

Layton

Community • Prosperity • Choice



**Comprehensive Annual Financial Report
Layton City Corporation
Layton, Utah
Fiscal Year Ended June 30, 2016**

Comprehensive Annual Financial Report

Layton City Corporation

Layton, Utah

Fiscal Year Ended June 30, 2016

Prepared by:
Finance Department

LAYTON CITY CORPORATION

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Layton City Corporation

Introductory Section



Community • Prosperity • Choice

Mayor • Bob J Stevenson
City Manager • Alex R. Jensen

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

November 3, 2016

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, 2016.

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, 2016, 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, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented at the beginning of the financial 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 an estimated population of 74,143. 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 positive. 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 3.1% for June 2016. That is very favorable compared to the national unemployment rate of 5.0%.

To summarize, economic activity in the City continues growing at what is considered to be a sustainable pace. There has been continued and steady residential development as well as retail and industrial development. 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.



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, 2016, was 19.4% of fiscal year 2016 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, 2015. This was the twenty-first 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



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Government Finance Officers Association

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

Presented to

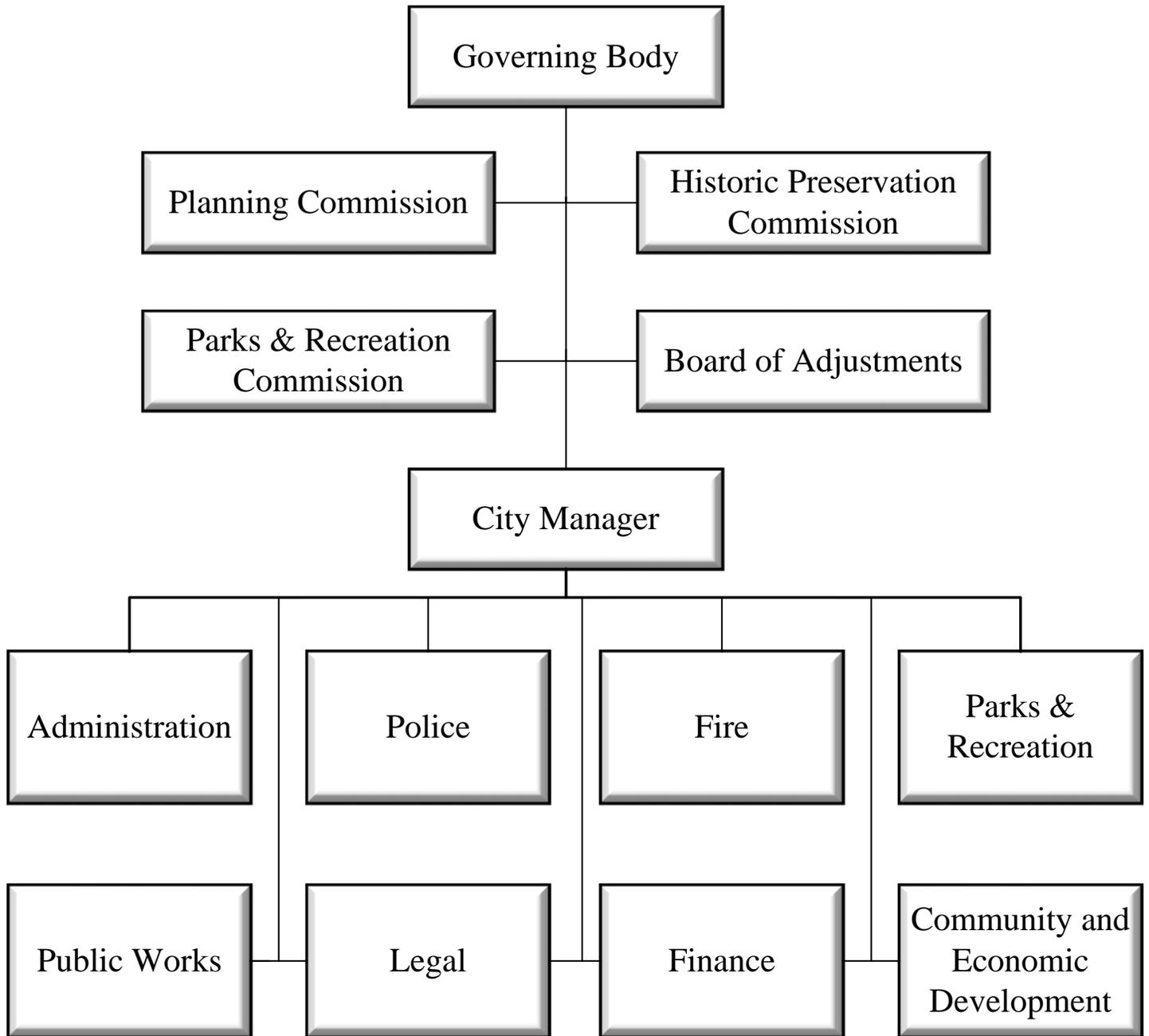
**Layton City Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

LAYTON CITY Organizational Chart



LAYTON CITY CORPORATION

Listing of Principal City Officials

Governing Body

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

City Manager

City Manager	Alex R. Jensen
--------------------	----------------

Management Staff

Director of Public Works	Terry R. Coburn
Director of Community & Economic Development.....	William T. Wright
City Attorney	Gary R. Crane
Chief of Police	Allen Swanson
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

CERTIFIED PUBLIC ACCOUNTANTS

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Bountiful, Utah 84010

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American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

Independent Auditors' Report

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

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2016, 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 and pension schedules on pages 13-23 and 61-62 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 section 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 the component unit fund schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used

to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the comparative individual fund schedules, budgetary comparison information, and component unit fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

October 26, 2016

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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, 2016.

Financial Highlights

The assets of Layton City exceeded its liabilities at June 30, 2016, by \$276,584,855 (net position). Of this amount, \$15,305,378 (unrestricted net position) may be used to meet the City's ongoing obligations.

Layton City's total net position increased during the fiscal year by \$9,736,331. 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 \$18,852,457 at June 30, 2016, an increase of \$1,595,956 in comparison to the previous year. Of the ending fund balances, \$6,416,565 in the general fund was unassigned and available for spending at the City's discretion. This represents 19.4% of FY16 total general fund revenue.

Fund balance in the general fund at year end that was classified as spendable and unrestricted amounted to \$7,958,747 or 24.1% of FY16 total general fund revenue.

Layton City's total long-term debt decreased \$285,000 from principal payments.

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 ten (10) 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 seven (7) 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, refuse and emergency medical services funds because they are considered to be major funds. Conversely, the swimming pool, 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 \$276,584,855 at the close of the fiscal year.

The largest portion of the City's net position (91%) 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, \$9,530,180 represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of \$15,305,378 may be used to pay for the City's obligations and ongoing operations.

At June 30, 2016, 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 Net Position

	Govern- mental activities 2016	Govern- mental activities 2015	Business- type activities 2016	Business- type activities 2015	Total 2016	Total 2015
Current and other assets	\$ 30,936,637	\$ 29,041,709	\$ 16,620,158	\$ 15,411,599	\$ 47,556,795	\$ 44,453,308
Capital assets	159,798,622	156,653,831	95,191,869	91,986,496	254,990,491	248,640,327
Total assets	<u>190,735,259</u>	<u>185,695,540</u>	<u>111,812,027</u>	<u>107,398,095</u>	<u>302,547,286</u>	<u>293,093,635</u>
Deferred outflows of resources	4,409,959	1,425,482	990,162	294,814	5,400,121	1,720,296
Long-term liabilities	13,482,652	11,534,270	1,816,223	1,400,419	15,298,875	12,934,689
Other liabilities	4,335,589	3,854,998	2,241,678	1,948,172	6,577,267	5,803,170
Total liabilities	<u>17,818,241</u>	<u>15,389,268</u>	<u>4,057,901</u>	<u>3,348,591</u>	<u>21,876,142</u>	<u>18,737,859</u>
Deferred inflows of resources	9,116,213	8,877,452	370,197	350,096	9,486,410	9,227,548
Net position:						
Net investment in capital assets	156,557,428	153,482,206	95,191,869	91,986,496	251,749,297	245,468,702
Restricted	5,748,428	5,237,356	3,781,752	2,561,418	9,530,180	7,798,774
Unrestricted	5,904,908	4,134,740	9,400,470	9,446,308	15,305,378	13,581,048
Total net position	<u>\$168,210,764</u>	<u>\$162,854,302</u>	<u>\$108,374,091</u>	<u>\$103,994,222</u>	<u>\$ 276,584,855</u>	<u>\$ 266,848,524</u>

Governmental activities. As noted in the following table, governmental activities increased the City's net position by \$5,356,462 in the current fiscal year as compared to \$5,757,565 in the prior year. Key elements affecting the increase were as follows:

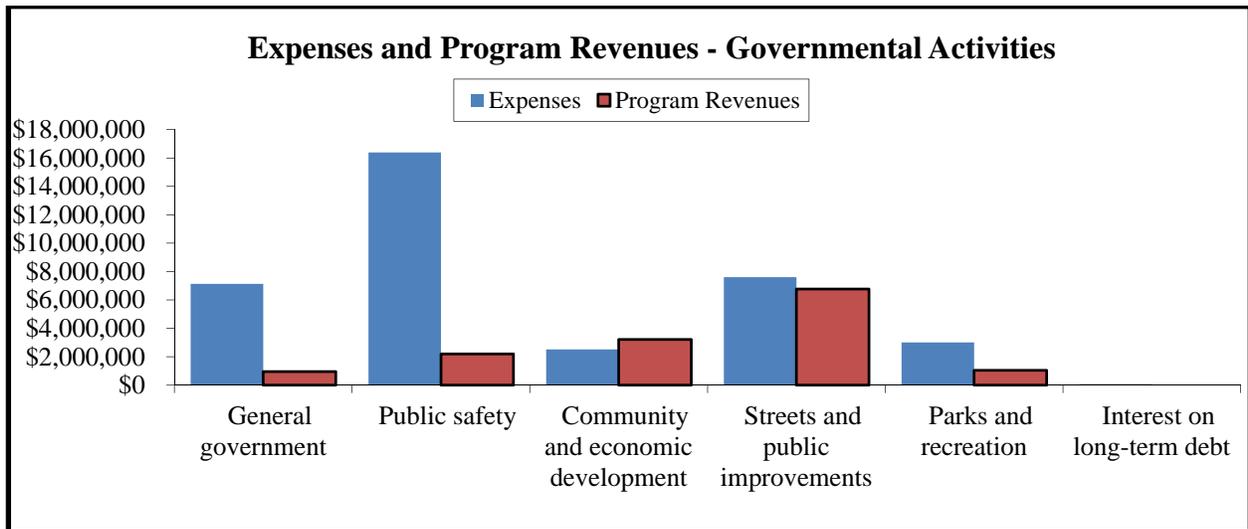
1. Capital contribution of streets and related infrastructure, including the underlying land.
2. Operations of the governmental activities.
3. Development activity in the City.

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.

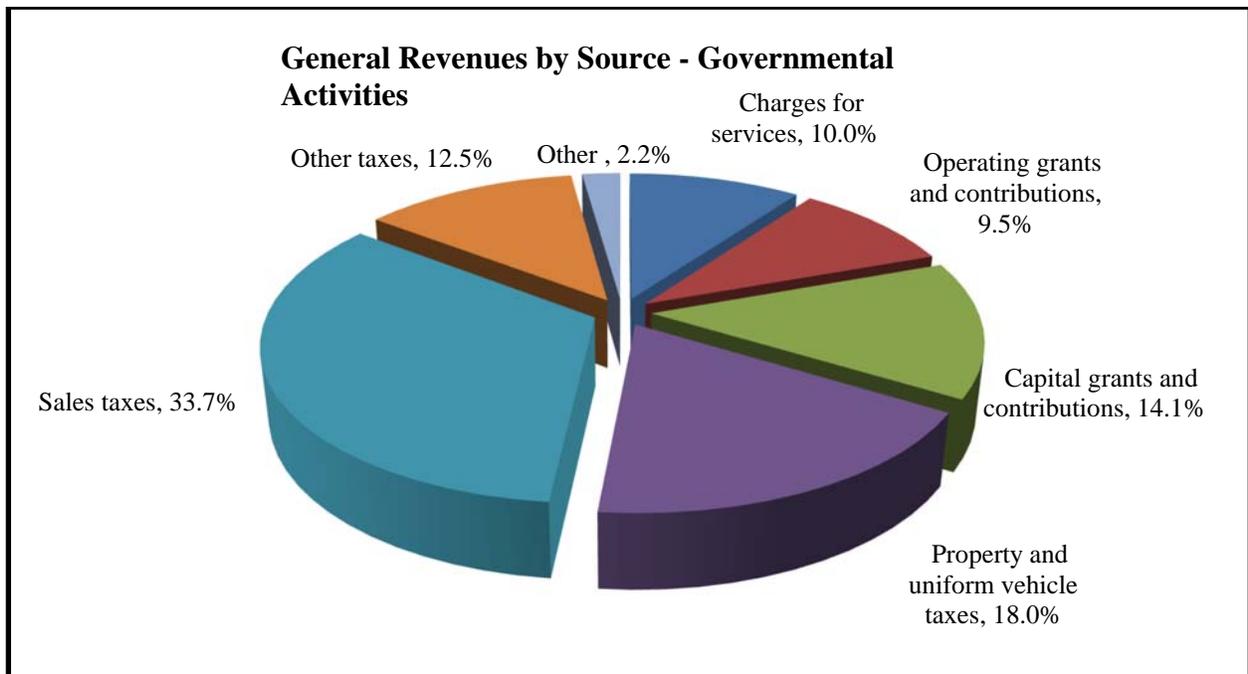
Layton City Changes in Net Position

	Govern- mental activities 2016	Govern- mental activities 2015	Business- type activities 2016	Business- type activities 2015	Total 2016	Total 2015
Revenues:						
Program revenues:						
Charges for services	\$ 4,219,109	\$ 3,657,095	\$ 23,127,862	\$ 21,246,819	\$ 27,346,971	\$ 24,903,914
Operating grants and Contributions	4,006,923	3,798,267	695,369	665,111	4,702,292	4,463,378
Capital grants and contributions	5,959,849	6,395,220	4,175,766	4,053,898	10,135,615	10,449,118
General revenues:						
Property taxes	7,581,810	7,257,495			7,581,810	7,257,495
Sales taxes	14,217,077	13,049,426			14,217,077	13,049,426
Other taxes	5,254,379	5,895,080			5,254,379	5,895,080
Other	313,298	2,614,373	125,978	143,710	439,276	2,758,083
Total revenues	<u>\$ 41,552,445</u>	<u>\$ 42,666,956</u>	<u>\$ 28,124,975</u>	<u>\$ 26,109,538</u>	<u>\$ 69,677,420</u>	<u>\$ 68,776,494</u>
Expenses:						
General government	\$ 7,132,012	\$ 6,844,664			\$ 7,132,012	\$ 6,844,664
Public safety	16,390,590	15,024,179			16,390,590	15,024,179
Community and economic Development	2,518,400	4,299,824			2,518,400	4,299,824
Streets and public improvements	7,599,440	6,431,468			7,599,440	6,431,468
Parks and recreation	3,096,436	3,223,684			3,096,436	3,223,684
Interest on long-term debt	81,785	140,265			81,785	140,265
Water			\$ 5,612,049	\$ 5,850,251	5,612,049	5,850,251
Storm sewer			2,311,277	2,737,168	2,311,277	2,737,168
Sewer			7,923,011	6,545,277	7,923,011	6,545,277
Refuse			2,898,004	2,777,743	2,898,004	2,777,743
Street lighting			517,439	413,501	517,439	413,501
Swimming pool			946,993	1,030,461	946,993	1,030,461
EMS			2,324,982	2,235,033	2,324,982	2,235,033
UIA			183,700	252,007	183,700	252,007
Athletic programs			404,971	367,603	404,971	367,603
Total expenses	<u>\$ 36,818,663</u>	<u>\$ 35,964,084</u>	<u>\$ 23,122,426</u>	<u>\$ 22,209,044</u>	<u>\$ 59,941,089</u>	<u>\$ 58,173,128</u>
Increase in net position before transfers	4,733,782	6,702,872	5,002,549	3,900,494	9,736,331	10,603,366
Transfers	622,680	(945,307)	(622,680)	945,307	-	-
Increase in net position	<u>\$ 5,356,462</u>	<u>\$ 5,757,565</u>	<u>\$ 4,379,869</u>	<u>\$ 4,845,801</u>	<u>\$ 9,736,331</u>	<u>\$ 10,603,366</u>
Net position, beginning	162,854,302	157,096,737	103,994,222	99,148,421	266,848,524	256,245,158
Net position, ending	<u>\$ 168,210,764</u>	<u>\$ 162,854,302</u>	<u>\$ 108,374,091</u>	<u>\$ 103,994,222</u>	<u>\$ 276,584,855</u>	<u>\$ 266,848,524</u>

The following chart depicts governmental activity expenses compared to program revenues attributed to the activity.



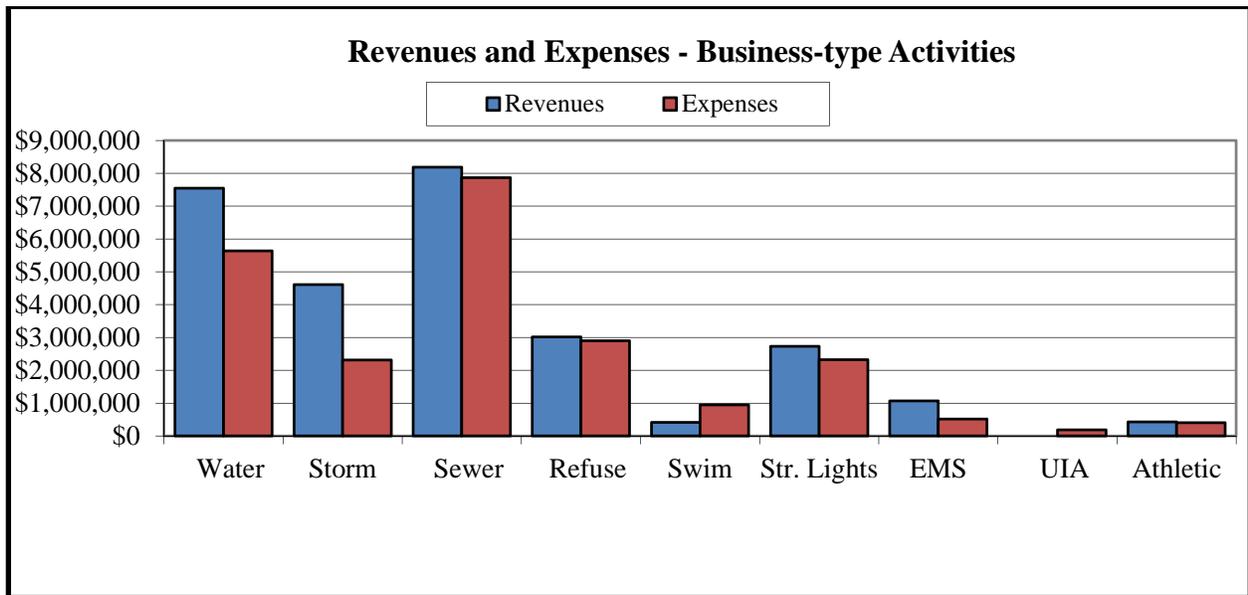
The following chart displays the major sources of general revenues for governmental activities. Taxes accounted for 64.2% of total revenue that funds governmental activities.



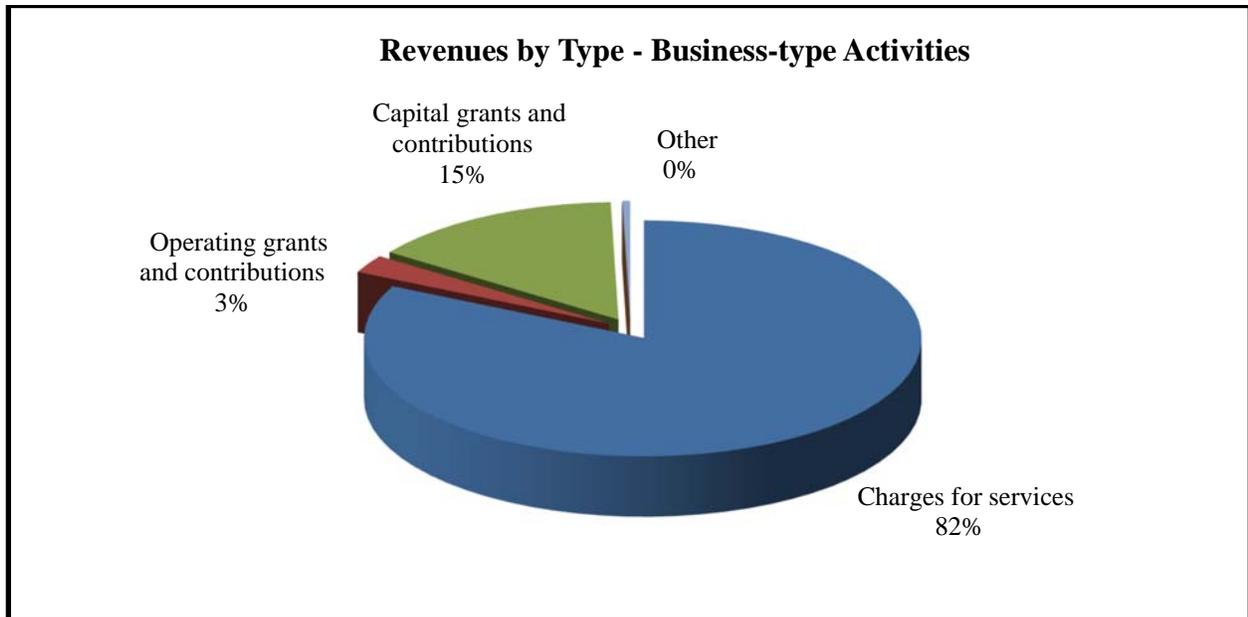
Business-type activities. As noted in the table “Layton City Changes in Net Position,” business-type activities increased the City’s net position by \$4,379,869. Key elements of the increase were as follows:

1. Capital contributions from developers in the form of utility lines and related systems and land.
2. Rate increases in the sewer fund 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 82% 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, 2016, the City's governmental funds reported combined ending fund balances of \$18,852,457, an increase of \$1,595,956. There are four components of fund balance; nonspendable, restricted, assigned, and unassigned. Unassigned fund balance of \$6,416,565 is available for spending at the City's discretion. Assigned fund balance of \$6,174,606 has been assigned to intended uses. Restricted fund balance of \$5,748,428 is funds that must be spent for specific purposes and may not be used for general governmental activities. Nonspendable fund balance of \$512,858 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 19.1% and 25.4% of total general fund expenditures and transfers, respectively. The City has good liquidity.

The unassigned fund balance of the general fund increased \$621,501. The original budget plan for the year was to decrease the fund balance by \$1,398,049. Revenues were higher than anticipated and good management of expenditures made it possible to limit the use of unassigned fund balance. A decrease in budgeted use of fund balance (assigned) for fiscal year 2017 also allowed an increase in unassigned fund balance.

The fund balance in the redevelopment agency special revenue fund increased \$177,735. The increase is due to the collection of tax increment revenue and the intent to accumulate funds for future projects in the project areas.

The fund balance of the capital projects fund increased \$120,219. A number of 2015 projects were completed in 2016 which offset the large increase in fund balance in the prior year. However, there was a similar amount of 2016 projects that are being carried to 2017. The City also added \$413,000 to the fire station construction account. The major project that was substantially complete during the year was Greyhawk park in the northeast section of the City. Other projects included the continued implementation of a new financial software system, traffic signals and large equipment. 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, 2016, amounted to \$1,567,954, a decrease of (\$457,767) or (22.6%) from the previous year. Total net position increased \$1,442,176. The primary element of the increase was constructed and contributed assets of \$1,416,769. Income from operations experienced a significant increase from the prior year. However, transfers to the General fund account

for the whole of this change. Transfers previously reported as franchise taxes are now reported as transfers out.

Storm sewer fund. Unrestricted net position at June 30, 2016, amounted to \$2,852,623, a increase of \$20,278 or 0.7% from the previous year. Total net position increased \$2,112,786. The primary elements of the increase were: 1) development impact fees of \$1,456,666; 2) capital contributions from developers of \$412,834; and 3) Developer payments of \$468,680. The loss from operations was significantly lower than the previous year due to a decrease in system maintenance of \$369,336.

Sewer fund. Unrestricted net position at June 30, 2016, amounted to \$2,505,596, an increase of less than 1% from the previous year. Total net position decreased (\$97,904). The primary elements of the decrease were: 1) Assets contributed by developers decreased (\$172,435); and 2) Operating income decreased (\$582,229). The decrease in operating income was due to a large number of maintenance projects, \$610,904 more than the previous year. This level of maintenance is not expected to continue in the future.

Refuse fund. Unrestricted net position at June 30, 2016, amounted to \$706,208, an increase of 17%. Total net position increased \$122,784 and resulted from a gain in operations. This gain is the result of increased revenue attributed to development activity in the City. In addition, the current five-year contract was structured so that the City would see growth in reserves for the first three years and then use of those reserves in the final two years.

Emergency medical services fund. Unrestricted net position at June 30, 2016, amounted to \$891,394, an increase of 54%. Total net position increased \$218,239 and resulted from a gains in operations over previous years.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and transfers was amended from \$33,121,455 to a final budget total of \$34,596,011, an increase of \$1,474,556. Actual expenditures and transfers were \$33,395,877 and were \$1,200,134 less than the final budget. The major element of the savings was from controlled 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, 2016, was \$251,749,297 (net of accumulated depreciation and related debt). 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 \$6,280,595 or 2.6%.

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

- 1) Developers contributed new subdivision streets and utility systems amounting to \$3,807,123.
- 2) The City expended \$1,065,948 on street projects, \$1,852,336 on parks and recreation projects, \$2,059,834 on water systems, \$1,738,093 on storm sewer systems, \$135,336 on sewer systems, \$540,956 on street lighting, and \$1,251,666 on police vehicles and equipment.
- 3) The main reductions in capital assets were depreciation of \$6,649,093 and disposals of \$785,776.

Layton City Capital Assets (net of depreciation)

	Govern- mental Activities 2016	Govern- mental Activities 2015	Business- type Activities 2016	Business- type Activities 2015	Total 2016	Total 2015
Land	\$ 85,331,962	\$ 83,394,667	\$ 1,174,040	\$ 1,174,040	\$ 86,506,002	\$ 84,568,707
Intangible	577,870	577,870	31,685	-	609,555	577,870
Water stock and rights	-	-	4,121,917	3,673,117	4,121,917	3,673,117
Water contracts	-	-	2,163,780	2,163,780	2,163,780	2,163,780
Buildings	17,020,272	17,020,272	2,293,084	2,293,084	19,313,356	19,313,356
Improvements other than buildings	4,897,238	4,897,238	417,579	417,579	5,314,817	5,314,817
Equipment and utility systems	19,600,248	18,864,382	128,890,620	124,815,985	148,490,868	143,680,367
Infrastructure	101,347,619	99,456,955	-	-	101,347,619	99,456,955
Construction in progress	2,440,058	416,765	2,290,606	1,104,297	4,730,664	1,521,062
Less accumulated depreciation	(71,416,645)	(67,974,318)	(46,191,442)	(43,655,386)	(117,608,087)	(111,629,704)
Total	\$ 159,798,622	\$ 156,653,831	\$ 95,191,869	\$ 91,986,496	\$ 254,990,491	\$ 248,640,327

More information is available in the notes to the financial statements, note IV (G) pages 48 and 49.

Long-term debt. On June 30, 2016, the City had total bonded debt outstanding of \$3,345,000 that came from a sales tax revenue obligation issued in 2006 and advance refunding bonds issued in 2015.

Layton City Outstanding Debt General Obligations and Revenue Bonds

	Govern- mental activities 2016	Govern- mental activities 2015	Business- type activities 2016	Business- type activities 2015	Total 2016	Total 2015
Revenue bonds	\$3,345,000	\$3,630,000	\$ -	\$ -	\$3,345,000	\$3,630,000

The City's total bonded debt decreased \$285,000 during the year from principal payments.

The City received and has maintained an 'AAA' rating from Standard and Poor's on the 2006 sales tax revenue debt issue (\$300,000 outstanding). The underlying rating was 'AA' and credit insurance that guaranteed the payment of principal and interest increased the rating to 'AAA'. The series 2015 refunding bonds were placed with a private party and did not require rating.

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, 2016, the City's limitation would be in excess of one hundred million dollars under the 4% limitation and in excess of two hundred million dollars for the combined limitation. Layton City has no outstanding general obligation debt that applies to these limits. Additional information on the City's debt is available in the notes to the financial statements, note IV (H) pages 50 and 51.

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 2016 was 3.1%. This is 0.5% lower than the 3.6% for June 2015. The rate reported for the State of Utah for June 2016 was 3.4%. These compare favorably to the national seasonally adjusted rate reported by the U.S. Department of Labor, Bureau of Labor and Statistics for June 2016 of 5.0%. County and state unemployment rates have decreased slightly in 2016.
2. The Governor's Office of Planning and Budget for 2016 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 2017.
3. Inflationary trends of the state and region compare similarly to the national indices.
4. New residential building permits remain steady but have returned to more historical levels through the end of fiscal year 2016. 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 FY16.
5. Sales tax revenues in the fiscal year ended June 30, 2016 and 2015, were 4.16% and 7.01% 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 2016-2017 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.

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Layton City Corporation

Basic Financial Statements

LAYTON CITY CORPORATION

STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Davis Metro Narcotics Strike Force
ASSETS				
Cash and cash equivalents	\$ 16,881,500	\$ 11,007,462	\$ 27,888,962	\$ 501,142
Restricted cash and cash equivalents	2,013,489	401,817	2,415,306	-
Receivables, net	11,819,645	3,926,689	15,746,334	69,031
Inventory	-	209,464	209,464	-
Prepaid expense	13,525	660,778	674,303	-
Note receivable	77,274	27,688	104,962	-
Contracts receivable	-	306,240	306,240	-
Net pension asset	131,204	80,020	211,224	-
Capital assets not being depreciated				
Water stocks and rights	-	4,121,917	4,121,917	-
Land	85,331,962	1,174,040	86,506,002	-
Water contracts	-	2,163,780	2,163,780	-
Construction in progress	2,440,058	2,290,606	4,730,664	-
Capital assets net of accumulated depreciation				
Buildings	9,612,201	543,484	10,155,685	-
Improvements other than buildings	1,529,160	2,682	1,531,842	-
Infrastructure	57,058,111	-	57,058,111	-
Equipment and utility systems	3,825,615	84,863,675	88,689,290	1,500
Intangible	1,515	31,685	33,200	-
Total assets	<u>190,735,259</u>	<u>111,812,027</u>	<u>302,547,286</u>	<u>571,673</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	109,730	-	109,730	-
Deferred outflows related to pensions	4,300,229	990,162	5,290,391	12,615
Total deferred outflows of resources	<u>4,409,959</u>	<u>990,162</u>	<u>5,400,121</u>	<u>12,615</u>
LIABILITIES				
Accounts payable	565,390	1,646,619	2,212,009	41,347
Accrued liabilities	2,051,055	188,542	2,239,597	2,080
Payable to other governments	-	4,700	4,700	-
Accrued bond interest payable	32,984	-	32,984	-
Deposits	1,686,160	401,817	2,087,977	18,174
Noncurrent liabilities:				
Net pension liability	7,954,588	1,150,073	9,104,661	23,948
Due within one year	2,179,920	338,086	2,518,006	568
Due in more than one year	3,348,144	328,064	3,676,208	92
Total liabilities	<u>17,818,241</u>	<u>4,057,901</u>	<u>21,876,142</u>	<u>86,209</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,465,842	370,197	1,836,039	4,004
Property tax revenue	7,650,371	-	7,650,371	-
Total deferred inflows of resources	<u>9,116,213</u>	<u>370,197</u>	<u>9,486,410</u>	<u>4,004</u>
NET POSITION				
Net investment in capital assets	156,557,428	95,191,869	251,749,297	1,500
Restricted for:				
Class C roads	194,813	-	194,813	-
RAMP	327,319	-	327,319	-
Street construction	2,487,117	-	2,487,117	-
Park development	328,908	-	328,908	-
Public safety	547,997	-	547,997	252,565
Community development	1,534,945	-	1,534,945	-
Debt service	327,329	-	327,329	-
Distribution and collection systems	-	3,781,752	3,781,752	-
Unrestricted	5,904,908	9,400,470	15,305,378	240,010
Total net position	<u>\$168,210,764</u>	<u>\$108,374,091</u>	<u>\$ 276,584,855</u>	<u>\$ 494,075</u>

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Davis Metro Narcotics Strike Force
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 7,132,012	\$ 743,356	\$ 49,436	\$ 156,500	\$ (6,182,720)		\$ (6,182,720)	
Public safety	16,390,590	1,432,080	475,064	295,944	(14,187,502)		(14,187,502)	
Community and economic development	2,518,400	1,891,252	1,326,920	-	699,772		699,772	
Streets and public improvements	7,599,440	110,128	2,155,503	4,502,718	(831,091)		(831,091)	
Parks and recreation	3,096,436	42,293	-	1,004,687	(2,049,456)		(2,049,456)	
Interest on long-term debt	81,785	-	-	-	(81,785)		(81,785)	
Total governmental activities	36,818,663	4,219,109	4,006,923	5,959,849	(22,632,782)		(22,632,782)	
Business-type activities:								
Water	5,612,049	6,106,426	-	1,416,769	\$ 1,911,146		1,911,146	
Storm sewer	2,311,277	2,273,339	-	2,338,180	2,300,242		2,300,242	
Sewer	7,923,011	7,911,754	-	274,125	262,868		262,868	
Refuse	2,898,004	3,018,313	-	-	120,309		120,309	
Swimming pool	946,993	411,852	-	-	(535,141)		(535,141)	
Emergency medical services	2,324,982	2,034,605	695,369	-	404,992		404,992	
Street lighting	517,439	922,761	-	146,692	552,014		552,014	
UIA	183,700	19,243	-	-	(164,457)		(164,457)	
Athletic programs	404,971	429,569	-	-	24,598		24,598	
Total business-type activities	23,122,426	23,127,862	695,369	4,175,766	4,876,571		4,876,571	
Total primary government activities	\$ 59,941,089	\$ 27,346,971	\$ 4,702,292	\$ 10,135,615	(22,632,782)	4,876,571	(17,756,211)	
Component unit:								
Davis metro narcotics strike force	\$ 519,128		\$ 506,875					\$ (12,253)
General revenues:								
Property and uniform vehicle taxes					7,581,810		7,581,810	
Sales and use taxes					14,217,077		14,217,077	
Franchise, telecommunication and energy sales taxes					5,038,994		5,038,994	
Transient room tax					215,385		215,385	
Investment earnings					127,307	84,435	211,742	3,986
Miscellaneous					160,477	34,785	195,262	20,043
Gain on sale of capital assets					25,514	6,758	32,272	-
Transfers					622,680	(622,680)	-	
Total general revenues and transfers					27,989,244	(496,702)	27,492,542	24,029
Change in net position					5,356,462	4,379,869	9,736,331	11,776
Net position - beginning					162,854,302	103,994,222	266,848,524	482,299
Net position - ending					\$ 168,210,764	\$ 108,374,091	\$ 276,584,855	\$ 494,075

LAYTON CITY CORPORATION

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Capital Projects	Special Revenue Redevelopment Agency	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 6,879,100	\$ 3,955,065	\$ 1,901,305	\$ 4,146,030	\$ 16,881,500
Restricted cash and cash equivalents	1,686,160	-	-	327,329	2,013,489
Receivables	10,249,147	-	997,021	573,477	11,819,645
Due from other funds	422,059	-	-	-	422,059
Prepaid	13,525	-	-	-	13,525
Note receivable	-	-	77,274	-	77,274
Total assets	\$ 19,249,991	\$ 3,955,065	\$ 2,975,600	\$ 5,046,836	\$ 31,227,492
<u>Liabilities</u>					
Accounts payable	\$ 391,656	\$ 158,038	\$ -	\$ 15,696	\$ 565,390
Accrued liabilities	1,950,473	96,837	-	3,745	2,051,055
Deposits	1,686,160	-	-	-	1,686,160
Due to other funds	-	-	366,360	55,699	422,059
Total liabilities	4,028,289	254,875	366,360	75,140	4,724,664
<u>Deferred inflows of resources</u>					
Property tax revenue	6,653,350	-	997,021	-	7,650,371
<u>Fund balance</u>					
Nonspendable	435,584	-	77,274	-	512,858
Restricted for:					
Class C roads	174,021	20,792	-	-	194,813
RAMP	-	-	-	327,319	327,319
Street construction	-	78,954	-	2,408,163	2,487,117
Park development	-	-	-	328,908	328,908
Public safety facilities	-	1,178	-	546,819	547,997
Community development	-	-	1,534,945	-	1,534,945
Debt service	-	-	-	327,329	327,329
Total restricted fund balance	174,021	100,924	1,534,945	3,938,538	5,748,428
Assigned to:					
General fund	1,542,182	-	-	-	1,542,182
Capital projects fund	-	3,599,266	-	-	3,599,266
Debt service fund	-	-	-	490,381	490,381
Emergency dispatch fund	-	-	-	235,627	235,627
Proposition 1 transit	-	-	-	297,852	297,852
Victims services fund	-	-	-	9,298	9,298
Total assigned fund balance	1,542,182	3,599,266	-	1,033,158	6,174,606
Unassigned	6,416,565	-	-	-	6,416,565
Total fund balances	8,568,352	3,700,190	1,612,219	4,971,696	18,852,457
Total liabilities, deferred inflow of resources and fund balances	\$ 19,249,991	\$ 3,955,065	\$ 2,975,600	\$ 5,046,836	

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.	159,798,622
Deferred outflows of resources are not current financial resources and, therefore, are not reported in the funds.	4,409,959
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	131,204
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(13,515,636)
Deferred inflows of resources related to pensions are not current financial resources and, therefore, are not reported in the funds.	(1,465,842)
Net position of governmental activities	\$ 168,210,764

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, 2016

	General	Capital Projects	Special Revenue Redevelopment Agency	Other Governmental	Total Governmental Funds
Revenues:					
Taxes and special assessments	\$ 26,313,192	\$ -	\$ 115,600	\$ 624,474	\$ 27,053,266
Licenses and permits	1,843,074	-	-	-	1,843,074
Intergovernmental	2,472,795	174,505	884,422	1,002,048	4,533,770
Charges for services	1,003,960	-	-	2,410,681	3,414,641
Fines and forfeitures	296,772	-	-	-	296,772
Miscellaneous	1,032,199	90	14,520	33,069	1,079,878
Total revenues	32,961,992	174,595	1,014,542	4,070,272	38,221,401
Expenditures:					
Current:					
General government	4,747,243	-	-	83,169	4,830,412
Public safety	15,645,580	-	-	524,745	16,170,325
Community and economic development	1,416,245	-	836,807	442,777	2,695,829
Streets and public improvements	4,336,966	-	-	-	4,336,966
Parks and recreation	2,918,759	-	-	-	2,918,759
Debt service:					
Principal	-	-	-	285,000	285,000
Interest and agent fees	-	-	-	63,188	63,188
Pledge payments	-	-	-	2,281,784	2,281,784
Capital outlay	-	3,691,376	-	-	3,691,376
Total expenditures	29,064,793	3,691,376	836,807	3,680,663	37,273,639
Excess (deficiency) of revenues over (under) expenditures	3,897,199	(3,516,781)	177,735	389,609	947,762
Other financing sources (uses):					
Transfers in	1,116,980	3,637,000	-	2,782,097	7,536,077
Transfers out	(4,331,084)	-	-	(2,582,313)	(6,913,397)
Sale of capital assets	25,514	-	-	-	25,514
Total other financing sources (uses)	(3,188,590)	3,637,000	-	199,784	648,194
Net change in fund balances	708,609	120,219	177,735	589,393	1,595,956
Fund balances - beginning	7,859,743	3,579,971	1,434,484	4,382,303	17,256,501
Fund balances - ending	\$ 8,568,352	\$ 3,700,190	\$ 1,612,219	\$ 4,971,696	\$ 18,852,457

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, 2016

Net change in fund balances - total governmental funds	\$ 1,595,956
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.	3,147,066
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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 position. This is the amount bond and debt repayments exceed proceeds.	264,128
Net pension liabilities and assets do not provide or use current financial resources and therefore current year gains and losses related to these assets and liabilities are not reported in the funds.	87,638
Certain nonemployer contributions are made directly to the pension plan and therefore do not generate current financial resources and are not reported in the funds.	314,272
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>(52,598)</u>
Change in net position of governmental activities	<u>\$ 5,356,462</u>

LAYTON CITY CORPORATION

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

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>Revenues</u>				
Taxes and special assessments	\$ 25,105,976	\$ 25,105,976	\$ 26,313,192	\$ 1,207,216
Licenses and permits	1,105,000	1,122,000	1,843,074	721,074
Intergovernmental	2,548,100	2,608,527	2,472,795	(135,732)
Charges for services	822,000	1,204,838	1,003,960	(200,878)
Fines and forfeitures	295,000	295,000	296,772	1,772
Miscellaneous	723,100	1,011,166	1,032,199	21,033
Total revenues	30,599,176	31,347,507	32,961,992	1,614,485
<u>Expenditures</u>				
Current:				
General government:				
Administration	1,278,225	1,292,772	1,268,120	24,652
Legal	1,598,639	1,627,914	1,532,595	95,319
Finance	1,948,323	2,013,402	1,940,128	73,274
Non-departmental	110,000	33,598	6,400	27,198
Total general government	4,935,187	4,967,686	4,747,243	220,443
Public safety:				
Police	11,220,115	11,535,275	11,229,718	305,557
Fire	4,279,052	4,469,634	4,415,862	53,772
Total public safety	15,499,167	16,004,909	15,645,580	359,329
Community and economic development				
Streets and public improvements	1,309,490	1,482,952	1,416,245	66,707
Parks and recreation	3,833,813	4,481,534	4,336,966	144,568
Total expenditures	28,716,070	30,109,326	29,064,793	1,044,533
Excess of revenues over expenditures	1,883,106	1,238,181	3,897,199	2,659,018
<u>Other financing sources (uses)</u>				
Transfers in	1,074,230	1,074,230	1,116,980	42,750
Transfers out	(4,405,385)	(4,486,685)	(4,331,084)	155,601
Sale of capital assets	50,000	50,000	25,514	(24,486)
Total other financing sources (uses)	(3,281,155)	(3,362,455)	(3,188,590)	173,865
Net change in fund balance	(1,398,049)	(2,124,274)	708,609	2,832,883
Fund balance - beginning	7,859,743	7,859,743	7,859,743	-
Fund balance - ending	\$ 6,461,694	\$ 5,735,469	\$ 8,568,352	\$ 2,832,883

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, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 866,125	\$ 866,125	\$ 884,422	\$ 18,297
Property taxes - development increment	-	-	115,600	115,600
Miscellaneous	-	-	14,520	14,520
Total revenues	866,125	866,125	1,014,542	148,417
<u>Expenditures</u>				
Current:				
Community and economic development:				
Wages and benefits	52,364	52,364	33,599	18,765
Materials and supplies	31,000	31,000	10,057	20,943
Capital outlay - projects	429,509	617,509	458,821	158,688
Payback and purchase agreements	337,500	337,500	334,330	3,170
Total expenditures	850,373	1,038,373	836,807	201,566
Excess (deficiency) of revenue over (under) expenditures	15,752	(172,248)	177,735	349,983
<u>Other financing sources (uses)</u>				
Transfers in:				
General fund	115,600	115,600	-	(115,600)
Total other financing sources (uses)	115,600	115,600	-	(115,600)
Net change in fund balance	131,352	(56,648)	177,735	234,383
Fund balance - beginning	1,434,484	1,434,484	1,434,484	-
Fund balance - ending	\$ 1,565,836	\$ 1,377,836	\$ 1,612,219	\$ 234,383

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

LAYTON CITY CORPORATION

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2016

	Water	Storm Sewer	Sewer	Refuse	Emergency Medical Services	Other Proprietary Funds	Total Proprietary Funds
Assets							
Current assets:							
Cash and cash equivalents	\$ 1,264,325	\$ 5,897,050	\$ 1,929,239	\$ 399,444	\$ 539,779	\$ 977,625	\$ 11,007,462
Accounts receivable, net	1,269,534	269,993	1,405,186	569,211	339,682	73,083	3,926,689
Contracts receivable	-	-	-	-	-	28,292	28,292
Inventory	205,612	-	-	-	-	3,852	209,464
Note receivable	27,688	-	-	-	-	-	27,688
Prepaid expense	660,778	-	-	-	-	-	660,778
Total current assets	3,427,937	6,167,043	3,334,425	968,655	879,461	1,082,852	15,860,373
Noncurrent assets:							
Restricted cash and cash equivalents	208,687	193,130	-	-	-	-	401,817
Contracts receivable	-	-	-	-	-	277,948	277,948
Net pension asset	390	162	239	21	79,152	56	80,020
Capital assets:							
Water stocks and rights	4,121,917	-	-	-	-	-	4,121,917
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	48,934,235	52,504,224	19,802,331	-	-	1,128,099	122,368,889
Equipment	2,910,943	548,096	893,865	-	1,363,980	804,847	6,521,731
Construction in progress	1,453,216	339,367	200,033	43,132	-	254,858	2,290,606
Intangibles	-	-	31,685	-	-	-	31,685
Less: accumulated depreciation	(18,585,302)	(16,895,978)	(7,362,785)	-	(938,716)	(2,408,661)	(46,191,442)
Total capital assets (net of accumulated depreciation)	41,816,807	37,217,486	13,595,841	43,132	425,264	2,093,339	95,191,869
Total noncurrent assets	42,025,884	37,410,778	13,596,080	43,153	504,416	2,371,343	95,951,654
Total assets	45,453,821	43,577,821	16,930,505	1,011,808	1,383,877	3,454,195	111,812,027
Deferred outflows of resources							
Deferred outflows related to pensions	265,112	132,093	163,878	13,624	378,059	37,396	990,162
Liabilities							
Current liabilities:							
Accounts payable	565,225	156,844	576,138	245,116	16,173	87,123	1,646,619
Accrued liabilities	47,602	33,560	16,419	-	54,881	36,080	188,542
Compensated absences payable	81,140	24,959	31,990	-	164,243	7,474	309,806
Customer deposits	208,687	193,130	-	-	-	-	401,817
Payable to other governments	-	-	-	-	4,700	-	4,700
Contracts payable	-	-	-	-	-	28,280	28,280
Total current liabilities	902,654	408,493	624,547	245,116	239,997	158,957	2,579,764
Noncurrent liabilities:							
Compensated absences payable	13,126	4,038	5,175	-	26,568	1,209	50,116
Contracts payable	-	-	-	-	-	277,948	277,948
Net pension liability	505,361	235,560	311,187	26,502	-	71,463	1,150,073
Total noncurrent liabilities	518,487	239,598	316,362	26,502	26,568	350,620	1,478,137
Total liabilities	1,421,141	648,091	940,909	271,618	266,565	509,577	4,057,901
Deferred inflows of resources							
Deferred inflows related to pensions	84,638	38,355	52,037	4,474	178,713	11,980	370,197
Net Position							
Net investment in capital assets	41,816,807	37,217,486	13,595,841	43,132	425,264	2,093,339	95,191,869
Restricted for system development	828,393	2,953,359	-	-	-	-	3,781,752
Unrestricted	1,567,954	2,852,623	2,505,596	706,208	891,394	876,695	9,400,470
Total net position	\$ 44,213,154	\$ 43,023,468	\$ 16,101,437	\$ 749,340	\$ 1,316,658	\$ 2,970,034	\$ 108,374,091

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

LAYTON CITY CORPORATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the year ended June 30, 2016

	Water	Storm Sewer	Sewer	Refuse	Emergency Medical Services	Other Proprietary Funds	Total Proprietary Funds
<u>Operating revenues</u>							
Charges for services	\$ 6,103,126	\$ 2,273,339	\$ 7,911,379	\$ 3,018,313	\$ 2,034,605	\$ 1,783,425	\$ 23,124,187
Miscellaneous	2,107	7,983	11,146	-	9,043	4,506	34,785
Total operating revenues	6,105,233	2,281,322	7,922,525	3,018,313	2,043,648	1,787,931	23,158,972
<u>Operating expenses</u>							
Salaries, wages and benefits	1,226,421	551,766	745,178	69,953	1,826,046	681,586	5,100,950
Supplies and maintenance	1,127,209	519,227	1,160,610	48,672	278,006	525,666	3,659,390
Utilities	665,189	8,642	12,080	5,925	12,208	557,814	1,261,858
Professional services and training	16,874	56,925	13,216	-	51,092	3,773	141,880
Contracted services	1,324,621	-	5,413,753	2,764,522	-	183,532	9,686,428
Insurance	20,024	20,481	24,167	1,807	61,226	13,414	141,119
Rent	161,522	125,899	140,149	7,125	-	-	434,695
Bad debt collection fees	5,140	-	-	-	-	-	5,140
Depreciation	1,065,049	1,028,337	413,858	-	96,404	87,318	2,690,966
Total operating expenses	5,612,049	2,311,277	7,923,011	2,898,004	2,324,982	2,053,103	23,122,426
Operating income (loss)	493,184	(29,955)	(486)	120,309	(281,334)	(265,172)	36,546
<u>Nonoperating revenues (expenses)</u>							
Interest revenue	9,060	49,006	13,722	2,475	4,204	5,968	84,435
Connection charges	3,300	-	375	-	-	-	3,675
Grants/intergovernmental	-	-	-	-	695,369	-	695,369
Gain on sale of capital assets	6,158	600	-	-	-	-	6,758
Total nonoperating revenues (expenses)	18,518	49,606	14,097	2,475	699,573	5,968	790,237
Income (loss) before contributions and transfers	511,702	19,651	13,611	122,784	418,239	(259,204)	826,783
Capital contributions	1,416,769	2,338,180	274,125	-	-	146,692	4,175,766
Transfers in	-	-	-	-	-	694,300	694,300
Transfers out	(486,295)	(245,045)	(385,640)	-	(200,000)	-	(1,316,980)
Change in net position	1,442,176	2,112,786	(97,904)	122,784	218,239	581,788	4,379,869
Total net position - beginning	42,770,978	40,910,682	16,199,341	626,556	1,098,419	2,388,246	103,994,222
Total net position - ending	\$ 44,213,154	\$ 43,023,468	\$ 16,101,437	\$ 749,340	\$ 1,316,658	\$ 2,970,034	\$ 108,374,091

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, 2016

	Water	Storm Sewer	Sewer
<u>Cash flow from operating activities</u>			
Receipts from customers (including cash deposits)	\$ 5,982,597	\$ 2,264,186	\$ 7,711,740
Payments to suppliers	(1,406,560)	(492,646)	(1,272,620)
Payments to other governments	(1,324,621)	-	(5,413,753)
Payments for interfund services used	(199,172)	(163,549)	(177,799)
Payments to employees	(1,267,618)	(575,008)	(874,487)
Net cash provided (used) by operating activities	<u>1,784,626</u>	<u>1,032,983</u>	<u>(26,919)</u>
<u>Cash flow from non-capital financing activities</u>			
Transfers from other funds	-	-	-
Transfers to other funds	(486,295)	(245,045)	(385,640)
County, state and federal grants	-	-	-
Connection fees	3,300	-	375
Net cash provided (used) by non-capital financing activities	<u>(482,995)</u>	<u>(245,045)</u>	<u>(385,265)</u>
<u>Cash flow from capital and related financing activities</u>			
Notes receivable from developers	(19,690)	-	-
Contracts receivable	-	-	-
Proceeds from sale of capital assets	6,158	600	-
Contracts payable and developer payments	-	-	-
Purchase of capital assets	(59,759)	(41,485)	(21,948)
Construction of capital assets	(2,027,635)	(1,704,090)	(58,322)
Developer payments	418,040	468,680	43,491
Impact fees	285,600	1,456,666	-
Exaction fees	93,429	-	-
Net cash provided (used) by capital and related financing activities	<u>(1,303,857)</u>	<u>180,371</u>	<u>(36,779)</u>
<u>Cash flow from investing activities</u>			
Interest earned on investments	9,060	49,006	13,722
Net cash provided by investing activities	<u>9,060</u>	<u>49,006</u>	<u>13,722</u>
Net increase (decrease) in cash and cash equivalents	6,834	1,017,315	(435,241)
Cash and cash equivalents at beginning of year	1,466,178	5,072,865	2,364,480
Cash and cash equivalents at end of year	<u>\$ 1,473,012</u>	<u>\$ 6,090,180</u>	<u>\$ 1,929,239</u>
<u>Reconciliation of operating income to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ 493,184	\$ (29,955)	\$ (486)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,065,049	1,028,337	413,858
Net pension (revenue)expense	(47,198)	(24,620)	(29,257)
(Increase) decrease in accounts receivable	(122,636)	(17,136)	(210,785)
(Increase) decrease in prepaids	(20,126)	-	-
Increase in inventories	(17,596)	-	-
Increase (decrease) in accounts payable	366,023	23,729	(100,197)
Increase (decrease) in accrued liabilities	(789)	-	-
Increase (decrease) in compensated absences	6,790	1,378	(100,052)
Increase (decrease) in customer deposits	61,925	51,250	-
Total adjustments	<u>1,291,442</u>	<u>1,062,938</u>	<u>(26,433)</u>
Net cash provided (used) by operating activities	<u>\$ 1,784,626</u>	<u>\$ 1,032,983</u>	<u>\$ (26,919)</u>
<u>Noncash investing, capital and financing activities:</u>			
Contribution of water, sewer, storm drain and street lights from developers	\$ 172,400	\$ 412,834	\$ 230,634
Water exaction fees received as water stock shares	447,300	-	-

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

Refuse	Emergency Medical Services	Other Proprietary Funds	Totals
\$ 2,975,493	\$ 1,950,846	\$ 1,784,528	\$ 22,669,390
(2,809,819)	(395,003)	(1,144,549)	(7,521,197)
-	-	-	(6,738,374)
(7,125)	-	(183,532)	(731,177)
(72,343)	(1,964,532)	(680,859)	(5,434,847)
86,206	(408,689)	(224,412)	2,243,795
-	-	694,300	694,300
-	(200,000)	-	(1,316,980)
-	695,369	-	695,369
-	-	-	3,675
-	495,369	694,300	76,364
-	-	-	(19,690)
-	-	(22,465)	(22,465)
-	-	-	6,758
-	-	16,862	16,862
(20,254)	-	(562,397)	(705,843)
-	-	-	(3,790,047)
-	-	-	930,211
-	-	-	1,742,266
-	-	-	93,429
(20,254)	-	(568,000)	(1,748,519)
2,475	4,204	5,968	84,435
2,475	4,204	5,968	84,435
68,427	90,884	(92,144)	656,075
331,017	448,895	1,069,769	10,753,204
\$ 399,444	\$ 539,779	\$ 977,625	\$ 11,409,279
\$ 120,309	\$ (281,334)	\$ (265,172)	\$ 36,546
-	96,404	87,318	2,690,966
(2,390)	(128,603)	(6,646)	(238,714)
(42,820)	(92,802)	(3,403)	(489,582)
-	-	-	(20,126)
-	-	773	(16,823)
11,107	5,722	(44,655)	261,729
-	1,807	250	1,268
-	(9,883)	7,123	(94,644)
-	-	-	113,175
(34,103)	(127,355)	40,760	2,207,249
\$ 86,206	\$ (408,689)	\$ (224,412)	\$ 2,243,795
\$ -	\$ -	\$ -	\$ 815,868
-	-	-	447,300

LAYTON CITY CORPORATION
Notes to Financial Statements for year ended June 30, 2016

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 major special revenue fund. The Agency's primary funding source is property tax increment revenue. 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 position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Notes to Financial Statements for year ended June 30, 2016

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, capital projects and redevelopment agency special revenue 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 redevelopment agency special revenue fund (RDA) is accounted for as a blended component unit and is used to account for the activities in the redevelopment project areas. The primary funding sources for the RDA are tax increment revenue and intergovernmental revenue from the other taxing entities which collect taxes in the RDA taxing area.

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, refuse and emergency medical services 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.

The emergency medical services fund accounts for the activities of ambulance and paramedic services including calls for service and transports.

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 are generally considered short-term, highly liquid 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, 2016.

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. Unbilled service has been accrued as an account receivable through June 30, 2016, 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. Inventory and prepaid items are accounted for under the consumption method.

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 special revenue redevelopment 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 position 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 position. Bond premiums and discounts 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 expensed when paid.

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

8. Fund equity

GASB Statement No. 54 categorizes fund balance in governmental funds into five categories. The categories and descriptions are as follows:

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

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

Committed Fund Balance – Fund balances are reported as committed when the City Council formally designates the use of resources by ordinance for a specific purpose and cannot be used for any other purpose unless the City Council likewise formally changes the use.

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

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

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

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

9. Deferred inflows and outflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition

Notes to Financial Statements for year ended June 30, 2016

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. Pensions

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

11. 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."

12. Reclassifications

Certain amounts have been reclassified in the 2015 financial statements to conform with the 2016 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 position of the governmental activities as reported in the government-wide statement of net position. The elements of that reconciliation are detailed below and primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

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

Cost of capital assets	\$231,215,267
Less accumulated depreciation	<u>(71,416,645)</u>
Total difference	<u>\$159,798,622</u>

Long-term obligations – long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financial statements, however all liabilities are reported in the statement of net position. Balances at June 30, 2016, were:

Sales tax and refunding revenue bonds	\$ 3,345,000
Sales tax and refunding revenue bond premium	5,924
Interest payable on long-term debt	32,984
Net pension liability	7,954,588
Compensated absences payable	<u>2,177,140</u>
Total difference	<u>\$13,515,636</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

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

Capital outlays	\$4,113,939
Capital contributions from developers	2,991,255
Less depreciation expense	<u>(3,958,128)</u>
Net difference as reported	<u>\$3,147,066</u>

The second element of the reconciliation states that bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The amount is shown in the reconciliation as the net difference, but the elements of this amount were as follows:

Bond repayment	285,000
Amortization of bond premium	5,924
Reduction of interest payable	<u>(26,796)</u>
Net difference as reported	<u>\$ 264,128</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

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

1. On or before the first regular council meeting in May, the City Manager submits to the City Council a proposed capital and operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and estimated revenues.
2. Prior to the formal adoption of the budget, the City Council holds budget workshop meetings, which are open to the public.
3. In the first City Council meeting in May, the City Council adopts a tentative budget and sets a date for a public budget hearing. At the end of the hearing or sometime thereafter, the budget as amended, is adopted by passage of a resolution.
4. Budgets are adopted annually for all governmental and enterprise fund types in accordance with accounting principles generally accepted in the United States. According to Utah statute, the term for capital project budgets shall "coincide with the term of the individual project or projects." However, because of other ambiguities in the statute, the Utah State Auditors' Office requires that budget and actual statements for the capital projects fund be included in the financial report.

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

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

Utah State law prohibits the appropriation of unrestricted general fund balance until it exceeds the sum of 5 percent of the general fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted but is used to provide working capital, meet emergency expenditures, and cover unanticipated deficits. When the unreserved fund balance in the general fund is greater than 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 \$3,148,108. The following are the main elements of the changes adopted:

1. Increase of expenditures related to federal and state grants awarded during the year	\$ 59,223
2. Increase of expenditures for police and fire special services and recreation special events	420,995
3. Increase of expenditures for streets related projects	1,074,692
4. Increase of expenditures for fire truck purchase	555,000
5. Increase of revenue and expenditures from developers for street lighting development	192,000
6. Increase of expenditures for new park development	217,000
7. Increase of expenditures for various other projects and unanticipated events	629,198

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

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

Investment by Fair Value Level	Fair Value (Level 2)	Weighted Average Maturity
Utah state public treasurer's investment pool	\$27,724,634	Less than 1 year

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.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2016, \$2,835,052 of the City's \$3,085,052 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 custodial 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 have exposure to custodial credit risk, because Strike Force bank deposits are included in the pooled account of the City.

Notes to Financial Statements for year ended June 30, 2016

Custodial credit risk – investments. This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The \$27,724,634 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.

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

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

B. External Investment Pools

The City invests in the Public Treasurer’s Investment Fund (PTIF), an external investment pool operated by the Utah State Treasurer. The PTIF is not registered with the SEC as an investment company. State statutes authorize the PTIF which is regulated by the Utah State Money Management Council under the provisions of the Utah Money Management Act. The ACT regulates and limits pool investments to high grade securities that keep credit risk down except in the most unusual circumstances. The PTIF reports to participants on an amortized cost basis. Deposits in the PTIF are not insured or guaranteed and participants investing in the pool share proportionally in any realized gains or losses. The PTIF values investments at fair market value at June 30 and December 31 each year in accordance with GASB 31. However, the PTIF reports to participants on an amortized cost basis, which approximates the fair value at year end.

As of June 30, 2016, the City had \$27,724,634 invested in the PTIF.

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					Emergency		Nonmajor Funds	Total
	General	RDA	Water	Storm	Sewer	Refuse	Medical Services		
Taxes and inter-governmental	\$ 10,202,160	997,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 505,004	\$ 11,704,185
Accounts	46,987	-	1,304,108	269,993	1,405,186	569,211	799,671	73,083	4,468,239
Grants	-	-	-	-	-	-	-	68,473	68,473
Loans	13,991,405	-	-	-	-	-	-	-	13,991,405
Total receivables	24,240,552	997,021	1,304,108	269,993	1,405,186	569,211	799,671	646,560	30,232,302
Less: allowance for uncollectible accounts	(13,991,405)	-	(34,574)	-	-	-	(459,989)	-	(14,485,968)
Net receivables	\$ 10,249,147	\$ 997,021	\$ 1,269,534	\$ 269,993	\$ 1,405,186	\$ 569,211	\$ 339,682	\$ 646,560	\$ 15,746,334

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 inflows of resources for revenues that have been received, but not yet earned. At June 30, 2016, deferred inflows of resources reported in the governmental funds consisted of:

Property taxes levied and receivable, but not due	<u>Unavailable</u>
	\$ 7,650,371

As of June 30, 2016, the Strike Force had receivables in the amount of \$69,031. The receivables were for state and federal grants and no allowance for uncollectible amounts was made.

Notes to Financial Statements for year ended June 30, 2016

D. Interfund receivables and payables

The composition of interfund balances as of June 30, 2016, is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
General	\$422,059	Non major governmental	\$ 55,699
		Redevelopment Agency	366,360

The victims services fund, community development block grant fund and redevelopment agency fund temporarily borrowed pooled cash of \$401, \$55,298, and \$366,360, respectively.

E. Leases

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

F. Interfund transfers

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

Transfers Out	Transfers In				Totals
	General	Capital Projects	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
General	\$ -	\$ 1,319,000	\$ 2,317,784	\$ 694,300	\$ 4,331,084
Nonmajor governmental funds	-	2,118,000	464,313	-	2,582,313
Emergency medical	-	200,000	-	-	200,000
Water	486,295	-	-	-	486,295
Storm sewer	245,045	-	-	-	245,045
Sewer	385,640	-	-	-	385,640
Totals	<u>\$ 1,116,980</u>	<u>\$ 3,637,000</u>	<u>\$ 2,782,097</u>	<u>\$ 694,300</u>	<u>\$ 8,230,377</u>

Transfers from the general fund were: 1) \$1,319,000 to the capital projects fund for various projects listed in the capital improvement plan. 2) Nonmajor governmental funds - \$2,281,784 to the debt services fund to pay bond payments and other pledges and \$36,000 to the victims services fund to match grant revenue; and 3) Nonmajor proprietary funds - \$385,752 to the swimming pool fund for operations; \$87,000 to the street lighting fund for operations, \$221,000 to the telecom infrastructure fund for operations.

Transfers from the impact fee fund, a nonmajor governmental fund, were: 1) \$830,000 to the capital project fund for street projects; and 2) \$464,313 to the debt service fund to pay park facility bond payments; and 3) \$875,000 to the capital projects fund to pay for neighborhood park development; and 4) \$413,000 to the capital project fund for fire station construction.

Notes to Financial Statements for year ended June 30, 2016

G. Capital assets

Primary government

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

	Balance			Balance
	June 30, 2015	Additions	Reductions	
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 83,394,667	\$ 1,937,295	\$ -	\$ 85,331,962
Construction in progress	416,765	2,252,024	228,731	2,440,058
Total capital assets, not being depreciated	83,811,432	4,189,319	228,731	87,772,020
Capital assets, being depreciated				
Buildings	17,020,272	-	-	17,020,272
Improvements other than buildings	4,897,238	-	-	4,897,238
Equipment	18,864,382	1,251,666	515,800	19,600,248
Infrastructure	99,456,955	1,890,664	-	101,347,619
Intangible	577,870	-	-	577,870
Total capital assets, being depreciated	140,816,717	3,142,330	515,800	143,443,247
Less accumulated depreciation for:				
Buildings	7,134,886	273,185	-	7,408,071
Improvements other than buildings	3,172,393	195,685	-	3,368,078
Equipment	15,438,146	852,287	515,800	15,774,633
Infrastructure	41,660,259	2,629,249	-	44,289,508
Intangible	568,634	7,721	-	576,355
Total accumulated depreciation	67,974,318	3,958,127	515,800	71,416,645
Total capital assets, being depreciated, net	72,842,399	(815,797)	-	72,026,602
Governmental activities capital assets, net	\$ 156,653,831	\$ 3,373,522	\$ 228,731	\$ 159,798,622
	Balance			Balance
	June 30, 2015	Additions	Reductions	
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,174,040	\$ -	\$ -	\$ 1,174,040
Water stock and rights	3,673,117	448,800	-	4,121,917
Water contracts	2,163,780	-	-	2,163,780
Construction in progress	1,104,297	1,704,952	518,643	2,290,606
Total capital assets, not being depreciated	8,115,234	2,153,752	518,643	9,750,343
Capital assets, being depreciated				
Buildings	2,293,084	-	-	2,293,084
Improvements other than buildings	417,579	-	-	417,579
Equipment and infrastructure systems	124,815,985	4,344,611	269,976	128,890,620
Intangibles	-	31,685	-	31,685
Total capital assets, being depreciated	127,526,648	4,344,611	269,976	131,632,968
Less accumulated depreciation for:				
Buildings	1,724,626	24,974	-	1,749,600
Improvements other than buildings	413,557	1,340	-	414,897
Equipment and infrastructure systems	41,517,203	2,664,652	154,910	44,026,945
Total accumulated depreciation	43,655,386	2,690,966	154,910	46,191,442
Total capital assets, being depreciated, net	83,871,262	1,653,645	115,066	85,441,526
Business-type activities capital assets, net	\$ 91,986,496	\$ 3,807,397	\$ 633,709	\$ 95,191,869

Notes to Financial Statements for year ended June 30, 2016

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

Governmental activities:

General government	\$ 124,760
Public safety	596,063
Community and economic development	10,456
Streets and public improvements	2,843,748
Parks and recreation	383,100
Total depreciation expense - Governmental activities	<u>\$ 3,958,127</u>

Business-type activities:

Water	\$ 1,065,049
Storm sewer	1,028,337
Sewer	413,858
Swimming pool	63,555
Street lighting	23,763
Emergency medical services (EMS)	96,404
Total depreciation expense - Business-type activities	<u>\$ 2,690,966</u>

Construction and other commitments

The City had active construction projects as of June 30, 2016. 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	\$ 1,797,643	\$ 162,691
Streets and walkways	862,158	546,904
Water	2,147,375	860,439
Storm sewer	533,719	1,713,554
Sanitary sewer	194,877	660,312
Street lighting	559,981	213,873
Total	<u>\$ 6,095,753</u>	<u>\$ 4,157,773</u>

Encumbrances (by fund):

General	\$ 230,957
E911	181,341
Water	166,970
Storm sewer	266,441
Sanitary sewer	33,706
Street Lighting	350,132
Emergency medical services	9,757
Swimming pool	4,754
Athletic programs	14,080
	<u>\$ 1,258,138</u>

Discretely presented component unit

Activity for the Strike Force for the year ended June 30, 2016, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
	<u>July 1, 2015</u>			<u>June 30, 2016</u>
Capital assets, being depreciated:				
Equipment	\$ 237,804	\$ -	\$ -	\$ 237,804
Less accumulated depreciation	(230,975)	(5,329)	-	(236,304)
Strike Force capital assets, net	<u>\$ 6,829</u>	<u>\$(5,329)</u>	-	<u>\$ 1,500</u>

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. During the fiscal year ended June 30, 2015, the City issued 2015 Sales Tax Revenue Refunding bonds to advance refund a portion of the 2006 Revenue bonds. The total outstanding principal and interest on the bonds of \$313,500 represents 2.3% of current year sales tax revenue received. Principal and interest payments made during fiscal 2016 of \$304,913 represent 2.2% 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.

2006 revenue bonds outstanding at year-end were \$300,000 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>
2017	300,000	13,500
Total	<u>\$ 300,000</u>	<u>\$ 13,500</u>

Advance Refunding

In May 2015, the City issued series 2015 sales tax revenue refunding bonds in the amount of \$3,045,000. The interest rate is 1.92% for all bonds. The bonds were used to defease \$2,835,000 of series 2006 sales tax revenue bonds. Proceeds of \$2,998,390 were placed in escrow and used to purchase noncallable United States Government Obligations. The escrow securities, together with the interest thereon will be used to pay the interest on the refunded bonds through July 15, 2016 and the redemption price on July 15, 2016 of all refunded bonds then outstanding. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$121,922. This amount is being netted against the new debt and being amortized over the remaining life of the new debt, which is the same as the life of the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$160,098 and resulted in an economic gain of \$151,100.

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 \$3,343,876 represents 24.6% of current year sales tax revenue received. Proceeds were deposited with an escrow agent to fund payments on refunded bonds.

2015 revenue bonds outstanding at year-end were \$3,045,000 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>
2017	-	58,464
2018	349,000	55,114
2019	363,000	48,278
2020	372,000	41,222
2021	375,000	34,051
2022 – 2025	1,586,000	61,746
Total	<u>\$ 3,045,000</u>	<u>\$ 298,876</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance			Balance	Due Within
	June 30, 2015	Additions	Reductions	June 30, 2016	One Year
Governmental activities:					
2006 Sales tax revenue bonds	\$ 585,000	\$ -	\$ 285,000	\$ 300,000	\$ 300,000
2015 Sales tax refunding bonds	3,045,000	-	-	3,045,000	-
Issuance premium	11,848	-	5,924	5,924	5,924
Total bonds payable	3,641,848	-	290,924	3,350,924	305,924
Compensated absences	2,124,542	1,871,317	1,818,719	2,177,140	1,873,996
Total governmental activities	\$ 5,766,390	\$ 1,871,317	\$ 2,109,643	\$ 5,528,064	\$ 2,179,920
Business-type activities:					
Contracts payable	\$ 166,830	\$ 177,300	\$ 37,902	\$ 306,228	\$ 28,280
Compensated absences	381,312	313,231	334,621	359,922	309,806
Total business-type activities	\$ 548,142	\$ 490,531	\$ 372,523	\$ 666,150	\$ 338,086

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

The City paid premiums and loss recovery of \$172,463 to URMMA for the year ended June 30, 2016. The City paid URMMA \$51,704 for costs and claims within the deductible limit or otherwise not covered.

D. Employee retirement systems and plans

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

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

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

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. All contributions were equal to the required contributions.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

Notes to Financial Statements for year ended June 30, 2016

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

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

Summary of Benefits by System

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

* with actuarial reductions

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

Contributions

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

Notes to Financial Statements for year ended June 30, 2016

<u>Utah Retirement Systems</u>	Employee Paid	Paid by Employer for Employee	Employer Contribution Rate	Employer Rate for 401(k) Plan
Contributory System				
11 - Local Governmental Division Tier 1	6.000%	N/A	14.460%	N/A
111 - Local Governmental Division Tier 2	N/A	N/A	16.670%	1.780%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%	N/A
Public Safety Retirement System				
23 - Other Division A Contributory Tier 1	12.290%	N/A	22.750%	N/A
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%	N/A
122 - Other Division A Contributory Tier 2	N/A	N/A	22.500%	1.330%
Firefighter System				
31 - Division A Tier 1	N/A	15.050%	3.990%	N/A
132 - Division A Tier 2	N/A	N/A	10.750%	1.330%
Tier 2 DC Only				
211 - Local Government	N/A	N/A	6.690%	10.000%
222 - Public Safety	N/A	N/A	11.830%	12.000%

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

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

At June 30, 2016, the City reported a net pension asset of \$211,224 and a net pension liability of \$9,104,661. The Discretely Presented Component Unit reported a net pension liability of \$23,948.

	Proportionate Share	Primary Government		Discretely Presented Component Unit	
		Net Pension Asset	Net Pension Liability	Net Pension Asset	Net Pension Liability
Noncontributory System	0.7423685%	\$ -	\$ 4,176,734	\$ -	\$ 23,948
Contributory System	0.7578119%	-	532,631	-	-
Public Safety System	2.4375710%	-	4,395,296	-	-
Firefighters System	10.9046373%	197,506	-	-	-
Tier 2 Public Employees System	0.1883733%	411	-	-	-
Tier 2 Public Safety and Firefighter System	0.9108140%	13,307	-	-	-
Total Net Pension Asset / Liability		<u>\$ 211,224</u>	<u>\$ 9,104,661</u>	<u>\$ -</u>	<u>\$ 23,948</u>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the System during the plan year over the total of all employer contributions to the System during the plan year. For the year ended June 30, 2016, the City and Discretely Presented Component Unit recognized combined pension expense of \$2,162,472, per Utah Retirement Systems.

Notes to Financial Statements for year ended June 30, 2016

At June 30, 2016, the reported deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	Primary Government		Discretely Presented Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,311	\$ 864,963	\$ -	\$ 1,351
Changes in assumptions	-	861,110	-	2,589
Net difference between projected and actual earnings on pension plan investments	3,892,905	-	9,207	-
Changes in proportion and differences between contributions and proportionate share of contributions	14,344	109,966	-	64
Contributions subsequent to the measurement date	1,380,831	-	3,408	-
	<u>\$ 5,290,391</u>	<u>\$ 1,836,039</u>	<u>\$ 12,615</u>	<u>\$ 4,004</u>

There was \$1,380,831 and \$3,408 reported as deferred outflows of resources related to pensions results from contributions made by the City and the Discretely Presented Component Unit, respectively, prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ 413,382
2017	452,145
2018	577,071
2019	815,123
2020	(85,990)
thereafter	(93,007)

Actuarial assumptions

Total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.5 - 10.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

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

The actual assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

The following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

System	1.00% Decrease (6.50%)	Discount Rate (7.50%)	1.00% Increase (8.50%)
Noncontributory System	\$ 8,875,624	\$ 4,176,734	\$ 298,042
Contributory System	938,014	532,631	192,294
Public Safety System	9,307,383	4,395,296	395,951
Firefighters System	2,688,409	(197,506)	(2,541,456)
Tier 2 Public Employees System	75,410	(411)	(57,877)
Tier 2 Public Employees System	22,621	(13,307)	(40,897)
Total	\$ 21,907,461	\$ 8,893,437	\$ (1,753,943)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued URS financial report.

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, 2016, were \$370,166.

Deferred compensation plan

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

Defined Contribution Savings plans

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

Employer and employee contributions to the URS Defined Contribution Savings Plans for the fiscal year ended June 30, were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
401(k) plan			
Employer contributions	\$ 106,415	\$ 66,254	\$ 30,619
Employee contributions	36,941	22,083	7,781
457 Plan			
Employer contributions	-	-	-
Employee contributions	266,568	266,946	271,698
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	45,553	28,562	23,331

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 2016 total \$2,281,784. Payments for 2017 will total \$2,331,295. 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 \$13,991,405 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 2016 were \$161,345. Total assessments anticipated for fiscal year 2017 are \$0.

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 – 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	\$ 504,604
b) Tax increment paid to other entities	420,000
c) Outstanding principal amount of bonds issued	-
d) Project expenditures and administrative costs	64,090

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	\$ 100,920
b) Total tax increment revenue restricted for affordable housing at June 30, 2016	-
c) Tax increment revenue spent on affordable housing during the year	36,000

East Gate Economic Development Project -

a) Tax increment collected	\$ 492,418
b) Tax increment paid to other entities	334,330
c) Outstanding principal amount of bonds issued	-
d) Project expenditures and administrative costs	18,387

The Agency collected tax increment revenue of \$997,022 at June 30, 2016. Funds in the amount of \$416,360 were loaned by Layton City to the East Gate project in 2011 to install electric utility conduit and telecommunication lines into a segment of the project area and to extend a portion of 1700 East. The balance owed to the City as of June 30, 2016 is \$366,360. The City will continue to 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 \$177,830. As of June 30, 2016 the obligation was paid in full.

Layton City Corporation

Required Supplementary Information

Schedule of Required Supplementary Information

SCHEDULE OF CONTRIBUTIONS

LAYTON CITY

Utah Retirement Systems

Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 1,118,658	\$ 1,118,658	\$ -	\$ 6,481,454	17.26%
	2015	1,141,884	1,141,884	-	6,192,666	18.44%
	2016	1,106,005	1,106,005	-	6,050,378	18.28%
Contributory System	2014	\$ 71,851	\$ 71,851	\$ -	\$ 541,047	13.28%
	2015	51,859	51,859	-	358,635	14.46%
	2016	44,281	44,281	-	306,233	14.46%
Public Safety System	2014	\$ 1,145,677	\$ 1,145,677	\$ -	\$ 3,684,285	31.10%
	2015	1,167,322	1,167,322	-	3,536,594	33.01%
	2016	1,166,820	1,166,820	-	3,622,120	32.21%
Firefighters System	2014	\$ 86,515	\$ 86,515	\$ -	\$ 2,922,793	2.96%
	2015	112,564	112,564	-	2,946,679	3.82%
	2016	116,585	116,585	-	2,921,924	3.99%
Tier 2 Public Employees System*	2014	\$ 84,764	\$ 84,764	\$ -	\$ 605,889	13.99%
	2015	163,606	163,606	-	1,095,081	14.94%
	2016	192,856	192,856	-	1,293,467	14.91%
Tier 2 Public Safety and Firefighter System*	2014	\$ 74,289	\$ 74,289	\$ -	\$ 356,304	20.85%
	2015	105,643	105,643	-	477,144	22.14%
	2016	130,929	130,929	-	618,827	21.16%
Tier 2 Public Employees DC Only System*	2014	\$ 2,525	\$ 2,525	\$ -	\$ 45,249	5.58%
	2015	9,696	9,696	-	144,290	6.72%
	2016	22,017	22,017	-	329,095	6.69%
Tier 2 Public Safety and Firefighter DC Only System*	2014	\$ 10,418	\$ 10,418	\$ -	\$ 104,807	9.94%
	2015	25,854	25,854	-	218,549	11.83%
	2016	26,077	26,077	-	220,432	11.83%

Note: Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. However, this is the information available since the implementation year of GASB 68. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

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

Schedule of Required Supplementary Information

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAYTON CITY
Utah Retirement Systems
Last 10 Fiscal Years

	As of December 31,	Proportion of Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a percentage of its Covered-employee Payroll
Noncontributory System	2014	0.7566359%	\$ 3,285,491	\$ 6,343,282	51.80%	90.20%
	2015	0.7423685%	4,200,682	6,119,778	68.64%	87.80%
Contributory System	2014	0.8386238%	\$ 241,896	\$ 451,988	53.50%	94.00%
	2015	0.7578119%	532,631	322,894	164.96%	85.70%
Public Safety System	2014	2.7434949%	\$ 3,110,625	\$ 3,599,002	86.40%	90.50%
	2015	2.4537571%	4,395,296	3,599,952	122.09%	87.10%
Firefighters System	2014	11.2237097%	\$ (640,468)	\$ 2,946,770	-21.70%	103.50%
	2015	10.9046373%	(197,504)	2,932,698	-6.73%	101.00%
Tier 2 Public Employees System*	2014	0.1734042%	\$ (5,255)	\$ 851,867	-0.60%	103.50%
	2015	0.1883733%	(411)	1,216,958	-0.03%	100.20%
Tier 2 Public Safety and Firefighter System*	2014	1.0098249%	\$ (14,939)	\$ 417,464	-3.60%	120.50%
	2015	0.9108140%	(13,307)	541,997	-2.46%	110.70%

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

Note: Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI.

Notes to Required Supplementary Information

1. Actuarially Determined Pension Contributions

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

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

2. Changes in Assumptions

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

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

Layton City Corporation

Combining Fund Statements

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Nonmajor 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.

RAMP— This fund accounts for tax revenues that are restricted for promotion and capital projects related to recreation, arts, museum and parks.

Proposition 1 transit tax— This fund accounts for tax revenue generated by the proposition 1 transit tax. Although it is not required to be accounted for separately, the Council felt it would be appropriate in order to be transparent when asked to demonstrate accountability for the funds.

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, 2016

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Emergency Dispatch Service	Victims Services	Community Development Block Grant	Impact Fee	RAMP	Proposition 1 Transit	Debt Service	
<u>Assets</u>								
Cash and cash equivalents	\$ 162,578	\$ -	\$ 3,620	\$ 3,283,890	\$ 108,569	\$ 96,992	\$ 490,381	\$ 4,146,030
Receivables:								
Taxes and intergovernmental	85,376	12,636	55,837	-	218,750	200,878	-	573,477
Restricted assets:								
Restricted cash and cash equivalents	-	-	-	-	-	-	327,329	327,329
Total assets	\$ 247,954	\$ 12,636	\$ 59,457	\$ 3,283,890	\$ 327,319	\$ 297,870	\$ 817,710	\$ 5,046,836
<u>Liabilities</u>								
Accounts payable	\$ 12,327	\$ 295	\$ 3,056	\$ -	\$ -	\$ 18	\$ -	\$ 15,696
Accrued liabilities	-	2,642	1,103	-	-	-	-	3,745
Due to other funds	-	401	55,298	-	-	-	-	55,699
Total liabilities	12,327	3,338	59,457	-	-	18	-	75,140
Fund balances								
Restricted for:								
Street construction	-	-	-	2,408,163	-	-	-	2,408,163
Park development	-	-	-	328,908	-	-	-	328,908
Public safety facilities	-	-	-	546,819	-	-	-	546,819
Debt service	-	-	-	-	-	-	327,329	327,329
RAMP	-	-	-	-	327,319	-	-	327,319
Assigned	235,627	9,298	-	-	-	297,852	490,381	1,033,158
Total fund balances	235,627	9,298	-	3,283,890	327,319	297,852	817,710	4,971,696
Total liabilities and fund balances	\$ 247,954	\$ 12,636	\$ 59,457	\$ 3,283,890	\$ 327,319	\$ 297,870	\$ 817,710	\$ 5,046,836

LAYTON CITY CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2016

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Emergency Dispatch Service	Victims Services	Community Development Block Grant	Impact Fee	RAMP	Proposition 1 Transit	Debt Service	
Revenues:								
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ 326,705	\$ 297,769	\$ -	\$ 624,474
Intergovernmental	510,114	49,436	442,498	-	-	-	-	1,002,048
Charges for services	-	-	-	2,410,681	-	-	-	2,410,681
Miscellaneous	1,218	-	-	29,827	614	83	1,327	33,069
Total revenues	511,332	49,436	442,498	2,440,508	327,319	297,852	1,327	4,070,272
Expenditures:								
Current:								
General government	-	83,169	-	-	-	-	-	83,169
Public safety	524,745	-	-	-	-	-	-	524,745
Community and economic development	-	-	442,777	-	-	-	-	442,777
Debt service:								
Principal	-	-	-	-	-	-	285,000	285,000
Interest and agent fees	-	-	-	-	-	-	63,188	63,188
Pledge payments	-	-	-	-	-	-	2,281,784	2,281,784
Total expenditures	524,745	83,169	442,777	-	-	-	2,629,972	3,680,663
Excess (deficiency) of revenues over (under) expenditures	(13,413)	(33,733)	(279)	2,440,508	327,319	297,852	(2,628,645)	389,609
Other financing sources (uses):								
Transfers in	-	36,000	-	-	-	-	2,746,097	2,782,097
Transfers out	-	-	-	(2,582,313)	-	-	-	(2,582,313)
Total other financing sources (uses)	-	36,000	-	(2,582,313)	-	-	2,746,097	199,784
Net change in fund balances	(13,413)	2,267	(279)	(141,805)	327,319	297,852	117,452	589,393
Fund balances - beginning	249,040	7,031	279	3,425,695	-	-	700,258	4,382,303
Fund balances - ending	\$ 235,627	\$ 9,298	\$ -	\$ 3,283,890	\$ 327,319	\$ 297,852	\$ 817,710	\$ 4,971,696

Nonmajor 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.

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, 2016

	Swimming Pool	Street Lighting	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 142,327	\$ 542,383	\$ 164,416	\$ 128,499	\$ 977,625
Accounts receivable, net	-	71,326	-	1,757	73,083
Contracts receivable	-	-	-	28,292	28,292
Inventory	3,852	-	-	-	3,852
Total current assets	146,179	613,709	164,416	158,548	1,082,852
Noncurrent assets:					
Contracts receivable	-	-	-	277,948	277,948
Net pension asset	56	-	-	-	56
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	-	1,128,099	-	-	1,128,099
Equipment	677,613	127,234	-	-	804,847
Construction in progress	-	254,858	-	-	254,858
Less: accumulated depreciation	(2,366,704)	(41,957)	-	-	(2,408,661)
Total capital assets	625,105	1,468,234	-	-	2,093,339
Total noncurrent assets	625,161	1,468,234	-	277,948	2,371,343
Total assets	771,340	2,081,943	164,416	436,496	3,454,195
<u>Deferred outflows of resources</u>					
Deferred outflows related to pensions	37,396	-	-	-	37,396
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	24,929	48,995	13,199	-	87,123
Accrued liabilities	30,018	-	6,062	-	36,080
Compensated absences payable	7,474	-	-	-	7,474
Contracts payable	-	-	-	28,280	28,280
Total current liabilities	62,421	48,995	19,261	28,280	158,957
Noncurrent liabilities:					
Contracts payable	-	-	-	277,948	277,948
Compensated absences payable	1,209	-	-	-	1,209
Net pension liability	71,463	-	-	-	71,463
Total noncurrent liabilities	72,672	-	-	277,948	350,620
Total liabilities	135,093	48,995	19,261	306,228	509,577
<u>Deferred inflows of resources</u>					
Deferred inflows related to pensions	11,980	-	-	-	11,980
<u>Net position</u>					
Net investment in capital assets	625,105	1,468,234	-	-	2,093,339
Unrestricted	36,558	564,714	145,155	130,268	876,695
Total net position	\$ 661,663	\$ 2,032,948	\$ 145,155	\$ 130,268	\$ 2,970,034

LAYTON CITY CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 For the year ended June 30, 2016

	Swimming Pool	Street Lighting	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Operating revenues</u>					
Charges for services	\$ 411,852	\$ 922,761	\$ 429,569	\$ 19,243	\$ 1,783,425
Miscellaneous	6	4,500	-	-	4,506
Total operating revenues	411,858	927,261	429,569	19,243	1,787,931
<u>Operating expenses</u>					
Salaries, wages and benefits	564,218	-	117,368	-	681,586
Supplies and maintenance	96,250	142,925	286,323	168	525,666
Utilities	212,635	345,179	-	-	557,814
Professional services and training	2,493	-	1,280	-	3,773
Contracted agreements	-	-	-	183,532	183,532
Insurance	7,842	5,572	-	-	13,414
Depreciation	63,555	23,763	-	-	87,318
Total operating expenses	946,993	517,439	404,971	183,700	2,053,103
Operating income (loss)	(535,135)	409,822	24,598	(164,457)	(265,172)
<u>Nonoperating revenues</u>					
Interest	-	5,215	-	753	5,968
Total nonoperating revenues	-	5,215	-	753	5,968
Income (loss) before contributions and transfers	(535,135)	415,037	24,598	(163,704)	(259,204)
Capital contribution	-	146,692	-	-	146,692
Transfers in	385,752	87,000	548	221,000	694,300
Change in net position	(149,383)	648,729	25,146	57,296	581,788
Total net position - beginning - restated	811,046	1,384,219	120,009	72,972	2,388,246
Total net position - ending	\$ 661,663	\$ 2,032,948	\$ 145,155	\$ 130,268	\$ 2,970,034

LAYTON CITY CORPORATION

COMBINING STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS

For the year ended June 30, 2016

	Swimming Pool	Street Lighting	Athletic Programs	UIA	Total Nonmajor Proprietary Funds
<u>Cash flow from operating activities</u>					
Receipts from customers	\$ 411,858	\$ 923,800	\$ 429,569	\$ 19,301	\$ 1,784,528
Payments to suppliers	(321,870)	(482,824)	(296,414)	(43,441)	(1,144,549)
Payments to other governments	-	-	-	(183,532)	(183,532)
Payments to employees	(563,741)	-	(117,118)	-	(680,859)
Net cash used by operating activities	(473,753)	440,976	16,037	(207,672)	(224,412)
<u>Cash flow from non-capital financing activities</u>					
Transfers (to) from other funds	385,752	87,000	548	221,000	694,300
Net cash provided by non-capital financing activities	385,752	87,000	548	221,000	694,300
<u>Cash flow from capital and related financing activities</u>					
Purchase of capital assets	(18,337)	(540,956)	-	-	(559,293)
Contracts receivable	-	-	-	(22,465)	(22,465)
Retainage payable	-	(3,104)	-	-	(3,104)
Contracts payable	-	-	-	16,862	16,862
Net cash used by capital and related financing activities	(18,337)	(544,060)	-	(5,603)	(568,000)
<u>Cash flow from investing activities</u>					
Interest earned on investments	-	5,215	-	753	5,968
Net cash provided by investing activities	-	5,215	-	753	5,968
Net increase (decrease) in cash and cash equivalents	(106,338)	(10,869)	16,585	8,478	(92,144)
Cash and cash equivalents at beginning of year	248,665	553,252	147,831	120,021	1,069,769
Cash and cash equivalents at end of year	\$ 142,327	\$ 542,383	\$ 164,416	\$ 128,499	\$ 977,625

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

Operating income (loss)	\$ (535,135)	\$ 409,822	\$ 24,598	\$ (164,457)	\$ (265,172)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:					
Depreciation expense	63,555	23,763	-	-	87,318
Net pension (revenue)expense	(6,646)	-	-	-	(6,646)
Decrease (increase) in accounts receivable	-	(3,461)	-	58	(3,403)
Increase (decrease) in inventories	773	-	-	-	773
Increase (decrease) in accounts payable	(3,423)	10,852	(8,811)	(43,273)	(44,655)
Increase (decrease) in accrued liabilities	-	-	250	-	250
Increase (decrease) in compensated absences	7,123	-	-	-	7,123
Total adjustments	61,382	31,154	(8,561)	(43,215)	40,760
Net cash provided (used) by operating activities	\$ (473,753)	\$ 440,976	\$ 16,037	\$ (207,672)	\$ (224,412)

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Layton City Corporation

Individual Fund Statements

LAYTON CITY CORPORATION

GENERAL FUND
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Cash and cash equivalents	\$ 6,879,100	\$ 5,838,551
Restricted cash and cash equivalents	1,686,160	1,692,850
Receivables:		
Taxes and intergovernmental	10,202,160	9,838,206
Accounts	46,987	3,073
Due from other funds	422,059	435,893
Prepaid	13,525	21,653
	<u>\$ 19,249,991</u>	<u>\$ 17,830,226</u>
<u>Liabilities</u>		
Accounts payable	\$ 391,656	\$ 279,918
Accrued liabilities	1,950,473	1,457,615
Customer deposits	1,686,160	1,692,850
Due to developers	-	20,100
Total liabilities	<u>4,028,289</u>	<u>3,450,483</u>
<u>Deferred inflows of resources</u>		
Property tax revenue	6,653,350	6,520,000
Total deferred inflows of resources	<u>6,653,350</u>	<u>6,520,000</u>
Fund balance:		
Nonspendable	435,584	457,546
Restricted for class C roads	174,021	14,434
Assigned	1,542,182	1,592,699
Unassigned	6,416,565	5,795,064
	<u>8,568,352</u>	<u>7,859,743</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 19,249,991</u>	<u>\$ 17,830,226</u>

LAYTON CITY CORPORATION

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Revenues</u>		
Taxes and special assessments	\$ 26,313,192	\$ 25,272,795
Licenses and permits	1,843,074	1,383,273
Intergovernmental	2,472,795	2,416,858
Charges for services	1,003,960	855,127
Fines and forfeitures	296,772	313,975
Miscellaneous	1,032,199	823,383
Total revenues	<u>32,961,992</u>	<u>31,065,411</u>
<u>Expenditures</u>		
Current:		
General government	4,747,243	4,491,422
Public safety	15,645,580	14,940,732
Community and economic development	1,416,245	1,216,827
Streets and public improvements	4,336,966	3,306,604
Parks and recreation	2,918,759	3,006,094
Total expenditures	<u>29,064,793</u>	<u>26,961,679</u>
Excess of revenues over expenditures	<u>3,897,199</u>	<u>4,103,732</u>
<u>Other financing sources (uses)</u>		
Transfers in:		
Impact fee fund	-	52,200
Redevelopment agency	-	2,358,300
Water fund	486,295	467,900
Storm sewer fund	245,045	228,906
Sewer fund	385,640	321,108
Total transfers in	<u>1,116,980</u>	<u>3,428,414</u>
Transfers out:		
Redevelopment agency	-	(2,358,300)
Swimming pool fund	(385,752)	(482,469)
Debt service fund	(2,281,784)	(2,237,043)
Capital projects fund	(1,319,000)	(1,428,520)
UIA infrastructure fund	(221,000)	(225,000)
Other funds	(548)	-
Street lighting fund	(87,000)	(465,000)
Victim services fund	(36,000)	(33,000)
Total transfers out	<u>(4,331,084)</u>	<u>(7,229,332)</u>
Sale of capital assets	<u>25,514</u>	<u>16,700</u>
Total other financing sources and (uses)	<u>(3,188,590)</u>	<u>(3,784,218)</u>
Net change in fund balance	708,609	319,514
Fund balance - beginning	<u>7,859,743</u>	<u>7,540,229</u>
Fund balance - ending	<u>\$ 8,568,352</u>	<u>\$ 7,859,743</u>

LAYTON CITY CORPORATION

EMERGENCY DISPATCH SERVICE FUND
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 162,578	\$ 189,744
Receivables - Intergovernmental	85,376	82,543
	<hr/>	<hr/>
Total assets	\$ 247,954	\$ 272,287
	<hr/>	<hr/>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 12,327	\$ 23,247
	<hr/>	<hr/>
Total liabilities	12,327	23,247
	<hr/>	<hr/>
Fund balance:		
Assigned	235,627	249,040
	<hr/>	<hr/>
Total fund balance	235,627	249,040
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 247,954	\$ 272,287
	<hr/>	<hr/>

LAYTON CITY CORPORATION

EMERGENCY DISPATCH SERVICE FUND

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

For the year ended June 30, 2016

(with comparative actual amounts for year ended June 30, 2015)

	2016			Variance With Final Budget - Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental	\$ 800,000	\$ 800,000	\$ 510,114	\$ (289,886)	\$ 518,024
Miscellaneous:					
Interest	1,400	1,819	1,218	(601)	844
Total revenues	801,400	801,819	511,332	(290,487)	518,868
<u>Expenditures</u>					
Current:					
Public safety:					
Salaries, wages and benefits	367,979	368,068	365,979	2,089	367,948
Materials and supplies	162,378	162,797	139,647	23,150	155,500
Equipment	315,500	315,500	19,119	296,381	-
Total expenditures	845,857	846,365	524,745	321,620	523,448
Net change in fund balance	(44,457)	(44,546)	(13,413)	31,133	(4,580)
Fund balance - beginning	249,040	249,040	249,040	-	253,620
Fund balance - ending	\$ 204,583	\$ 204,494	\$ 235,627	\$ 31,133	\$ 249,040

LAYTON CITY CORPORATION

VICTIMS SERVICES FUND
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Receivables - grants	\$ 12,636	\$ 24,449
Total assets	<u>\$ 12,636</u>	<u>\$ 24,449</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 295	\$ 981
Accrued liabilities	2,642	2,086
Due to other funds	401	14,351
Total liabilities	<u>3,338</u>	<u>17,418</u>
Fund balance		
Assigned	<u>9,298</u>	<u>7,031</u>
Total fund balance	<u>9,298</u>	<u>7,031</u>
Total liabilities and fund balance	<u>\$ 12,636</u>	<u>\$ 24,449</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, 2016

(with comparative actual amounts for year ended June 30, 2015)

	2016			2015	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Intergovernmental:					
VOCA grant	\$ 47,474	\$ 47,474	\$ 49,436	\$ 1,962	\$ 48,719
Total revenues	47,474	47,474	49,436	1,962	48,719
<u>Expenditures</u>					
Current:					
General government:					
Salaries, wages and benefits	79,134	79,796	80,071	(275)	76,602
Materials and supplies	4,340	3,678	3,098	580	3,071
Total expenditures	83,474	83,474	83,169	305	79,673
Deficiency of revenues under expenditures	(36,000)	(36,000)	(33,733)	2,267	(30,954)
<u>Other financing sources:</u>					
Transfers in	36,000	36,000	36,000	-	33,000
Net change in fund balance	-	-	2,267	2,267	2,046
Fund balance - beginning	7,031	7,031	7,031	-	4,985
Fund balance - ending	\$ 7,031	\$ 7,031	\$ 9,298	\$ 2,267	\$ 7,031

LAYTON CITY CORPORATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUND
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Cash and cash equivalents	\$ 3,620	\$ -
Receivables - grants	55,837	47,792
Total assets	<u>\$ 59,457</u>	<u>\$ 47,792</u>
<u>Liabilities</u>		
Liabilities:		
Accounts payable	\$ 3,056	\$ 1,050
Accrued liabilities	1,103	1,281
Due to other funds	55,298	45,182
Total liabilities	59,457	47,513
Fund balance:		
Assigned	-	279
Total liabilities and fund balance	<u>\$ 59,457</u>	<u>\$ 47,792</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, 2016
 (with comparative actual amounts for year ended June 30, 2015)

	2016			2015	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Intergovernmental:					
Community development block grants	\$ 307,000	\$ 439,190	\$ 433,998	\$ (5,192)	\$ 375,051
Miscellaneous:					
Sundry	-	8,500	8,500	-	4,000
Total revenue	307,000	447,690	442,498	(5,192)	379,051
<u>Expenditures</u>					
Current:					
Community and economic development:					
Salaries, wages and benefits	54,200	74,200	60,810	13,390	48,631
Materials, supplies and programs	93,250	127,900	121,492	6,408	191,513
Housing, sidewalk, and other projects	159,550	400,072	255,475	144,597	138,628
Total expenditures	307,000	602,172	442,777	164,395	378,772
Net change in fund balance	-	(154,482)	(279)	159,203	279
Fund balance - beginning	279	279	279	-	-
Fund balance - ending	\$ 279	\$ (154,203)	\$ -	\$ 159,203	\$ 279

LAYTON CITY CORPORATION

IMPACT FEE FUND
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 3,283,890	\$ 3,425,695
Total assets	<u>\$ 3,283,890</u>	<u>\$ 3,425,695</u>
 <u>Liabilities and fund balance</u>		
Fund balance:		
Restricted for street construction	\$ 2,408,163	\$ 1,856,583
Restricted for park development	328,908	909,885
Restricted for public safety facilities	546,819	659,227
Total fund balance	<u>3,283,890</u>	<u>3,425,695</u>
Total liabilities and fund balance	<u>\$ 3,283,890</u>	<u>\$ 3,425,695</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, 2016

(with comparative actual amounts for year ended June 30, 2015)

	2016			Variance With Final Budget - Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Charges for services:					
Transportation impact fees	\$ 750,000	\$ 750,000	\$ 1,367,145	\$ 617,145	\$ 881,669
Park impact fees	425,000	642,000	747,592	105,592	659,316
Public safety impact fees	150,000	150,000	295,944	145,944	241,962
Miscellaneous:					
Interest	7,000	7,000	29,827	22,827	20,530
Total revenues	1,332,000	1,549,000	2,440,508	891,508	1,803,477
<u>Expenditures</u>					
General government	2,500	2,500	-	2,500	370
Excess of revenue over expenditures	1,329,500	1,546,500	2,440,508	889,008	1,803,107
<u>Other financing uses</u>					
Transfers out:					
Debt service fund	422,313	464,313	464,313	-	420,475
Capital projects fund:					
Street projects	830,000	830,000	830,000	-	1,382,730
Park projects	700,000	875,000	875,000	-	727,200
Public safety projects	413,000	413,000	413,000	-	-
Total other financing uses	2,365,313	2,582,313	2,582,313	-	2,530,405
Net change in fund balance	(1,035,813)	(1,035,813)	(141,805)	889,008	(727,298)
Fund balance - beginning	3,425,695	3,425,695	3,425,695	-	4,152,993
Fund balance - ending	\$ 2,389,882	\$ 2,389,882	\$ 3,283,890	\$ 889,008	\$ 3,425,695

LAYTON CITY CORPORATION

REDEVELOPMENT AGENCY FUND
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Cash and cash equivalents	\$ 1,901,305	\$ 1,724,434
Receivables - taxes	997,021	988,960
Note receivable	77,274	86,410
Total assets	<u>\$ 2,975,600</u>	<u>\$ 2,799,804</u>
<u>Liabilities and fund balance</u>		
Due to other funds	<u>\$ 366,360</u>	<u>\$ 376,360</u>
Total liabilities	<u>366,360</u>	<u>376,360</u>
<u>Deferred inflows of resources</u>		
Property tax revenue	<u>997,021</u>	<u>988,960</u>
Fund balance:		
Nonspendable	77,274	86,410
Restricted	<u>1,534,945</u>	<u>1,348,074</u>
Total fund balance	<u>1,612,219</u>	<u>1,434,484</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,975,600</u>	<u>\$ 2,799,804</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, 2016

(with comparative actual amounts for year ended June 30, 2015)

	2016			Variance With Final Budget - Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental	\$ 866,125	\$ 866,125	\$ 884,422	\$ 18,297	\$ 850,506
Property taxes - development increment	-	-	115,600	115,600	138,454
Miscellaneous	-	-	14,520	14,520	7,695
Total revenues	866,125	866,125	1,014,542	148,417	996,655
<u>Expenditures</u>					
Current:					
Community and economic development:					
Wages and benefits	52,364	52,364	33,599	18,765	35,702
Materials and supplies	31,000	31,000	10,057	20,943	23,495
Capital outlay - projects	429,509	617,509	458,821	158,688	14,592
Payback and purchase agreements	337,500	337,500	334,330	3,170	2,675,086
Total expenditures	850,373	1,038,373	836,807	201,566	2,748,875
Excess (deficiency) of revenue over (under) expenditures	15,752	(172,248)	177,735	349,983	(1,752,220)
<u>Other financing uses</u>					
Sale of capital assets	-	-	-	-	2,344,542
Transfers in:					
General fund	115,600	115,600	-	(115,600)	2,358,300
Transfers out:					
General fund	-	-	-	-	(2,358,300)
Total other financing uses	115,600	115,600	-	(115,600)	2,344,542
Net change in fund balance	131,352	(56,648)	177,735	234,383	592,322
Fund balance - beginning	1,434,484	1,434,484	1,434,484	-	842,162
Fund balance - ending	\$ 1,565,836	\$ 1,377,836	\$ 1,612,219	\$ 234,383	\$ 1,434,484

LAYTON CITY CORPORATION

RAMP (RECREATION, ARTS, MUSEUMS AND PARKS)
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 108,569	\$ -
Receivables - taxes	218,750	-
Total assets	<u>\$ 327,319</u>	<u>\$ -</u>
Fund balance:		
Restricted	\$ 327,319	\$ -
Total fund balance	<u>327,319</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 327,319</u>	<u>\$ -</u>

LAYTON CITY CORPORATION

RAMP (RECREATION, ARTS, MUSEUMS AND PARKS)

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

For the year ended June 30, 2016

(with comparative actual amounts for year ended June 30, 2015)

	2016			2015	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Property taxes - development increment	\$ -	\$ -	\$ 326,705	\$ 326,705	\$ -
Miscellaneous	-	-	614	614	-
Total revenues	-	-	327,319	327,319	-
Net change in fund balance	-	-	327,319	327,319	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 327,319	\$ 327,319	\$ -

LAYTON CITY CORPORATION

PROPOSITION 1 TRANSIT TAX
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 96,974	\$ -
Receivables - taxes	200,878	-
Total assets	<u>\$ 297,852</u>	<u>\$ -</u>
Fund balance:		
Assigned	<u>\$ 297,852</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 297,852</u>	<u>\$ -</u>

LAYTON CITY CORPORATION

PROPOSITION 1 TRANSIT TAX
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

For the year ended June 30, 2016
 (with comparative actual amounts for year ended June 30, 2015)

	2016			2015	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Proposition 1 transit tax	\$ -	\$ -	\$ 297,769	\$ 297,769	\$ -
Miscellaneous	-	-	83	83	-
Total revenues	-	-	297,852	297,852	-
Excess (deficiency) of revenue over (under) expenditures	-	-	297,852	297,852	-
Net change in fund balance	-	-	297,852	297,852	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 297,852	\$ 297,852	\$ -

LAYTON CITY CORPORATION

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<hr/>		
<u>Assets</u>		
Cash and cash equivalents	\$ 490,381	\$ 351,957
Cash and cash equivalents - restricted	327,329	348,301
	<hr/>	
Total assets	\$ 817,710	\$ 700,258
	<hr/>	
<u>Liabilities and fund balance</u>		
Fund balance:		
Restricted	\$ 327,329	\$ 348,301
Assigned	490,381	351,957
	<hr/>	
Total liabilities and fund balance	\$ 817,710	\$ 700,258
	<hr/>	

LAYTON CITY CORPORATION

DEBT SERVICE FUND

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

For the year ended June 30, 2016

(with comparative actual amounts for year ended June 30, 2015)

	2016			2015	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Miscellaneous:					
Interest	\$ -	\$ -	\$ 1,327	\$ 1,327	\$ 940
Total revenues	-	-	1,327	1,327	940
<u>Expenditures</u>					
Debt service:					
Principal	285,000	285,000	285,000	-	270,000
Interest and agent fees	137,313	179,313	63,188	116,125	150,475
Refunding bond issuance costs	-	-	-	-	45,975
Pledge payments - UTOPIA debt service reserve	2,281,784	2,281,784	2,281,784	-	2,237,043
Total expenditures	2,704,097	2,746,097	2,629,972	116,125	2,703,493
Deficiency of revenues under expenditures	(2,704,097)	(2,746,097)	(2,628,645)	117,452	(2,702,553)
<u>Other financing sources (uses)</u>					
Refunding bonds issued	-	-	-	-	3,045,000
Payment to refunding bond escrow agent	-	-	-	-	(2,998,390)
Transfer in - general fund	2,281,784	2,323,784	2,281,784	(42,000)	2,237,043
Transfer in - impact fee fund	422,313	422,313	464,313	42,000	420,475
Total other financing sources (uses)	2,704,097	2,746,097	2,746,097	-	2,704,128
Net change in fund balance	-	-	117,452	117,452	1,575
Fund balance - beginning	700,258	700,258	700,258	-	698,683
Fund balance - ending	\$ 700,258	\$ 700,258	\$ 817,710	\$ 117,452	\$ 700,258

LAYTON CITY CORPORATION

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Cash and cash equivalents	\$ 3,955,065	\$ 3,935,186
Total assets	<u>\$ 3,955,065</u>	<u>\$ 3,935,186</u>
<u>Liabilities and fund balance</u>		
Liabilities:		
Accounts payable	\$ 158,038	\$ 325,548
Retainage payable	96,837	29,667
Total liabilities	<u>254,875</u>	<u>355,215</u>
Fund balance:		
Restricted for:		
Street construction - class c roads	20,792	20,792
Street construction - transportation impact fees	78,954	78,882
Public safety facilities - public safety impact fees	1,178	1,178
Total restricted	100,924	100,852
Assigned	<u>3,599,266</u>	<u>3,479,119</u>
Total fund balance	<u>3,700,190</u>	<u>3,579,971</u>
Total liabilities and fund balance	<u>\$ 3,955,065</u>	<u>\$ 3,935,186</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, 2016
 (with comparative actual amounts for year ended June 30, 2015)

	2016			2015	
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Actual
<u>Revenues</u>					
Miscellaneous	\$ -	\$ -	\$ 90	\$ 90	\$ 10,000
Project participation	-	100,000	174,505	74,505	-
Total revenues	-	100,000	174,595	74,595	10,000
<u>Expenditures</u>					
Capital outlay	3,222,000	7,178,886	3,691,376	3,487,510	2,293,857
Total expenditures	3,222,000	7,178,886	3,691,376	3,487,510	2,293,857
Deficiency of revenues under expenditures	(3,222,000)	(7,078,886)	(3,516,781)	3,562,105	(2,283,857)
<u>Other financing sources</u>					
Transfers in:					
Impact fee fund	1,943,000	2,118,000	2,118,000	-	2,057,730
General fund - class c roads	-	-	-	-	1,048,520
General fund - other	1,279,000	1,559,000	1,519,000	(40,000)	380,000
Total other financing sources	3,222,000	3,677,000	3,637,000	(40,000)	3,486,250
Net change in fund balance	-	(3,401,886)	120,219	3,522,105	1,202,393
Fund balance - beginning	3,579,971	3,579,971	3,579,971	-	2,377,578
Fund balance - ending	\$ 3,579,971	\$ 178,085	\$ 3,700,190	\$ 3,522,105	\$ 3,579,971

LAYTON CITY CORPORATION

WATER FUND COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,264,325	\$ 1,319,416
Accounts receivable, net	1,269,534	1,146,898
Note receivable	27,688	7,998
Inventory	205,612	188,016
Prepaid expense	660,778	640,652
Total current assets	<u>3,427,937</u>	<u>3,302,980</u>
Noncurrent assets:		
Restricted cash and cash equivalents	208,687	146,762
Net pension asset	390	563
Capital assets:		
Water stocks and rights	4,121,917	3,673,117
Land	420,551	420,551
Water contracts	2,163,780	2,163,780
Improvements other than buildings	397,467	397,467
Distribution system	48,934,235	48,647,495
Equipment	2,910,943	2,163,528
Construction in progress	1,453,216	359,651
Less: accumulated depreciation	<u>(18,585,302)</u>	<u>(17,650,827)</u>
Total capital assets (net of accumulated depreciation)	<u>41,816,807</u>	<u>40,174,762</u>
Total noncurrent assets	<u>42,025,884</u>	<u>40,322,087</u>
Total assets	<u>45,453,821</u>	<u>43,625,067</u>
Deferred outflows of resources		
Deferred outflows related to pensions	265,112	83,492
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	565,225	199,202
Accrued liabilities	47,602	40,812
Compensated absences payable	81,140	71,639
Customer deposits	208,687	146,762
Total current liabilities	<u>902,654</u>	<u>458,415</u>
Noncurrent liabilities:		
Compensated absences payable	13,126	23,416
Net pension liability	505,361	377,713
Total noncurrent liabilities	<u>518,487</u>	<u>401,129</u>
Total liabilities	<u>1,421,141</u>	<u>859,544</u>
Deferred inflows of resources		
Deferred inflows related to pensions	84,638	78,037
<u>Net position</u>		
Net investment in capital assets	41,816,807	40,174,762
Restricted for increased system development	828,393	570,495
Unrestricted	1,567,954	2,025,721
Total net position	<u>\$ 44,213,154</u>	<u>\$ 42,770,978</u>

LAYTON CITY CORPORATION

WATER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Operating revenues</u>		
Charges for services	\$ 6,103,126	\$ 6,023,462
Miscellaneous	2,107	7,188
Total operating revenues	<u>6,105,233</u>	<u>6,030,650</u>
<u>Operating expenses</u>		
Salaries wages and benefits	1,226,421	1,227,173
Supplies and maintenance	1,127,209	1,062,720
Utilities	665,189	713,165
Professional services and training	16,874	10,726
Water purchases	1,324,621	1,318,460
Insurance	20,024	25,865
Rent	161,522	161,520
Bad debt collection fees	5,140	2,292
Depreciation	1,065,049	953,810
Total operating expenses	<u>5,612,049</u>	<u>5,475,731</u>
Operating income	<u>493,184</u>	<u>554,919</u>
<u>Nonoperating revenues (expenses)</u>		
Interest revenue	9,060	8,151
Connection charges	3,300	1,860
Gain (loss) on sale of capital assets	6,158	-
Total nonoperating revenues (expenses)	<u>18,518</u>	<u>10,011</u>
Income before contributions and transfers	511,702	564,930
Capital contributions - infrastructure	172,400	410,908
Capital contributions - water stock	447,300	247,550
Capital contributions - impact fees	285,600	267,150
Capital contributions - exaction fees	93,429	92,740
Capital contributions - developer payments	418,040	-
Transfers in	-	266,867
Transfers out	(486,295)	(467,900)
Change in net position	1,442,176	1,382,245
Total net position - beginning	<u>42,770,978</u>	<u>41,388,733</u>
Total net position - ending	<u>\$ 44,213,154</u>	<u>\$ 42,770,978</u>

LAYTON CITY CORPORATION

STORM SEWER FUND COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 5,897,050	\$ 4,930,985
Accounts receivable, net	269,993	252,857
Total current assets	<u>6,167,043</u>	<u>5,183,842</u>
Noncurrent assets:		
Restricted cash and cash equivalents	193,130	141,880
Net pension asset	162	252
Capital assets:		
Land	721,777	721,777
Collection system	52,504,224	50,376,493
Equipment	548,096	546,300
Construction in progress	339,367	334,820
Less accumulated depreciation	<u>(16,895,978)</u>	<u>(15,891,976)</u>
Total capital assets	<u>37,217,486</u>	<u>36,087,414</u>
Total noncurrent assets	<u>37,410,778</u>	<u>36,229,546</u>
Total assets	<u>43,577,821</u>	<u>41,413,388</u>
<u>Deferred outflows of resources</u>		
Deferred outflows related to pensions	<u>132,093</u>	<u>37,352</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	156,844	133,115
Accrued liabilities	33,560	31,875
Surety deposits	193,130	141,880
Compensated absences payable	<u>24,959</u>	<u>22,085</u>
Total current liabilities	<u>408,493</u>	<u>328,955</u>
Noncurrent liabilities:		
Compensated absences payable	4,038	7,219
Net pension liability	<u>235,560</u>	<u>168,973</u>
Total noncurrent liabilities	<u>239,598</u>	<u>176,192</u>
Total liabilities	<u>648,091</u>	<u>505,147</u>
<u>Deferred inflows of resources</u>		
Deferred inflows related to pensions	<u>38,355</u>	<u>34,911</u>
<u>Net position</u>		
Net investment in capital assets	37,217,486	36,087,414
Restricted for increased system development	2,953,359	1,990,923
Unrestricted	<u>2,852,623</u>	<u>2,832,345</u>
Total net position	<u>\$ 43,023,468</u>	<u>\$ 40,910,682</u>

LAYTON CITY CORPORATION

STORM SEWER FUND

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

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Operating revenues</u>		
Charges for services	\$ 2,273,339	\$ 2,254,984
Miscellaneous	7,983	352
Total operating revenues	<u>2,281,322</u>	<u>2,255,336</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	551,766	576,344
Supplies and maintenance	519,227	888,563
Utilities	8,642	5,749
Professional services and training	56,925	10,775
Insurance	20,481	11,174
Rent	125,899	125,904
Depreciation	1,028,337	986,011
Total operating expenses	<u>2,311,277</u>	<u>2,604,520</u>
Operating income	<u>(29,955)</u>	<u>(349,184)</u>
<u>Nonoperating revenues</u>		
Interest	49,006	23,852
Gain on sale of capital assets	600	-
Total nonoperating revenues	<u>49,606</u>	<u>23,852</u>
Income before contributions and transfers	19,651	(325,332)
Capital contributions - infrastructure	412,834	1,870,005
Capital contributions - impact fees	1,456,666	718,985
Capital contributions - developer payments	468,680	-
Transfers out	<u>(245,045)</u>	<u>(361,906)</u>
Change in net position	2,112,786	1,901,752
Total net position - beginning	<u>40,910,682</u>	<u>39,008,930</u>
Total net position - ending	<u><u>\$ 43,023,468</u></u>	<u><u>\$ 40,910,682</u></u>

LAYTON CITY CORPORATION

SEWER FUND COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,929,239	\$ 2,364,480
Accounts receivable, net	<u>1,405,186</u>	<u>1,194,401</u>
Total current assets	<u>3,334,425</u>	<u>3,558,881</u>
Noncurrent assets:		
Net pension asset	<u>239</u>	<u>346</u>
Capital assets:		
Intangibles	31,685	-
Land	30,712	30,712
Collection system	19,802,331	19,571,697
Equipment	893,865	856,407
Construction in progress	200,033	188,907
Less accumulated depreciation	<u>(7,362,785)</u>	<u>(6,948,928)</u>
Total capital assets (net of accumulated depreciation)	<u>13,595,841</u>	<u>13,698,795</u>
Total noncurrent assets	<u>13,596,080</u>	<u>13,699,141</u>
Total assets	<u>16,930,505</u>	<u>17,258,022</u>
<u>Deferred outflows of resources</u>		
Deferred outflows related to pensions	<u>163,878</u>	<u>51,296</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	576,138	676,335
Accrued liabilities	16,419	119,682
Compensated absences payable	<u>31,990</u>	<u>25,590</u>
Total current liabilities	<u>624,547</u>	<u>821,607</u>
Noncurrent liabilities:		
Compensated absences payable	5,175	8,364
Net pension liability	<u>311,187</u>	<u>232,061</u>
Total noncurrent liabilities	<u>316,362</u>	<u>240,425</u>
Total liabilities	<u>940,909</u>	<u>1,062,032</u>
Deferred inflows of resources		
Deferred inflows related to pensions	<u>52,037</u>	<u>47,945</u>
<u>Net position</u>		
Net investment in capital assets	13,595,841	13,698,795
Unrestricted	<u>2,505,596</u>	<u>2,500,546</u>
Total net position	<u>\$ 16,101,437</u>	<u>\$ 16,199,341</u>

LAYTON CITY CORPORATION

SEWER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Operating revenues</u>		
Charges for services	\$ 7,911,379	\$ 6,825,982
Miscellaneous	11,146	17,454
Total operating revenues	<u>7,922,525</u>	<u>6,843,436</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	745,178	773,492
Supplies and maintenance	1,160,610	549,706
Utilities	12,080	8,999
Professional services and training	13,216	7,675
Sewage treatment contract	5,413,753	4,340,095
Insurance	24,167	21,064
Rent	140,149	140,148
Depreciation	413,858	420,514
Total operating expenses	<u>7,923,011</u>	<u>6,261,693</u>
Operating income (loss)	<u>(486)</u>	<u>581,743</u>
<u>Nonoperating revenues</u>		
Interest	13,722	12,225
Connection charges	375	-
Total nonoperating revenues	<u>14,097</u>	<u>12,225</u>
Income (loss) before contributions and transfers	13,611	593,968
Capital contributions	274,125	446,560
Transfers out	<u>(385,640)</u>	<u>(454,975)</u>
Change in net position	(97,904)	585,553
Total net position - beginning	<u>16,199,341</u>	<u>15,613,788</u>
Total net position - ending	<u>\$ 16,101,437</u>	<u>\$ 16,199,341</u>

LAYTON CITY CORPORATION

REFUSE FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 399,444	\$ 331,017
Accounts receivable, net	569,211	526,391
Total current assets	<u>968,655</u>	<u>857,408</u>
Noncurrent assets:		
Net pension asset	<u>21</u>	<u>30</u>
Capital assets:		
Construction in progress	<u>43,132</u>	<u>22,877</u>
Total assets	<u>1,011,808</u>	<u>880,315</u>
<u>Deferred outflows of resources</u>		
Deferred outflows related to pensions	<u>13,624</u>	<u>4,430</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	245,116	234,009
Noncurrent liabilities:		
Net pension liability	<u>26,502</u>	<u>20,040</u>
Total liabilities	<u>271,618</u>	<u>254,049</u>
<u>Deferred inflows of resources</u>		
Deferred inflows related to pensions	<u>4,474</u>	<u>4,140</u>
<u>Net position</u>		
Investment in capital assets	43,132	22,877
Unrestricted	<u>706,208</u>	<u>603,679</u>
Total net position	<u>\$ 749,340</u>	<u>\$ 626,556</u>

LAYTON CITY CORPORATION

REFUSE FUND

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

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Operating revenues</u>		
Charges for services	\$ 3,018,313	\$ 2,857,527
Total operating revenues	<u>3,018,313</u>	<u>2,857,527</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	69,953	72,327
Supplies and maintenance	48,672	29,362
Utilities	5,925	2,738
Refuse collection and disposal contracts	2,764,522	2,663,395
Insurance	1,807	2,793
Rent	7,125	7,128
Total operating expenses	<u>2,898,004</u>	<u>2,777,743</u>
Operating income (loss)	120,309	79,784
<u>Nonoperating revenues</u>		
Interest revenue	<u>2,475</u>	<u>1,590</u>
Change in net position	122,784	81,374
Total net position - beginning	<u>626,556</u>	<u>545,182</u>
Total net position - ending	<u>\$ 749,340</u>	<u>\$ 626,556</u>

LAYTON CITY CORPORATION

STREET LIGHTING FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 542,383	\$ 553,252
Accounts receivable, net	71,326	67,865
Total current assets	<u>613,709</u>	<u>621,117</u>
Noncurrent assets:		
Capital assets:		
Lighting system	1,128,099	497,266
Equipment	127,234	127,234
Construction in progress	254,858	198,042
Less accumulated depreciation	<u>(41,957)</u>	<u>(18,193)</u>
Total capital assets	<u>1,468,234</u>	<u>804,349</u>
Total assets	<u>2,081,943</u>	<u>1,425,466</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	48,995	38,143
Accrued liabilities	-	3,104
Total liabilities	<u>48,995</u>	<u>41,247</u>
<u>Net position</u>		
Net investment in capital assets	1,468,234	804,349
Unrestricted	<u>564,714</u>	<u>579,870</u>
Total net position	<u>\$ 2,032,948</u>	<u>\$ 1,384,219</u>

LAYTON CITY CORPORATION

STREET LIGHTING FUND

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

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Operating revenues</u>		
Charges for services	\$ 922,761	\$ 798,065
Miscellaneous	4,500	1,700
Total operating revenues	<u>927,261</u>	<u>799,765</u>
<u>Operating expenses</u>		
Supplies and maintenance	142,925	46,144
Utilities	345,179	349,163
Insurance	5,572	-
Depreciation	23,763	18,194
Total operating expenses	<u>517,439</u>	<u>413,501</u>
Operating income	<u>409,822</u>	<u>386,264</u>
<u>Nonoperating revenues</u>		
Interest	5,215	753
Total nonoperating revenues	<u>5,215</u>	<u>753</u>
Income before contributions and transfers	415,037	387,017
Capital contributions	146,692	-
Transfers in	87,000	465,000
Change in net position	648,729	852,017
Total net position - beginning	<u>1,384,219</u>	<u>532,202</u>
Total net position - ending	<u>\$ 2,032,948</u>	<u>\$ 1,384,219</u>

LAYTON CITY CORPORATION

SWIMMING POOL FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 142,327	\$ 248,665
Inventory	3,852	4,625
Total current assets	<u>146,179</u>	<u>253,290</u>
Noncurrent assets:		
Net pension asset	56	80
Capital assets:		
Land	1,000	1,000
Buildings	2,293,084	2,293,084
Improvements other than buildings	20,112	20,112
Equipment	677,613	665,585
Less accumulated depreciation	(2,366,704)	(2,303,150)
Total capital assets	<u>625,105</u>	<u>676,631</u>
Total noncurrent assets	<u>625,161</u>	<u>676,711</u>
Total assets	<u>771,340</u>	<u>930,001</u>
<u>Deferred outflows of resources</u>		
Deferred outflows related to pensions	<u>37,396</u>	<u>11,824</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	24,929	28,352
Accrued liabilities	30,018	25,085
Compensated absences payable	7,474	9,647
Total current liabilities	<u>62,421</u>	<u>63,084</u>
Noncurrent liabilities:		
Compensated absences	1,209	3,154
Net pension liability	71,463	53,490
Total liabilities	<u>72,672</u>	<u>56,644</u>
Total liabilities	<u>135,093</u>	<u>119,728</u>
<u>Deferred inflows of resources</u>		
Deferred inflow related to pensions	<u>11,980</u>	<u>11,051</u>
<u>Net position</u>		
Net investment in capital assets	625,105	676,631
Unrestricted	36,558	134,415
Total net position	<u>\$ 661,663</u>	<u>\$ 811,046</u>

LAYTON CITY CORPORATION

SWIMMING POOL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Operating revenues</u>		
Charges for services	\$ 411,852	\$ 388,063
Miscellaneous	6	45,362
Total operating revenues	<u>411,858</u>	<u>433,425</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	564,218	575,522
Supplies and maintenance	96,250	160,431
Utilities	212,635	214,985
Professional services and training	2,493	1,845
Insurance	7,842	7,583
Depreciation	<u>63,555</u>	<u>70,095</u>
Total operating expenses	<u>946,993</u>	<u>1,030,461</u>
Operating loss	(535,135)	(597,036)
Transfers in	<u>385,752</u>	<u>482,469</u>
Change in net position	(149,383)	(114,567)
Total net position - beginning	<u>811,046</u>	<u>925,613</u>
Total net position - ending	<u>\$ 661,663</u>	<u>\$ 811,046</u>

LAYTON CITY CORPORATION

EMERGENCY MEDICAL SERVICES FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 539,779	\$ 448,895
Accounts receivable, net	339,682	246,880
Total current assets	<u>879,461</u>	<u>695,775</u>
Noncurrent assets:		
Net pension asset	<u>79,152</u>	<u>217,487</u>
Capital assets:		
Equipment	1,363,980	1,363,980
Less accumulated depreciation	<u>(938,716)</u>	<u>(842,312)</u>
Total capital assets	<u>425,264</u>	<u>521,668</u>
Total noncurrent assets	<u>504,416</u>	<u>739,155</u>
Total assets	<u>1,383,877</u>	<u>1,434,930</u>
<u>Deferred outflows of resources</u>		
Deferred outflows related to pensions	<u>378,059</u>	<u>106,420</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	16,173	10,451
Accrued liabilities	54,881	45,377
Compensated absences payable	164,243	158,416
Payable to other governments	<u>4,700</u>	<u>2,893</u>
Total current liabilities	239,997	217,137
Noncurrent liabilities:		
Compensated absences payable	<u>26,568</u>	<u>51,782</u>
Total liabilities	<u>266,565</u>	<u>268,919</u>
<u>Deferred inflows of resources</u>		
Deferred inflows related to pensions	<u>178,713</u>	<u>174,012</u>
<u>Net position</u>		
Net investment in capital assets	425,264	521,668
Unrestricted	<u>891,394</u>	<u>576,751</u>
Total net position	<u>\$ 1,316,658</u>	<u>\$ 1,098,419</u>

LAYTON CITY CORPORATION

EMERGENCY MEDICAL SERVICES FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Operating revenues</u>		
Charges for services	\$ 2,034,605	\$ 1,703,588
Miscellaneous	9,043	1,424
Total operating revenues	<u>2,043,648</u>	<u>1,705,012</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	1,826,046	1,859,237
Supplies and maintenance	278,006	169,384
Utilities	12,208	6,534
Professional services and training	51,092	47,737
Insurance	61,226	14,652
Bad debt collection fees	-	26,085
Depreciation	96,404	111,404
Total operating expenses	<u>2,324,982</u>	<u>2,235,033</u>
Operating loss	<u>(281,334)</u>	<u>(530,021)</u>
<u>Nonoperating revenues</u>		
Interest	4,204	1,567
Gain from sale of capital assets	-	21,998
Grants	695,369	665,111
Total nonoperating revenues	<u>699,573</u>	<u>688,676</u>
Income before transfers	418,239	158,655
Transfer to other funds	<u>(200,000)</u>	<u>-</u>
Change in net position	218,239	158,655
Total net position - beginning	<u>1,098,419</u>	<u>939,764</u>
Total net position - ending	<u>\$ 1,316,658</u>	<u>\$ 1,098,419</u>

LAYTON CITY CORPORATION

ATHLETIC PROGRAMS FUND
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 164,416	\$ 147,831
Total assets	164,416	147,831
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	13,199	22,010
Accrued liabilities	6,062	5,812
Total liabilities	19,261	27,822
<u>Net position</u>		
Unrestricted	145,155	120,009
Total net position	\$ 145,155	\$ 120,009

LAYTON CITY CORPORATION

ATHLETIC PROGRAMS FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Operating revenues</u>		
Charges for services	\$ 429,569	\$ 379,541
Total operating revenues	<u>429,569</u>	<u>379,541</u>
<u>Operating expenses</u>		
Salaries, wages and benefits	117,368	115,016
Interpretive services	1,280	-
Supplies and maintenance	<u>286,323</u>	<u>252,587</u>
Total operating expenses	<u>404,971</u>	<u>367,603</u>
Transfer in	<u>548</u>	<u>-</u>
Change in net position	25,146	11,938
Total net position - beginning	<u>120,009</u>	<u>108,071</u>
Total net position - ending	<u>\$ 145,155</u>	<u>\$ 120,009</u>

LAYTON CITY CORPORATION

UIA - UTAH INFRASTRUCTURE AGENCY
COMPARATIVE SCHEDULE OF NET POSITION

June 30, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 128,499	\$ 120,021
Accounts receivable	1,757	1,815
Contracts receivable	28,292	4,639
Total current assets	<u>158,548</u>	<u>126,475</u>
Noncurrent assets:		
Contracts receivable	<u>277,948</u>	<u>156,600</u>
Total assets	<u>436,496</u>	<u>283,075</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	-	43,273
Due to UIA - contracts	28,280	11,418
Noncurrent liabilities:		
Due to UIA - contracts	<u>277,948</u>	<u>155,412</u>
Total liabilities	<u>306,228</u>	<u>210,103</u>
<u>Net position</u>		
Unrestricted	<u>130,268</u>	<u>72,972</u>
Total net position	<u>\$ 130,268</u>	<u>72,972</u>

LAYTON CITY CORPORATION

UIA - UTAH INFRASTRUCTURE AGENCY

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

For the years ended June 30, 2016 and 2015

	2016	2015
<u>Operating revenues</u>		
Fees	\$ 19,243	\$ 13,635
Total operating revenues	<u>19,243</u>	<u>13,635</u>
<u>Operating expenses</u>		
Contracted agreements	183,532	251,850
Administrative expenses	<u>168</u>	<u>45</u>
Total operating expenses	<u>183,700</u>	<u>251,895</u>
Operating income	(164,457)	(238,260)
<u>Nonoperating revenues (expenses)</u>		
Interest	753	94
Transfer in	<u>221,000</u>	<u>225,000</u>
Total nonoperating revenues (expenses)	<u>221,753</u>	<u>225,094</u>
Change in net position	57,296	(13,166)
Total net position - beginning	<u>72,972</u>	<u>86,138</u>
Total net position - ending	<u>\$ 130,268</u>	<u>\$ 72,972</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, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 501,142	\$ 445,364
Receivables-grants	69,031	76,272
Restricted cash and cash equivalents	<u>-</u>	<u>21,349</u>
Total assets	<u>\$ 570,173</u>	<u>\$ 542,985</u>
<u>Liabilities and fund balance</u>		
Current liabilities:		
Accounts payable	\$ 41,347	\$ 25,619
Accrued liabilities	2,080	1,866
Seizure deposits	<u>18,174</u>	<u>21,349</u>
Total liabilities	<u>61,601</u>	<u>48,834</u>
Fund balance:		
Restricted for federal and state programs	252,565	252,565
Assigned	<u>256,007</u>	<u>241,586</u>
Total fund balance	<u>508,572</u>	<u>494,151</u>
Total liabilities and fund balance	<u>\$ 570,173</u>	<u>\$ 542,985</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, 2016 and 2015
 (with comparative actual amounts for year ended June 30, 2015)

	2016			Variance With Final Budget - Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental:					
HIDTA grant	\$ 104,072	\$ 185,965	\$ 162,990	\$ (22,975)	\$ 130,330
SAFG grant	114,686	114,686	124,133	9,447	112,301
STFG grant	85,000	85,000	84,670	(330)	83,000
NADDI grant	-	1,530	5,000	3,470	5,000
Participating entity assessments	83,291	83,291	83,291	-	83,291
Restitution and forfeited seizures	5,000	5,000	46,791	41,791	172,431
Total Intergovernmental	392,049	475,472	506,875	31,403	586,353
Miscellaneous:					
Interest	-	-	3,986	3,986	2,118
Other	-	-	20,043	20,043	20,411
Total revenues	392,049	475,472	530,904	55,432	608,882
<u>Expenditures</u>					
Current:					
Public safety:					
Salaries, wages and benefits	125,373	190,567	197,938	(7,371)	153,919
Materials and supplies	323,556	342,081	318,545	23,536	336,868
Total expenditures	448,929	532,648	516,483	16,165	490,787
Net change in fund balance	(56,880)	(57,176)	14,421	71,597	118,095
Fund balance - beginning	494,151	494,151	494,151	-	376,056
Fund balance - ending	\$ 437,271	\$ 436,975	\$ 508,572	\$ 71,597	\$ 494,151

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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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Governmental activities:</u>										
Net investment in capital assets	\$106,027,068	\$115,451,749	\$129,643,127	\$139,435,395	\$145,405,569	\$144,556,214	\$146,237,235	\$150,159,678	\$153,482,206	\$156,557,428
Restricted	3,528,761	4,889,042	4,519,475	3,375,468	3,012,781	2,703,393	3,980,692	5,435,689	5,237,356	5,748,428
Unrestricted	4,734,368	6,842,828	6,386,307	7,047,809	7,087,649	8,015,003	7,773,546	7,883,220	4,134,740	5,904,908
Total governmental activities net position	\$114,290,197	\$127,183,619	\$140,548,909	\$149,858,672	\$155,505,999	\$155,274,610	\$157,991,473	\$163,478,587	\$162,854,302	\$168,210,764
<u>Business-type activities:</u>										
Net investment in capital assets	\$60,567,875	\$65,216,413	\$68,478,755	\$72,131,324	\$78,613,596	\$80,843,430	\$80,940,448	\$88,442,593	\$91,986,496	\$95,191,869
Restricted	570,768	538,657	802,518	733,707	925,231	1,006,543	735,475	1,812,732	2,561,418	3,781,752
Unrestricted	5,634,112	6,821,933	6,720,147	8,268,396	6,458,173	7,519,072	9,094,905	9,758,752	9,446,308	9,400,470
Total business-type activities net position	\$66,772,755	\$72,577,003	\$76,001,420	\$81,133,427	\$85,997,000	\$89,369,045	\$90,770,828	\$100,014,077	\$103,994,222	\$108,374,091
<u>Primary government:</u>										
Net investment in capital assets	\$166,594,943	\$180,668,162	\$198,121,882	\$211,566,719	\$224,019,165	\$225,399,644	\$227,177,683	\$238,602,271	\$245,468,702	\$251,749,297
Restricted	4,099,529	5,427,699	5,321,993	4,109,175	3,938,012	3,709,936	4,716,167	7,248,421	7,798,774	9,530,180
Unrestricted	10,368,480	13,664,761	13,106,454	15,316,205	13,545,822	15,534,075	16,868,451	17,641,972	13,581,048	15,305,378
Total primary government net position	\$181,062,952	\$199,760,622	\$216,550,329	\$230,992,099	\$241,502,999	\$244,643,655	\$248,762,301	\$263,492,664	\$266,848,524	\$276,584,855

LAYTON CITY CORPORATION

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Expenses</u>										
Government activities:										
General government	\$4,053,171	\$3,773,912	\$4,019,258	\$5,337,533	\$5,813,624	\$7,433,854	\$7,141,328	\$6,671,153	\$6,844,664	\$7,132,012
Public safety	12,531,814	13,490,770	14,102,762	13,794,109	14,513,104	14,838,923	14,765,863	15,261,468	15,024,179	16,390,590
Community and economic development	1,619,300	1,924,866	1,942,838	1,834,800	2,098,524	1,570,675	2,393,966	1,761,550	4,299,824	2,518,400
Streets and public improvements	4,629,615	4,846,094	5,630,673	5,580,922	5,850,053	6,493,396	7,022,012	6,770,720	6,431,468	7,599,440
Parks and recreation	2,940,553	2,773,370	2,894,802	2,961,845	3,162,662	3,201,068	3,161,815	3,403,417	3,223,684	3,096,436
Interest on long-term debt	193,111	237,852	159,885	180,341	186,051	174,655	164,462	149,542	140,265	81,785
Total governmental activities expenses	25,967,564	27,046,864	28,750,218	29,689,550	31,624,018	33,712,571	34,649,446	34,017,850	35,964,084	36,818,663
Business-type activities:										
Water	4,336,627	4,791,328	5,335,071	4,897,505	4,690,066	5,153,375	4,990,010	5,749,044	5,850,251	5,612,049
Storm sewer	1,387,041	1,922,729	1,723,280	1,861,741	1,857,744	1,933,852	2,357,989	2,062,924	2,737,168	2,311,277
Sewer	3,871,573	3,734,078	3,625,909	3,855,432	4,241,115	4,507,113	4,917,068	5,112,186	6,545,277	7,923,011
Refuse	2,554,814	2,462,239	2,499,669	2,597,094	2,622,967	2,668,136	2,710,026	2,760,288	2,777,743	2,898,004
Swimming pool	788,014	819,964	988,375	912,377	908,394	970,385	995,543	993,878	1,030,461	946,993
Emergency medical services	1,644,010	1,811,187	1,896,268	2,193,974	2,148,668	2,317,493	2,297,717	2,345,428	2,235,033	2,324,982
Street lighting	-	-	-	-	-	-	-	689,940	413,501	517,439
UIA	-	-	-	-	-	8,252	160,255	269,044	252,007	183,700
Athletic programs	253,482	276,848	283,242	316,227	323,522	299,928	298,712	302,300	367,603	404,971
Total business-type activities expenses	14,835,561	15,818,373	16,351,814	16,634,350	16,792,476	17,858,534	18,727,320	20,285,032	22,209,044	23,122,426
Total primary government expenses	\$40,803,125	\$42,865,237	\$45,102,032	\$46,323,900	\$48,416,494	\$51,571,105	\$53,376,766	\$54,302,882	\$58,173,128	\$59,941,089
<u>Program Revenues</u>										
Governmental activities:										
Charges for services:										
Public safety	\$1,004,443	\$1,351,349	\$1,210,549	\$1,156,772	\$636,059	\$1,325,789	\$1,367,903	\$1,369,749	\$1,342,900	\$1,432,080
Community and economic development	1,443,285	1,037,134	790,083	1,031,040	1,049,837	1,271,740	1,569,973	1,272,806	1,428,887	1,891,252
Streets and public improvements	153,910	166,881	171,455	70,452	550,764	132,107	254,053	93,831	97,428	110,128
Other activities	331,280	332,353	690,222	754,937	760,769	781,814	822,961	783,995	787,880	785,649
Operating grants and contributions	2,824,317	2,802,050	2,818,491	3,344,725	3,235,978	2,574,612	2,669,991	2,463,746	3,798,267	4,006,923
Capital grants and contributions	9,218,895	7,392,036	11,844,497	8,797,796	7,922,119	2,443,291	5,130,225	7,842,229	6,395,220	5,959,849
Total governmental activities program revenues	14,976,130	13,081,803	17,525,297	15,155,722	14,155,526	8,529,353	11,815,106	13,826,356	13,850,582	14,185,881
Business-type activities:										
Charges for services										
Water	4,972,585	5,227,401	5,508,477	4,994,089	5,398,597	6,074,551	6,499,294	6,152,705	6,025,322	6,106,426
Storm sewer	1,634,117	2,067,837	2,133,741	2,156,315	2,171,713	2,345,427	2,210,843	2,229,148	2,254,984	2,273,339
Sewer	3,403,917	3,387,563	3,420,462	4,069,045	4,222,035	4,592,187	5,039,995	5,551,462	6,825,982	7,911,754
Refuse	2,673,949	2,562,728	2,603,285	2,508,811	2,530,248	2,563,867	2,741,668	2,787,593	2,857,527	3,018,313
Swimming pool	474,820	424,149	375,163	383,653	383,597	431,763	435,743	426,409	388,063	411,852
Emergency medical services	1,187,205	1,378,005	1,524,340	1,427,924	1,544,700	1,616,118	1,665,294	1,765,930	1,703,588	2,034,605
Street Lighting	-	-	-	-	-	-	-	856,832	798,065	922,761
UIA	-	-	-	-	-	8,740	16,776	13,741	13,747	19,243
Athletic programs	269,175	268,399	300,128	314,792	317,845	327,528	314,086	325,837	379,541	429,569
Operating grants and contributions	1,424,217	1,148,556	596,760	601,950	630,701	632,024	656,685	660,177	665,111	695,369
Capital grants and contributions	3,445,120	2,972,314	5,180,963	4,485,419	2,889,352	625,272	2,337,334	3,573,370	4,053,898	4,175,766
Total business-type activities program revenues	19,485,105	19,436,952	21,643,319	20,941,998	20,088,788	19,217,477	21,917,718	24,343,204	25,965,828	27,998,997
Total primary government program revenues	\$34,461,235	\$32,518,755	\$39,168,616	\$36,097,720	\$34,244,314	\$27,746,830	\$33,732,824	\$38,169,560	\$39,816,410	\$42,184,878

LAYTON CITY CORPORATION

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS

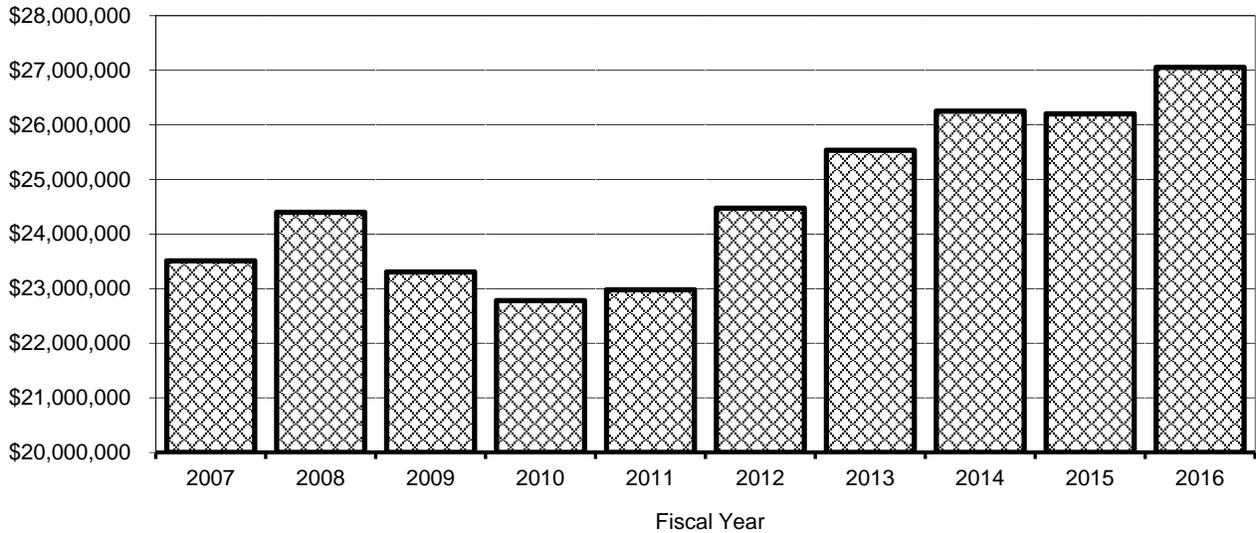
	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Net (expense) revenue</u>										
Governmental activities	(\$1,991,434)	(\$13,965,061)	(\$11,224,921)	(\$14,533,828)	(\$17,468,492)	(\$25,183,218)	(\$22,834,340)	(\$20,191,494)	(\$22,113,502)	(\$22,632,782)
Business-type activities	4,649,544	3,618,579	5,291,505	4,307,648	3,296,312	1,358,943	3,190,398	4,058,172	3,756,784	4,876,571
Total primary government net expense	(\$6,341,890)	(\$10,346,482)	(\$5,933,416)	(\$10,226,180)	(\$14,172,180)	(\$23,824,275)	(\$19,643,942)	(\$16,133,322)	(\$18,356,718)	(\$17,756,211)
<u>General Revenues and Other Changes in Net Position</u>										
Governmental activities:										
Property and uniform vehicle taxes	\$6,285,781	\$6,817,380	\$6,938,162	\$7,102,388	\$7,025,590	\$7,676,248	\$7,968,919	\$8,030,753	\$7,257,495	\$7,581,810
Sales and use taxes	12,301,883	12,401,374	11,020,116	10,275,924	10,518,822	11,283,192	11,705,575	12,194,440	13,049,426	14,217,077
Franchise, telecommunication and energy sales taxes	4,796,881	5,013,316	5,201,776	5,253,104	5,284,627	5,354,173	5,706,022	5,848,189	5,698,201	5,038,994
Transient room tax	125,773	166,759	146,027	150,790	150,535	159,336	154,075	179,073	196,879	215,385
Investment earnings	403,494	342,583	198,324	64,907	81,072	70,502	117,906	80,258	85,558	127,307
Miscellaneous	474,940	791,075	459,707	530,355	189,792	346,454	168,810	181,454	167,573	160,477
Gain (loss) on sale of capital assets	126,421	935,246	284,158	527,247	154,616	37,287	129,035	35,075	2,361,242	25,514
Transfers	(941,093)	390,750	341,941	(319,818)	(289,235)	24,637	(399,139)	(870,634)	(945,307)	622,680
Total governmental activities	23,574,080	26,858,483	24,590,211	23,584,897	23,115,819	24,951,829	25,551,203	25,678,608	27,871,067	27,989,244
Business-type activities:										
Investment earnings	205,611	196,588	109,288	43,139	29,938	43,081	52,528	39,178	48,232	84,435
Miscellaneous			69,743	192,338	77,794	59,943	525,647	77,954	73,480	34,785
Gain (loss) on sale of capital assets	8,000		3,412	630	10,000	(35,550)	38,474	(8,875)	21,998	6,758
Transfers	941,093	(390,750)	(341,941)	319,818	289,235	(24,637)	399,139	870,634	945,307	(622,680)
Total business-type activities	1,154,704	(194,162)	(159,498)	555,925	406,967	42,837	1,015,788	978,891	1,089,017	(496,702)
Total primary government	\$24,728,784	\$26,664,321	\$24,430,713	\$24,140,822	\$23,522,786	\$24,994,666	\$26,566,991	\$26,657,499	\$28,960,084	\$27,492,542
<u>Change in Net Position</u>										
Governmental activities	\$12,582,646	\$12,893,422	\$13,365,290	\$9,051,069	\$5,647,327	(\$231,389)	\$2,716,863	\$5,487,114	\$5,757,565	\$5,356,462
Business-type activities	5,804,248	3,424,417	5,132,007	4,863,573	3,703,279	1,401,780	4,206,186	5,037,063	4,845,801	4,379,869
Total primary government	\$18,386,894	\$16,317,839	\$18,497,297	\$13,914,642	\$9,350,606	\$1,170,391	\$6,923,049	\$10,524,177	\$10,603,366	\$9,736,331

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
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
2015	6,760,381	496,375	13,049,426	5,698,201	196,879	739	26,202,001
2016	6,857,794	723,280	14,217,077	5,038,994	215,385	736	27,053,266

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	2015	2016
<u>General fund:</u>								
Nonspendable	\$ 17,757	\$ 18,514	\$ 16,005	\$ 435,156	\$ 425,088	\$ 415,383	\$ 457,546	\$ 435,584
Restricted	30,745	21,671	221,767	96,104	6,343	-	14,434	174,021
Assigned	-	58,087	92,883	90,611	1,437,512	1,969,311	1,592,699	1,542,182
Unassigned	2,126,421	4,635,703	4,906,723	5,348,811	5,431,181	5,155,535	5,795,064	6,416,565
Total general fund	\$ 2,174,923	\$ 4,733,975	\$ 5,237,378	\$ 5,970,682	\$ 7,300,124	\$ 7,540,229	\$ 7,859,743	\$ 8,568,352
<u>All other governmental funds:</u>								
Nonspendable	-	-	-	\$113,273	\$104,405	\$95,449	\$86,410	\$77,274
Restricted	\$4,488,730	\$3,838,988	\$3,184,737	2,607,289	3,974,349	5,435,689	5,222,922	5,574,407
Assigned reported in:								
Special revenue funds	552,088	234	807	697,754	425,282	258,605	256,350	542,777
Debt service fund	138,833	855	338,142	636,091	359,204	351,197	351,957	490,381
Capital projects fund	5,277,348	3,587,792	3,194,596	2,615,473	2,190,459	2,189,081	3,479,119	3,599,266
Unassigned	(433)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 10,456,566	\$ 7,427,869	\$ 6,718,282	\$ 6,669,880	\$ 7,053,699	\$ 8,330,021	\$ 9,396,758	\$ 10,284,105

Note: Implementation of GASB 54 changed fund balance category presentation. The years 2007 and 2008 are displayed below under the former GAAP categories. The presentations are not comparable and are therefore displayed separately.

	2007	2008
<u>General fund:</u>		
Reserved	\$ 661,609	\$ 395,104
Unreserved	4,240,061	6,426,377
Total general fund	4,901,670	6,821,481
<u>All other governmental funds:</u>		
Reserved	3,343,422	4,661,908
Unreserved, reported in:		
Special revenue funds	-	373,218
Debt Service Fund	1,202,165	169,464
Capital project fund	343,860	1,204,207
Total all other governmental funds	\$ 4,889,447	\$ 6,408,797

LAYTON CITY CORPORATION

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes and special assessments	\$23,510,318	\$24,398,829	\$23,306,081	\$22,782,206	\$22,979,574	\$24,472,949	\$25,534,591	\$26,252,455	\$26,202,001	\$27,053,266
Licenses and permits	1,215,755	997,063	732,442	1,003,550	1,023,155	1,240,476	1,499,432	1,238,610	1,383,273	1,843,074
Intergovernmental	2,801,233	2,802,050	2,812,340	3,340,725	3,148,405	2,739,521	2,960,088	2,628,996	3,708,702	4,533,770
Charges for services	2,581,936	3,353,390	2,019,336	2,601,186	2,259,290	3,220,317	5,025,379	3,191,137	3,138,530	3,414,641
Fines and forfeitures	261,751	359,321	269,871	317,319	239,567	317,959	298,146	297,592	313,975	296,772
Developer payments	-	208,917	-	506,747	-	-	141,000	44,334	10,000	-
Miscellaneous	1,216,860	1,214,668	1,268,231	1,209,649	978,287	1,031,008	906,139	854,049	857,392	1,079,878
Total Revenues	31,587,853	33,334,238	30,408,301	31,761,382	30,628,278	33,022,230	36,364,775	34,507,173	35,613,873	38,221,401
Expenditures:										
General government	3,795,547	4,226,029	4,463,235	4,317,450	4,110,296	4,289,756	4,195,531	4,463,882	4,571,465	4,830,412
Public safety	12,496,333	13,122,744	13,430,194	13,589,632	13,830,539	14,321,491	14,600,255	15,165,456	15,464,180	16,170,325
Community and economic development	1,621,240	1,345,118	1,960,556	1,799,716	1,799,139	1,561,297	2,379,439	1,784,329	4,344,474	2,695,829
Streets and public improvements	3,163,514	3,565,279	3,599,763	3,360,945	3,316,435	3,710,490	4,507,494	3,710,956	3,306,604	4,336,966
Parks and recreation	2,622,692	2,531,846	2,656,564	2,646,027	2,724,591	2,851,476	2,825,095	2,944,150	3,006,094	2,918,759
Debt service										
Principal	956,294	1,160,123	1,231,906	671,787	225,000	230,000	245,000	250,000	270,000	285,000
Interest	75,414	320,812	245,755	211,630	196,100	185,850	173,975	162,538	150,475	63,188
Bond issuance costs	129,841	-	-	-	-	-	-	-	45,975	-
Pledge payments	-	-	-	-	1,559,250	2,078,889	2,326,540	2,193,179	2,237,043	2,281,784
Capital outlay	11,641,828	5,092,507	4,701,647	4,997,882	2,662,808	3,169,991	3,128,081	1,480,697	2,293,857	3,691,376
Total Expenditures	36,502,703	31,364,458	32,289,620	31,595,069	30,704,158	32,399,240	34,381,410	32,155,187	35,690,167	37,273,639
Excess of revenues over (under) expenditures	(4,914,850)	1,969,780	(1,881,319)	166,313	(75,880)	622,990	1,983,365	2,351,986	(76,294)	947,762
Other financing sources (uses):										
Transfers in	7,130,436	7,732,293	10,693,299	2,166,959	4,559,312	4,842,922	4,514,330	4,326,719	11,190,658	7,536,077
Transfers out	(8,071,529)	(7,341,543)	(10,351,358)	(2,486,777)	(4,848,547)	(4,818,285)	(4,913,469)	(5,197,353)	(12,135,965)	(6,913,397)
Sale of capital assets	171,545	25,061	306,712	528,036	158,931	37,287	129,035	35,075	2,361,242	25,514
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	-	-	-	-	-	-	-	3,045,000	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	(2,998,390)	-
Bond issuance discount	(23,715)	-	-	-	-	-	-	-	-	-
Bond issuance premium	106,632	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	4,523,369	1,074,511	1,282,530	(635,958)	(130,304)	61,924	(270,104)	(835,559)	1,462,545	648,194
Special items:										
Sale of surplus land	-	977,947	-	-	-	-	-	-	-	-
Reimbursement of CDBG funds	-	(583,077)	-	-	-	-	-	-	-	-
Total Special items	-	394,870	-	-	-	-	-	-	-	-
Net change in fund balances	(\$391,481)	\$3,439,161	(\$598,789)	(\$469,645)	(\$206,184)	\$684,914	\$1,713,261	\$1,516,427	\$1,386,251	\$1,595,956
Debt service as a percentage of noncapital expenditures	4.1%	5.6%	5.4%	3.3%	1.5%	1.4%	1.3%	1.3%	1.3%	1.0%

LAYTON CITY CORPORATION

PRINCIPAL SALES TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	Fiscal Year 2016			Fiscal Year 2007		
	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	3	N/A
Home Depot	N/A	3	N/A	N/A	---	N/A
Target	N/A	4	N/A	N/A	2	N/A
Utah Power & Light	N/A	5	N/A	---	---	---
Young Chevrolet	N/A	6	N/A	N/A	7	N/A
Lowes	N/A	7	N/A	N/A	9	N/A
Smiths Food & Drug	N/A	8	N/A	N/A	10	N/A
Ed Kenley Ford	N/A	9	N/A	---	---	---
Wal Mart Neighborhood Market	N/A	10	N/A	N/A	---	N/A
Questar Gas	---		---	N/A	4	N/A
Meier & Frank	---		---	N/A	5	N/A
Kohls	---		---	N/A	6	N/A
Stock Building Supply	---		---	N/A	8	N/A
Total	<u>\$375,978</u>		<u>32.15%</u>	<u>\$420,950</u>		<u>4.06%</u>

Source: Utah State Tax Commission

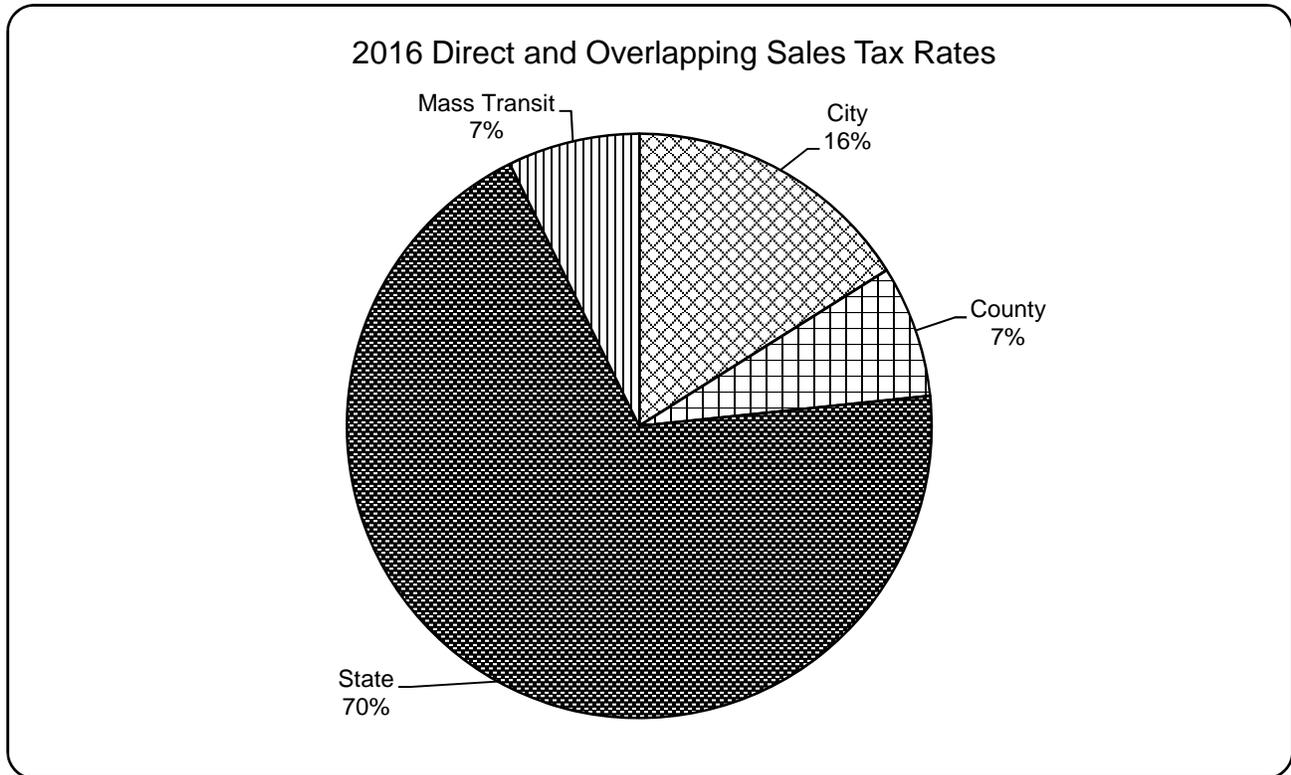
¹ Due to confidentiality issues, the amounts and percentages of the ten largest revenue payers cannot be displayed. However, the aggregate total is displayed along with the individual rankings in an effort to provide the reader with information as to where the City's sales tax base originates.

LAYTON CITY CORPORATION

DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

Year	City	County	State	Mass Transit	Total
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%
2015	1.00%	0.25%	4.75%	0.50%	6.50%
2016	1.10%	0.50%	4.75%	0.50%	6.85%

Source: Davis County Clerk/Auditor

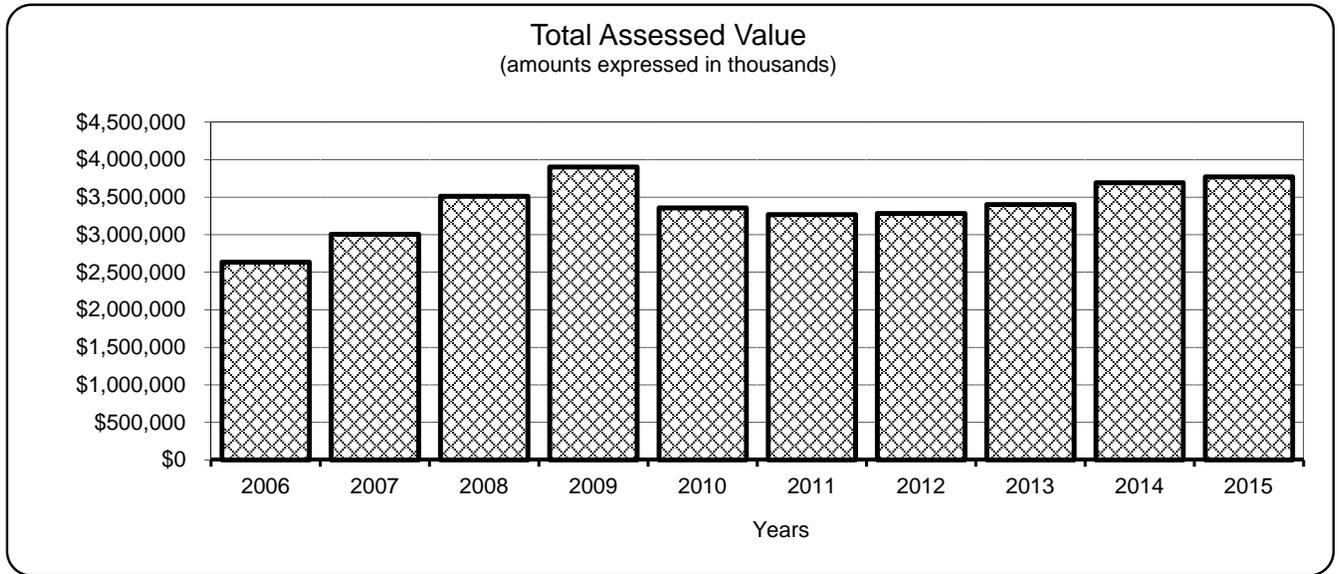


LAYTON CITY CORPORATION

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		
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%
2014	3,496,644	5,538,344	196,304	196,304	3,692,948	5,734,648	0.1896%	64.40%
2015	3,552,407	5,994,732	219,238	219,238	3,771,645	6,213,970	0.1928%	60.70%

Source: Davis County Clerk/Auditor; except 2014 estimated actual values were estimated by the City

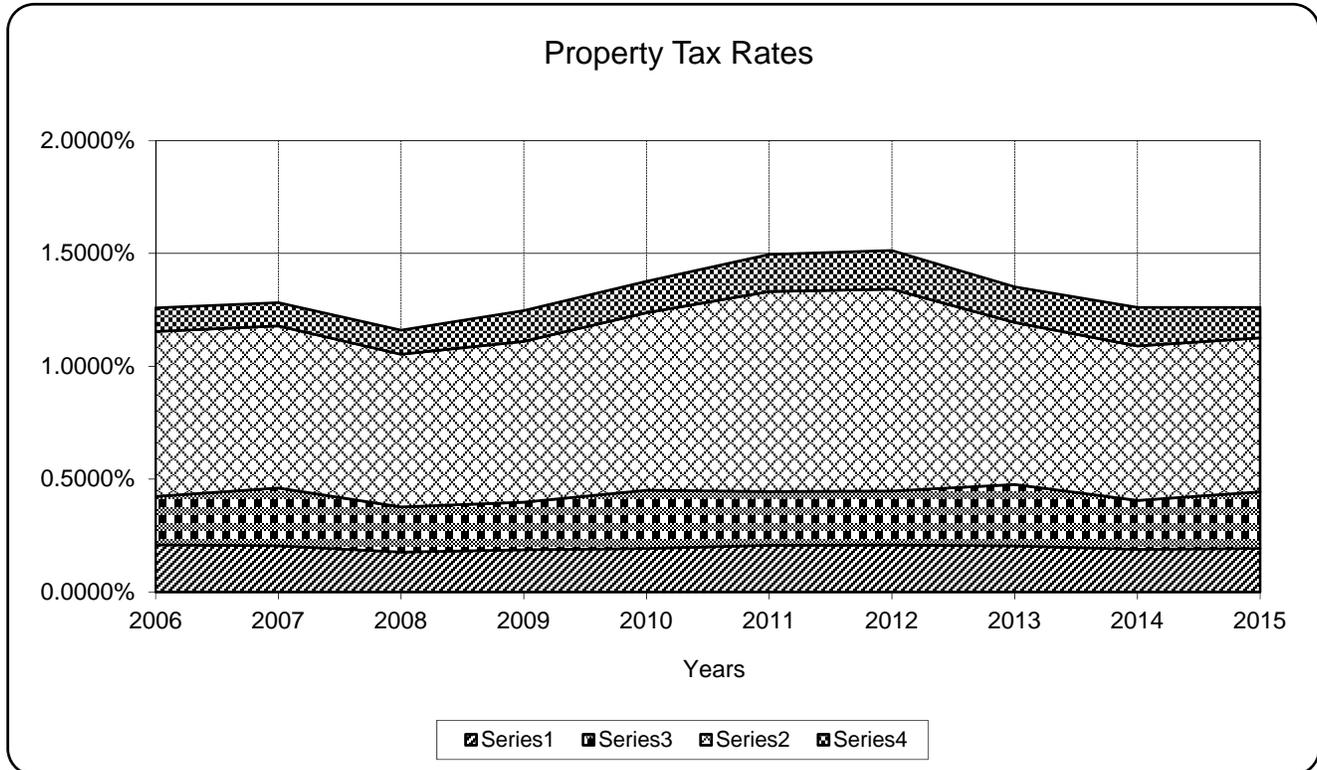


LAYTON CITY CORPORATION

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

Year	Direct City	Overlapping Rates			Total Direct & Overlapping Rates
		County	School District	Special Tax Districts	
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%
2014	0.1896%	0.2161%	0.6840%	0.1709%	1.2606%
2015	0.1928%	0.2514%	0.6819%	0.1343%	1.2604%

Source: Davis County Clerk/Auditor

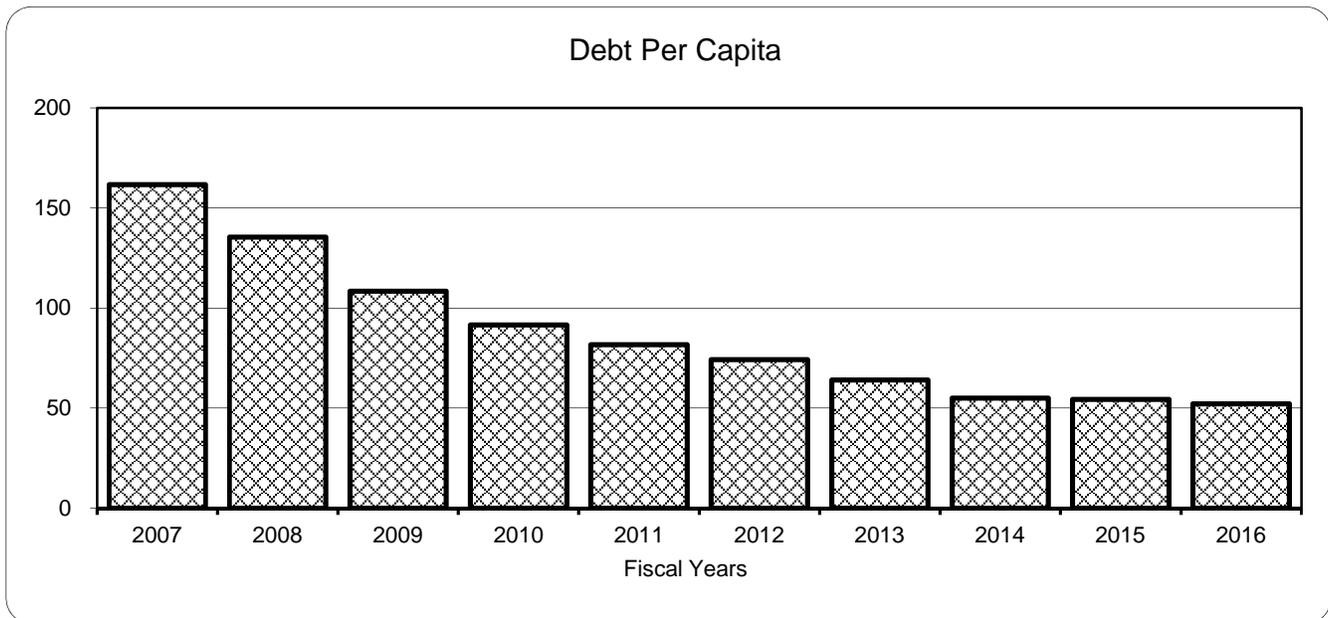


LAYTON CITY CORPORATION

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	Note Payable	Sales Tax Revenue Bonds	Contracts Payable			
2007	7,375,924	333,816	2,275,000		9,984,740	0.54%	162
2008	6,375,924	173,693	1,975,000		8,524,617	0.41%	135
2009	5,290,924	26,787	1,670,000		6,987,711	0.32%	108
2010	4,645,924		1,360,000		6,005,924	0.26%	91
2011	4,420,924		1,035,000		5,455,924	0.24%	82
2012	4,190,924		700,000	\$ 110,643	5,001,567	0.22%	74
2013	3,945,924		355,000	134,975	4,435,899	0.19%	64
2014	3,695,924			161,475	3,857,399	0.16%	55
2015	3,641,848			166,830	3,808,678	0.16%	54
2016	3,350,924			306,228	3,657,152	0.15%	52

Note: See schedule of demographic and economic statistics, page 130, 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
2007	---	---	---	---	---	---
2008	---	---	---	---	---	---
2009	---	---	---	---	---	---
2010	---	---	---	---	---	---
2011	---	---	---	---	---	---
2012	---	---	---	---	---	---
2013	---	---	---	---	---	---
2014	---	---	---	---	---	---
2015	---	---	---	---	---	---
2016	---	---	---	---	---	---

Note: Population data can be found on the schedule of demographic and economic statistics page 130.
Estimated actual taxable value of property can be found on page 123 assessed and estimated actual value of property table.

LAYTON CITY CORPORATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Davis County	\$16,260,573	21.54%	\$3,502,527
Davis School District	424,740,000	21.54%	91,488,996
Other debt			
Weber basin water conservancy district	21,139,452	21.50%	4,544,982
Davis County:			
Revenue bonds	33,696,126	32.06%	10,802,978
MBA lease revenue bonds	19,353,000	21.54%	4,168,636
Total overlapping debt	515,189,151		114,508,120
Layton City Corporation sales tax revenue bonds	3,635,924		3,635,924
Total direct and overlapping debt	\$518,825,075		\$118,144,044

(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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$105,390,905	\$120,257,431	\$140,472,479	\$138,066,291	\$134,319,493	\$130,745,328	\$131,345,482	\$136,119,863	\$147,717,938	\$150,985,766
Total net debt applicable to limit	<hr/>									
Legal debt margin	\$105,390,905	\$120,257,431	\$140,472,479	\$138,066,291	\$134,319,493	\$130,745,328	\$131,345,482	\$136,119,863	\$147,717,938	\$150,985,766
Total net debt applicable to the limit as a percentage of debt limit	0.00%									

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$3,774,644,153
Debt limit (4 percent of total assessed value)	150,985,766
Debt applicable to limit:	
Total bonded debt	3,345,000
Less revenue bonds	<u>3,345,000</u>
Total debt applicable to limitation	<u>0</u>
Legal debt margin	<u><u>\$150,985,766</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				
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
2015		13,049,426		285,000		13,163		298,163	43.77
2016		14,217,077		300,000		13,500		313,500	45.35

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

Sales tax revenue refunding bonds were issued in May 2015 with the first principal and interest payments due July 15, 2015.

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
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%
2014	70,184	34,755	2,439,244,920	28.6	14,378	3.4%
2015	70,790	38,770	2,744,528,300	29.7	14,485	3.1%

(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 EIGHT YEARS AGO

Employer	2016			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	57.17%	9,999	2	55.58%
Wal-Mart	1,999	3	11.43%	1,999	3	11.11%
Kroger Group Cooperative, Inc. (Smiths)	1,999	4	11.43%	1,999	4	11.11%
Davis Hospital and Medical Center	999	5	5.71%	999	5	5.55%
May Trucking	499	6	2.85%	499	7	2.77%
Tanner Memorial Clinic	499	7	2.85%	499	9	2.77%
Lowes	499	8	2.85%	---		
Target	499	9	2.85%	---		
Layton City	499	10	2.85%	499	10	1.34%
SOS Staffing				499	8	2.77%
Citigroup				999	6	5.55%
Layton City total labor force	17,491			17,991		

Source: Workforce Services

Note: 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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government:										
Administration	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Legal	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	8.0	9.3
Finance	12.0	12.0	12.0	12.0	12.0	12.0	10.5	10.0	10.0	10.0
Management services	19.6	19.6	21.6	21.6	21.6	21.6	21.6	20.0	20.5	20.0
Total general government	42.4	42.4	45.4	45.4	45.4	45.4	43.9	41.8	43.5	44.3
Public Safety:										
Police	112.0	114.4	115.4	115.4	115.4	117.4	117.4	118.4	121.0	121.0
Fire (including EMS)	67.2	67.2	67.2	67.2	67.2	67.2	67.2	67.2	68.0	68.0
Total public safety	179.2	181.6	182.6	182.6	182.6	184.6	184.6	185.6	189.0	189.0
Community development	16.0	17.0	15.0							
Street and public improvements:										
Streets	17.6	17.5	17.5	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	4.5	4.5	4.5
Engineering	11.0	11.5	11.5	11.5	11.5	11.5	11.5	11.5	13.5	13.5
Total streets and public improvements	32.6	33.0	33.0	33.0	33.0	33.0	33.0	33.5	35.5	35.5
Parks and recreation:										
Parks administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Parks	32.0	32.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.8
Recreation	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	8.0	8.0
Museum	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total parks and recreation	44.1	44.1	45.1	44.6	44.6	44.6	44.6	44.6	45.0	45.8
Water	15.5	14.5	15.5	15.5						
Storm sewer	3.0	4.0	4.0	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	7.0	7.0	7.0
Swimming pool	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Total enterprise activities	42.0	43.0	44.0	44.0						
Total primary government	356.3	361.1	364.1	363.6	363.6	365.6	364.1	363.5	372.0	373.5

LAYTON CITY CORPORATION

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Citations issued	8,669	9,875	8,419	6,921	5,537	7,243	7,078	6,569	6,945	6,590
Arrests made	2,978	3,124	3,088	3,091	3,080	3,057	3,140	2,615	2,781	2,559
Incidents	53,853	58,406	57,496	56,718	58,816	57,510	57,186	52,952	52,677	52,938
Fire										
Calls answered	4,309	4,451	4,574	4,548	4,701	4,895	4,887	5,188	5,334	5,342
Water										
Water users (units)	23,038	23,320	23,463	23,647	24,203	24,284	25,097	25,870	25,996	26,335
Average daily consumption (millions of gallons)	10.5	10.2	10.2	9.8	10.0	10.6	11.5	11.5	10.9	9.9
Sewer										
Users (units)	22,963	23,245	23,388	23,572	24,128	24,346	25,135	25,695	24,985	25,490
Storm sewer										
Users (units)	22,963	23,245	23,388	23,572	24,128	24,346	25,135	25,695	24,985	25,490
Refuse										
Residential cans in service	20,925	21,383	21,611	22,033	22,186	22,186	22,734	23,164	23,402	25,166

LAYTON CITY CORPORATION

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	53	53	53	54	54	54	54	54	54	54
Fire Stations	3	3	3	3	3	3	3	3	3	3
Streets (lineal mileage)	227	231	238	242	245	246	247	250.3	253.1	254.9
Parks and Recreation										
Park acreage developed	171	171	203	206	206	225.5	259.8	268.6	268.6	278.6
Park acreage undeveloped	387	387	355	355	358.5	359	347.5	331.2	331.2	325
Parks	12	12	12	12	13	13	13	13	13	13
Tennis Courts	13	14	14	16	16	16	16	16	16	16
Gymnasiums	2	2	2	3	3	3	3	3	3	3
Water										
Water mains (miles)	248	253	261	267	271	274	276	279.7	283.8	285.7
Maximum daily capacity (million gallons)	21	21	21	21	21	33	33	33	33	33.3
Storage capacity (million gallons)	23	23	23	23	23	22	22	22.5	22.5	22.5
Wells	5	5	5	5	5	5	5	5	5	5
Sewer										
Sanitary sewer mains (miles)	178	183	191	195	199	200	202	205	208.7	210.8
Storm Sewer										
Storm sewer mains (miles)	124	131	136	142	146	149	150	157	160.5	163
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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 26, 2016.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

October 26, 2016

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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INDEPENDENT AUDITORS' REPORT AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report On Compliance with General State Compliance Requirements

We have audited Layton City Corporation, Utah's ("the City") compliance with the applicable general state 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 for the year ended June 30, 2016.

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

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Treasurer's Bond
- Tax Levy Revenue Recognition

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *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 occurred. An audit includes examining, on a test basis, evidence about the City's

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements

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

Report On Internal Control over Compliance

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

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

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

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

October 26, 2016