u>Expenditures</u>					
Current:					
Public safety:					
Salaries, wages and benefits	136,765	167,009	140,108	26,901	135,640
Materials and supplies	338,109	367,084	311,162	55,922	309,712
Total expenditures	474,874	534,093	451,270	82,823	445,352
Revenues over (under) expenditures	(33,945)	(60,234)	14,574	74,808	48,013
<u>Other financing sources</u>					
Sale of capital assets	4,000	4,000	4,000	-	33,789
Net change in fund balance	(29,945)	(56,234)	18,574	74,808	81,802
Fund balance - beginning	357,482	357,482	357,482	-	275,680
Fund balance - ending	\$ 327,537	\$ 301,248	\$ 376,056	\$ 74,808	\$ 357,482

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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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Governmental activities:</u>										
Net investment in capital assets	\$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	\$150,159,678
Restricted	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	5,435,689
Unrestricted	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	7,883,220
Total governmental activities net position	<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>\$163,478,587</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	\$88,442,593
Restricted	836,523	817,187	570,768	538,657	802,518	733,707	925,231	1,006,543	735,475	1,812,732
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	9,758,752
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>\$100,014,077</u>
<u>Primary government:</u>										
Net investment in capital assets	\$142,162,753	\$149,546,634	\$166,594,943	\$180,668,162	\$198,121,882	\$211,566,719	\$224,019,165	\$225,399,644	\$227,177,683	\$238,602,271
Restricted	3,350,424	3,673,561	4,099,529	5,427,699	5,321,993	4,109,175	3,938,012	3,709,936	4,716,167	7,248,421
Unrestricted	10,151,841	11,480,798	10,368,480	13,664,761	13,106,454	15,316,205	13,545,822	15,534,075	16,868,451	17,641,972
Total primary government net position	<u>\$155,665,018</u>	<u>\$164,700,993</u>	<u>\$181,062,952</u>	<u>\$199,760,622</u>	<u>\$216,550,329</u>	<u>\$230,992,099</u>	<u>\$241,502,999</u>	<u>\$244,643,655</u>	<u>\$248,762,301</u>	<u>\$263,492,664</u>

LAYTON CITY CORPORATION

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Expenses</u>										
Government activities:										
General government	\$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	\$6,671,153
Public safety	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	15,261,468
Community and economic development	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	1,761,550
Streets and public improvements	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	6,770,720
Parks and recreation	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	3,403,417
Interest on long-term debt	88,718	69,351	193,111	237,852	159,885	180,341	186,051	174,655	164,462	149,542
Total governmental activities expenses	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	34,017,850
Business-type activities:										
Water	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	5,749,044
Storm sewer	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	2,062,924
Sewer	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	5,112,186
Refuse	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	2,760,288
Swimming pool	760,232	1,041,813	788,014	819,964	988,375	912,377	908,394	970,385	995,543	993,878
Emergency medical services	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	2,345,428
Street lighting	-	-	-	-	-	-	-	-	-	689,940
UIA	-	-	-	-	-	-	-	8,252	160,255	269,044
Athletic programs	224,172	258,362	253,482	276,848	283,242	316,227	323,522	299,928	298,712	302,300
Total business-type activities expenses	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	20,285,032
Total primary government expenses	\$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	\$54,302,882
<u>Program Revenues</u>										
Governmental activities:										
Charges for services:										
Public safety	\$915,760	\$881,805	\$1,004,443	\$1,351,349	\$1,210,549	\$1,156,772	\$636,059	\$1,325,789	\$1,367,903	\$1,369,749
Community and economic development	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	1,272,806
Streets and public improvements	115,842	98,839	153,910	166,881	171,455	70,452	550,764	132,107	254,053	93,831
Other activities	1,215,547	323,247	331,280	332,353	690,222	754,937	760,769	781,814	822,961	783,995
Operating grants and contributions	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	2,463,746
Capital grants and contributions	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	7,842,229
Total governmental activities program revenues	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	13,826,356
Business-type activities:										
Charges for services										
Water	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	6,152,705
Storm sewer	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	2,229,148
Sewer	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	5,551,462
Refuse	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	2,787,593
Swimming pool	464,786	463,282	474,820	424,149	375,163	383,653	383,597	431,763	435,743	426,409
Emergency medical services	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	1,765,930
Street Lighting	-	-	-	-	-	-	-	-	-	856,832
UIA	-	-	-	-	-	-	-	8,740	16,776	13,741
Athletic programs	234,951	259,810	269,175	268,399	300,128	314,792	317,845	327,528	314,086	325,837
Operating grants and contributions	47,015	1,822,250	1,424,217	1,148,556	596,760	601,950	630,701	632,024	656,685	660,177
Capital grants and contributions	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	3,573,370
Total business-type activities program revenues	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	24,343,204
Total primary government program revenues	\$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	\$38,169,560

LAYTON CITY CORPORATION

CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS

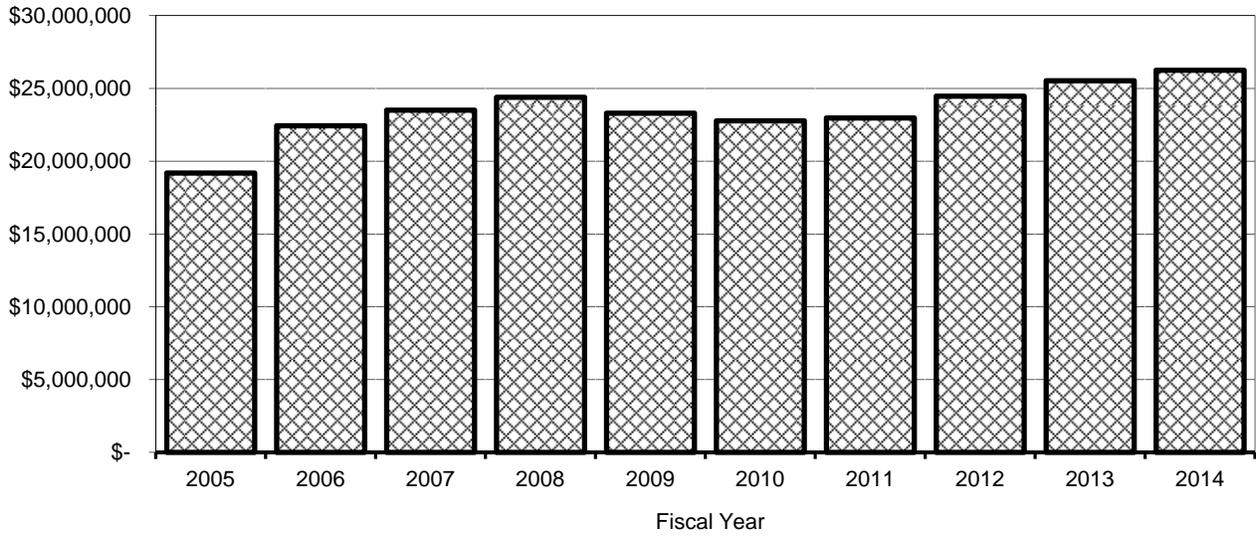
	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Net (expense) revenue</u>										
Governmental activities	(\$16,001,322)	(\$15,507,839)	(\$10,991,434)	(\$13,965,061)	(\$11,224,921)	(\$14,533,828)	(\$17,468,492)	(\$25,183,218)	(\$22,834,340)	(\$20,191,494)
Business-type activities	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	4,058,172
Total primary government net expense	(\$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)	(\$16,133,322)
<u>General Revenues and Other Changes in Net Position</u>										
Governmental activities:										
Property and uniform vehicle taxes	\$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	\$8,030,753
Sales and use taxes	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	12,194,440
Franchise, telecommunication and energy sales taxes	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	5,848,189
Transient room tax	86,353	143,669	125,773	166,759	146,027	150,790	150,535	159,336	154,075	179,073
Investment earnings	139,777	311,432	403,494	342,583	198,324	64,907	81,072	70,502	117,906	80,258
Miscellaneous	558,876	462,606	474,940	791,075	459,707	530,355	189,792	346,454	168,810	181,454
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	35,075
Transfers	(615,635)	(1,899,331)	(941,093)	390,750	341,941	(319,818)	(289,235)	24,637	(399,139)	(870,634)
Total governmental activities	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	25,678,608
Business-type activities:										
Investment earnings	138,531	202,763	205,611	196,588	109,288	43,139	29,938	43,081	52,528	39,178
Miscellaneous					69,743	192,338	77,794	59,943	525,647	77,954
Gain (loss) on sale of capital assets			8,000		3,412	630	10,000	(35,550)	38,474	(8,875)
Transfers	615,635	1,899,331	941,093	(390,750)	(341,941)	319,818	289,235	(24,637)	399,139	870,634
Total business-type activities	754,166	2,102,094	1,154,704	(194,162)	(159,498)	555,925	406,967	42,837	1,015,788	978,891
Total primary government	\$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	\$26,657,499
<u>Change in Net Position</u>										
Governmental activities	\$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	\$5,487,114
Business-type activities	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	5,037,063
Total primary government	\$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	\$10,524,177

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
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
2014	7,557,289	472,776	12,194,440	5,848,189	179,073	688	26,252,455

Governmental Activities Tax and Special Assessment Revenues



LAYTON CITY CORPORATION

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014
<u>General fund:</u>						
Nonspendable	\$ 17,757	\$ 18,514	\$ 16,005	\$ 435,156	\$ 425,088	\$ 415,383
Restricted	30,745	21,671	221,767	96,104	6,343	-
Assigned	-	58,087	92,883	90,611	1,437,512	1,969,311
Unassigned	2,126,421	4,635,703	4,906,723	5,348,811	5,431,181	5,155,535
Total general fund	<u>\$ 2,174,923</u>	<u>\$ 4,733,975</u>	<u>\$ 5,237,378</u>	<u>\$ 5,970,682</u>	<u>\$ 7,300,124</u>	<u>\$ 7,540,229</u>
<u>All other governmental funds:</u>						
Nonspendable	-	-	-	\$113,273	\$104,405	\$95,449
Restricted	\$4,488,730	\$3,838,988	\$3,184,737	2,607,289	3,974,349	5,435,689
Assigned reported in:						
Special revenue funds	552,088	234	807	697,754	425,282	258,605
Debt service fund	138,833	855	338,142	636,091	359,204	351,197
Capital projects fund	5,277,348	3,587,792	3,194,596	2,615,473	2,190,459	2,189,081
Unassigned	(433)	-	-	-	-	-
Total all other governmental funds	<u>\$ 10,456,566</u>	<u>\$ 7,427,869</u>	<u>\$ 6,718,282</u>	<u>\$ 6,669,880</u>	<u>\$ 7,053,699</u>	<u>\$ 8,330,021</u>

Note: Implementation of GASB 54 changed fund balance category presentation. The years from 2005 to 2008 are displayed below under the former GAAP categories. The presentations are not comparable and are therefore displayed separately.

	2005	2006	2007	2008
<u>General fund:</u>				
Reserved	\$ 200,730	\$ 773,049	\$ 661,609	\$ 395,104
Unreserved	4,063,440	4,510,141	4,240,061	6,426,377
Total general fund	<u>4,264,170</u>	<u>5,283,190</u>	<u>4,901,670</u>	<u>6,821,481</u>
<u>All other governmental funds:</u>				
Reserved	2,471,952	2,834,616	3,343,422	4,661,908
Unreserved, reported in:				
Special revenue funds	134,591	179,302	-	373,218
Debt Service Fund	52,739	647,083	1,202,165	169,464
Capital project fund	318,602	1,237,707	343,860	1,204,207
Total all other governmental funds	<u>\$ 2,977,884</u>	<u>\$ 4,898,708</u>	<u>\$ 4,889,447</u>	<u>\$ 6,408,797</u>

LAYTON CITY CORPORATION

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes and special assessments	\$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	\$26,252,455
Licenses and permits	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	1,238,610
Intergovernmental	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	2,628,996
Charges for services	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	3,191,137
Fines and forfeitures	291,415	306,685	261,751	359,321	269,871	317,319	239,567	317,959	298,146	297,592
Developer payments	-	-	-	208,917	-	506,747	-	-	141,000	44,334
Miscellaneous	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	854,049
Total Revenues	25,995,653	30,026,303	31,587,853	33,334,238	30,408,301	31,761,382	30,628,278	33,022,230	36,364,775	34,507,173
Expenditures:										
General government	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	4,463,882
Public safety	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	15,165,456
Community and economic development	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	1,784,329
Streets and public improvements	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	3,710,956
Parks and recreation	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	2,944,150
Debt service										
Principal	910,855	937,821	956,294	1,160,123	1,231,906	671,787	225,000	230,000	245,000	250,000
Interest	113,313	94,228	75,414	320,812	245,755	211,630	196,100	185,850	173,975	162,538
Bond issuance costs	-	-	129,841	-	-	-	-	-	-	-
Pledge payments	-	-	-	-	-	-	1,559,250	2,078,889	2,326,540	2,193,179
Capital outlay	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	1,480,697
Total Expenditures	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	32,155,187
Excess of revenues over (under) expenditures	(184,232)	4,640,304	(4,914,850)	1,969,780	(1,881,319)	166,313	(75,880)	622,990	1,983,365	2,351,986
Other financing sources (uses):										
Transfers in	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	4,326,719
Transfers out	(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)	(5,197,353)
Sale of capital assets	91,307	199,571	171,545	25,061	306,712	528,036	158,931	37,287	129,035	35,075
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	-	-	5,210,000	-	-	-	-	-	-	-
Bond issuance discount	-	-	(23,715)	-	-	-	-	-	-	-
Bond issuance premium	-	-	106,632	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(524,328)	(1,699,760)	4,523,369	1,074,511	1,282,530	(635,958)	(130,304)	61,924	(270,104)	(835,559)
Special items:										
Sale of surplus land	-	-	-	977,947	-	-	-	-	-	-
Reimbursement of CDBG funds	-	-	-	(583,077)	-	-	-	-	-	-
Total Special items	-	-	-	394,870	-	-	-	-	-	-
Net change in fund balances	(\$708,560)	\$2,940,544	(\$391,481)	\$3,439,161	(\$598,789)	(\$469,645)	(\$206,184)	\$684,914	\$1,713,261	\$1,516,427
Debt service as a percentage of noncapital expenditures	4.5%	4.4%	4.1%	5.6%	5.4%	3.3%	1.5%	1.4%	1.3%	1.3%

LAYTON CITY CORPORATION

PRINCIPAL SALES TAX PAYERS

CURRENT YEAR AND TEN YEARS AGO

Taxpayer	Fiscal Year 2014			Fiscal Year 2005		
	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	1	N/A
Sams Club	N/A	2	N/A	N/A	2	N/A
Target	N/A	3	N/A	N/A	3	N/A
Utah Power and Light	N/A	4	N/A	N/A	8	N/A
Home Depot	N/A	5	N/A	---	---	---
Smith's Food Stores	N/A	6	N/A	N/A		N/A
Young Chevrolet	N/A	7	N/A	N/A	6	N/A
Warehouse	N/A	8	N/A	N/A		N/A
Walmart Neighborhood Market	N/A	9	N/A	---	---	---
Ed Kenley Ford	N/A	10	N/A	N/A	7	N/A
Lowe's	---		---	N/A	4	N/A
Stock Building Supply West	---		---	N/A	5	N/A
Young Pontiac Cadillac GMC	---		---	N/A	9	N/A
Burton Lumber and Hardware	---		---	N/A	10	N/A
Total	<u>\$4,830,546</u>		<u>39.61%</u>	<u>\$3,663,717</u>		<u>35.33%</u>

Source: Utah State Tax Commission

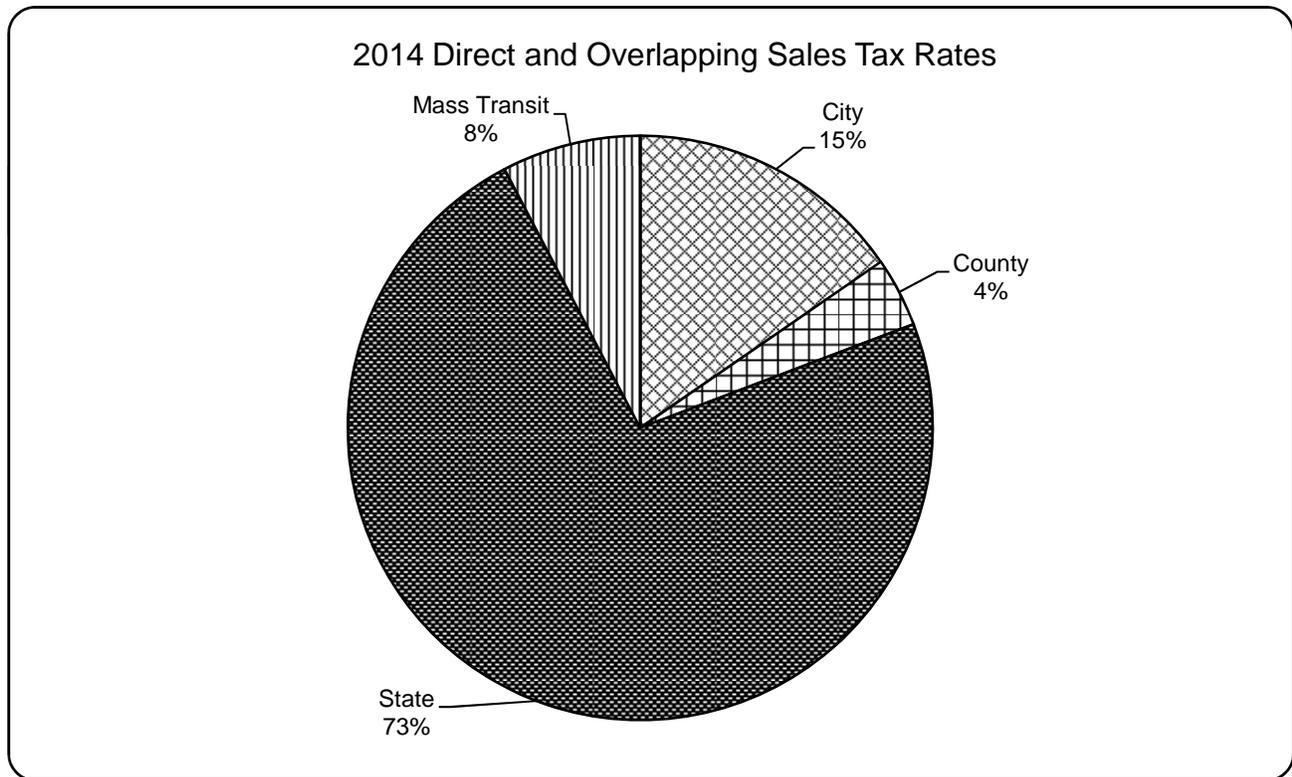
¹ Due to confidentiality issues, the amounts and percentages of the ten largest revenue payers cannot be displayed. However, the aggregate total is displayed along with the individual rankings in an effort to provide the reader with information as to where the City's sales tax base originates.

LAYTON CITY CORPORATION

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS

Year	City	County	State	Mass Transit	Total
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%
2014	1.00%	0.25%	4.75%	0.50%	6.50%

Source: Davis County Clerk/Auditor

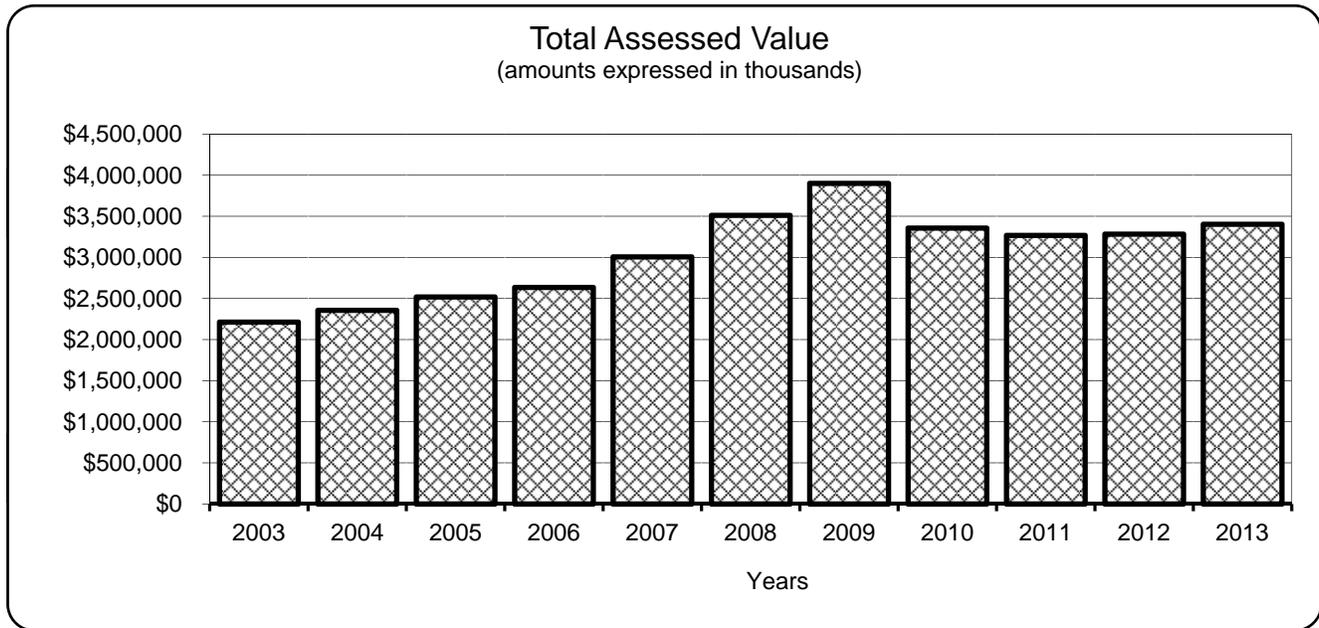


LAYTON CITY CORPORATION

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%
2013	3,208,456	5,224,853	194,539	194,539	3,402,995	5,419,392	0.2046%	62.79%

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

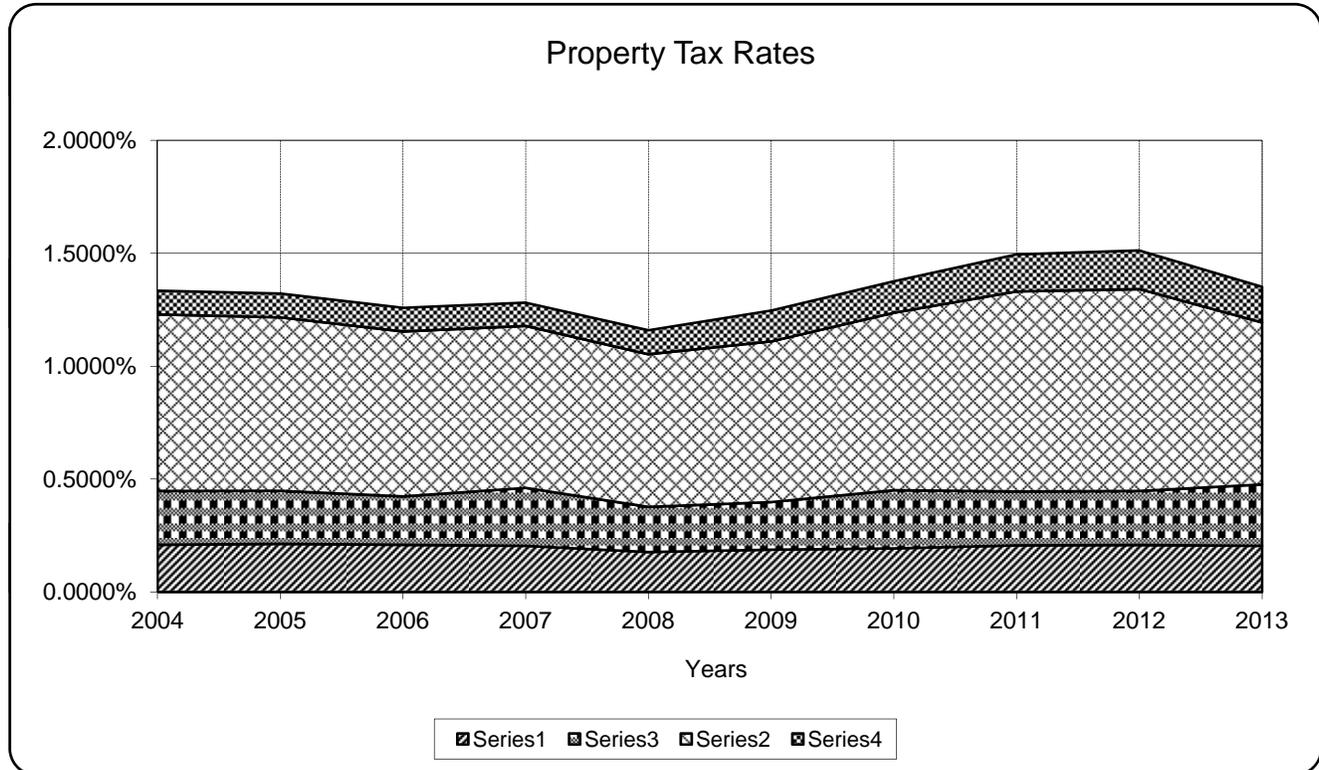


LAYTON CITY CORPORATION

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	
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%
2013	0.2046%	0.2720%	0.7175%	0.1575%	1.3516%

Source: Davis County Clerk/Auditor

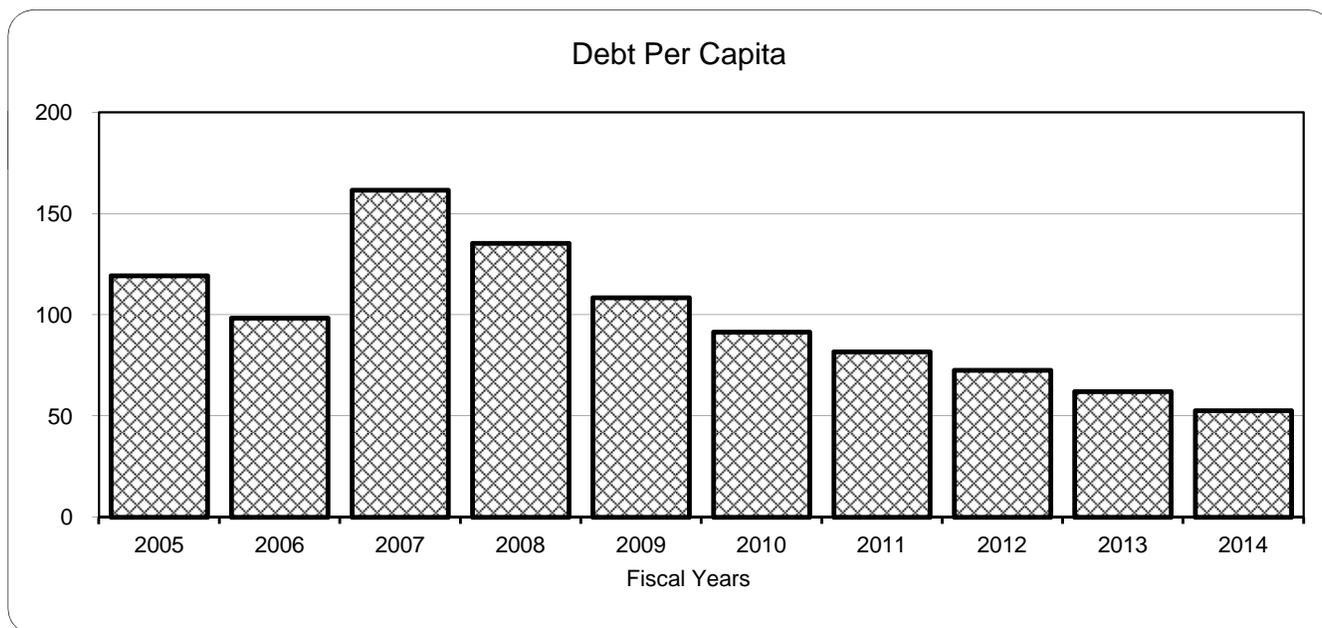


LAYTON CITY CORPORATION

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			
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
2014	3,690,000						3,690,000	0.15%	53

Note: See schedule of demographic and economic statistics, page 122, 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
2005	---	---	---	---	---	---
2006	---	---	---	---	---	---
2007	---	---	---	---	---	---
2008	---	---	---	---	---	---
2009	---	---	---	---	---	---
2010	---	---	---	---	---	---
2011	---	---	---	---	---	---
2012	---	---	---	---	---	---
2013	---	---	---	---	---	---
2014	---	---	---	---	---	---

Note: Population data can be found on the schedule of demographic and economic statistics page 122.
Estimated actual taxable value of property can be found on page 115 assessed and estimated actual value of property table.

LAYTON CITY CORPORATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Davis County	\$19,155,656	21.54%	\$4,126,128
Davis School District	409,130,000	21.54%	88,126,602
Other debt			
Davis County:			
Sales tax revenue bonds	37,011,342	32.06%	11,865,836
MBA lease revenue bonds	20,713,378	21.54%	4,461,662
Total overlapping debt	486,010,376		108,580,228
Layton City Corporation sales tax revenue bonds	3,690,000		3,690,000
Total direct and overlapping debt	\$489,700,376		\$112,270,228

(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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$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	\$136,119,863
Total net debt applicable to limit	<hr/>									
Legal debt margin	\$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	\$136,119,863
Total net debt applicable to the limit as a percentage of debt limit	0.00%									

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$3,402,996,573
Debt limit (4 percent of total assessed value)	136,119,863
Debt applicable to limit:	
Total bonded debt	3,690,000
Less revenue bonds	<u>3,690,000</u>
Total debt applicable to limitation	<u>0</u>
Legal debt margin	<u><u>\$136,119,863</u></u>

LAYTON CITY CORPORATION

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

Year	Sales and Use Tax		Debt Service			Coverage			
	Tax Revenues		Principal	Interest & Agent fees	Total				
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
2014		12,194,440		605,000		171,030		776,030	15.71

Note: 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
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%
2013	70,140	34,755	2,437,715,700	28.6	14,348	4.2%

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

(2) Personal income & percapita income figures were not available at the time this report was published. We have used the same percapita income as the prior calendar year and calculated the personal income using estimated population.

(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 SEVEN YEARS AGO

Employer	2014			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	14,999	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)	1,999	4	5.78%	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%
Lowes	499	8	1.44%			
Target	499	9	1.44%	499		1.34%
Layton City	499	10	1.44%		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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
General Government:										
Administration	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Legal	7.5	7.5	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8
Finance	11.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0	10.5	10.0
Management services	19.0	19.0	19.6	19.6	21.6	21.6	21.6	21.6	21.6	20.0
Total general government	41.0	41.5	42.4	42.4	45.4	45.4	45.4	45.4	43.9	41.8
Public Safety:										
Police	105.5	110.5	112.0	114.4	115.4	115.4	115.4	117.4	117.4	118.4
Fire (including EMS)	60.5	64.5	67.2	67.2	67.2	67.2	67.2	67.2	67.2	67.2
Total public safety	166.0	175.0	179.2	181.6	182.6	182.6	182.6	184.6	184.6	185.6
Community development	17.0	16.0	16.0	17.0	15.0	15.0	15.0	15.0	15.0	15.0
Street and public improvements:										
Streets	18.8	17.6	17.6	17.5	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	4.5
Engineering		8.8	11.0	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Total streets and public improvements	22.8	30.4	32.6	33.0	33.0	33.0	33.0	33.0	33.0	33.5
Parks and recreation:										
Parks administration	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Parks	29.5	32.0	32.0	32.0	33.0	33.0	33.0	33.0	33.0	33.0
Recreation	7.1	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Museum	1.0	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0
Total parks and recreation	41.6	44.1	44.1	44.1	45.1	44.6	44.6	44.6	44.6	44.6
Water	22.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	14.5
Storm sewer	2.0	3.0	3.0	4.0	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	7.0
Swimming pool	16.0	16.4	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Total enterprise activities	46.5	40.9	42.0	43.0	43.0	43.0	43.0	43.0	43.0	43.0
Total primary government	334.9	347.9	356.3	361.1	364.1	363.6	363.6	365.6	364.1	363.5

LAYTON CITY CORPORATION

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Citations issued	9,991	8,052	8,669	9,875	8,419	6,921	5,537	7,243	7,078	6,569
Arrests made	2,876	2,855	2,978	3,124	3,088	3,091	3,080	3,057	3,140	2,615
Incidents	50,869	57,970	53,853	58,406	57,496	56,718	58,816	57,510	57,186	52,952
Fire										
Calls answered	4,102	4,141	4,309	4,451	4,574	4,548	4,701	4,895	4,887	5,188
Water										
Water users (units)	22,040	22,329	23,038	23,320	23,463	23,647	24,203	24,284	25,097	25,870
Average daily consumption (millions of gallons)	11.2	11.2	10.5	10.2	10.2	9.8	10.0	10.6	11.5	11.5
Sewer										
Users (units)	21,965	22,254	22,963	23,245	23,388	23,572	24,128	24,346	25,135	25,695
Storm sewer										
Users (units)	21,965	22,254	22,963	23,245	23,388	23,572	24,128	24,346	25,135	25,695
Refuse										
Residential cans in service	19,158	19,949	20,925	21,383	21,611	22,033	22,186	22,186	22,734	23,164

LAYTON CITY CORPORATION

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	50	53	53	57	57	58	58	58	58	58
Fire Stations	3	3	3	3	3	3	3	3	3	3
Streets (lineal mileage)	223	223	227	231	238	242	245	246	247	250.3
Parks and Recreation										
Park acreage developed	171	171	171	171	203	206	206	225.5	259.8	268.6
Park acreage undeveloped	300	343	387	387	355	355	358.5	359	347.5	331.2
Parks	12	12	12	12	12	12	13	13	13	13
Tennis Courts	13	13	13	14	14	16	16	16	16	16
Gymnasiums	2	2	2	2	2	3	3	3	3	3
Water										
Water mains (miles)	243	243	248	253	261	267	271	274	276	279.7
Maximum daily capacity (million gallons)	21	21	21	21	21	21	21	33	33	33
Storage capacity (million gallons)	23	23	23	23	23	23	23	22	22	22.5
Wells	5	5	5	5	5	5	5	5	5	5
Sewer										
Sanitary sewer mains (miles)	174	175	178	183	191	195	199	200	202	205
Storm Sewer										
Storm sewer mains (miles)	118	120	124	131	136	142	146	149	150	157
Swimming pools	2	2	2	2	2	2	2	2	2	2

Layton City Corporation

Compliance Reports

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Members of the City Council
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, 2014, 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 10, 2014.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 10, 2014

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS, COMPLIANCE FOR EACH MAJOR STATE PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF STATE AWARDS IN ACCORDANCE WITH THE *STATE COMPLIANCE AUDIT GUIDE*

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

Report on Compliance with General State Compliance Requirements and for Each Major State Program

We have audited the Layton City Corporation's ("the City") compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2014.

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
Budget Notices and Format	

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

B & C Road Funds (UDOT)
State Task Force Grant (UCCJJ)

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

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

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Layton City Corporation, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City or on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of This Report

The purpose of this report 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.

Report on Schedule of Expenditures of State Awards as Required by the State Compliance Audit Guide

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Layton City Corporation as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 10, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

November 10, 2014

LAYTON CITY CORPORATION
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2014

Grant Name	Award/Contract# if applicable	Year of Last Audit	Expenditures
<u>Utah Department of Transportation</u>			
Class "C" Road Funds		2014	\$ 1,962,996
State Share of Road Projects			<u>14,000</u>
Subtotal - Utah Department of Transportation			<u>1,976,996</u>
<u>Utah Commission on Criminal and Juvenile Justice (UCCJJ)</u>			
State Task Force Grant	14F14	2014	111,948
State Asset Forfeiture Grant	14N14		75,000
State Asset Forfeiture Grant	14N60		10,728
Alcohol Allotment		2014	<u>76,248</u>
Subtotal - UCCJJ			<u>273,924</u>
<u>Department of Highway Safety</u>			
DUI Enforcement Grant			10,000
DUI Overtime			23,776
Easy Grant			1,540
Arrive Alive			1,575
Sex Offender Investigation/Registry			<u>1,834</u>
Subtotal - Department of Highway Safety			<u>38,725</u>
<u>Department of Health</u>			
Tabacco Compliance			2,600
EMS Per Capita Grant			<u>660</u>
Subtotal - Department of Health			3,260
<u>State of Utah, Bureau of Emergency Medical Services</u>			
EMS Supplies Grant			10,692
<u>Office of the Attorney General</u>			
Internet Crimes Against Children			23,692
<u>State of Utah Division of Forestry</u>			
Forestry Grant			<u>15,000</u>
Total Grant, Contract, and Loan Fund Expenditures			<u>\$ 2,342,289</u>