# CITY OF TAYLORSVILLE

## Taylorsville, Utah

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED JUNE 30, 2008


**Prepared by:**

**John Inch Morgan, MBA**
**City Administrator / City Treasurer**

**Scott P. Harrington**
**Chief Financial Officer**

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# Introductory Section

Russ Wall

*Mayor*

D.L. "Bud" Catlin
Lynn R. Handy
Les N. Matsumura
Morris K. Pratt
Jerry W. Rechtenbach

*Council Members*

2600 West
Taylorsville Boulevard

Taylorsville,
Utah
84118

801-963-5400

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801-963-7891

Website
www.taylorsvilleut.gov

November 14, 2008

Honorable Russ Wall, Mayor
Les N. Matsumura, Taylorsville City Council Chairman
Lynn Handy, Taylorsville City Council Vice Chairman
D.L. "Bud" Catlin, Councilman
Morris Pratt, Councilman
Jerry W. Rechtenbach, Councilman
The Citizens of Taylorsville

Dear City of Taylorsville Elected Officials and Citizens:

I am submitting with this letter The Comprehensive Annual Financial Report (CAFR) of The City of Taylorsville for the fiscal year ended June 30, 2008. This CAFR fulfills the requirements in Utah State law to "present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles, as prescribed in the Uniform Accounting Manual for Utah Cities."

This report presents the reader with a comprehensive financial illustration covering all funds and financial transactions for the fiscal year which began on July 1, 2007 and ending June 30, 2008.

The City Administrator/Treasurer and the City Chief Financial Officer have prepared this CAFR with assistance from contract financial consultants and the financial professional of the City. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the City. To the best of our knowledge and belief, the information in this document is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds of the City. I believe this document provides all the disclosures necessary to enable the reader to gain an understanding of the government's financial activities. The Notes to the Financial Statements are an integral part of this report and should be read for a more complete understanding of the financial statements and information presented in this report and the annual audit of the City.

There are three sections of this report including the Introduction, the Financial Section and the Statistical section.

The Introductory Section is a narrative abstract of the financial statements. The Financial Section includes: 1) The Independent Auditors' Report, and the Management's Discussion and Analysis; 2) Basic Financial Statements (BFS); 3) notes to the financial statements and 4) supplemental statements and schedules. The BFS provide an overview for readers who do not require detailed information about the City's finances.

More detailed information is presented in the supplemental statements and schedules that focus on individual funds. The Statistical Section includes both financial and general information important to private and public decision makers. This additional information

has been designed to cover more than two fiscal years, reflect both social and economic data and provide information relating to financial trends and the fiscal capacity of the City. The City's financial reports include all of the funds of the primary government. The City provides a full spectrum of municipal services through a combination contracts with private firms, with other governmental agencies and through the employment of municipal employees of the City. These services include law enforcement and municipal court services; fire protection and emergency medical services through a contract with the Unified Fire Authority; street and infrastructure construction and maintenance through contracts with private contractors and Salt Lake County Public Works; engineering services through contracts with several private engineering firms the primary firm being Forsgren and Associates; building inspection, planning and zoning services; park construction and maintenance; economic development and community cultural events.

GENERAL INFORMATION

The City of Taylorsville is located in the very center of Salt Lake County and was incorporated July 1, 1996. The area was settled in 1847 as a pioneer farming community. In 1860 the area's population was 178 and remained predominately agricultural through the 1940s. From 1960 to 1987 the population increased from about 4,000 with 600 housing units, to 49,600 with about 16,000 housing units. The U.S. Census Bureau estimates the Taylorsville Population at 58,620 as of July 1, 2007 with an approximate growth rate of .07 percent. The census bureau has based this estimate on the 2000 census which does not include the Misty Hills annexation which took place in 2001 which added 1,366 residents to the census number in 2001. The estimated population as of June 30, 2008 is 60,061 people with approximately 30.7 percent of the population under 18 years of age. The median age of the Taylorsville resident is 27.8 years old and the median family income in 1999 real dollars is $51,553 comparable to median family income for communities throughout the Salt Lake Valley.

ECONOMIC CONDITION AND OUTLOOK

Taylorsville is the tenth largest city in Utah. Despite a national economic slowdown that began in the early part of year the city has experienced strong business construction and new business development opportunities including:

- The expansion of the existing Nelson Medical Labs at 6300 South and Redwood Road.
- The development of an assisted living center at 5400 South and 3200 West.
- The development of new office space at Sorensen Business Park on Riverboat Road (approximately 4500 South and 875 West).

The City received 38 percent of its general fund revenue from sales taxes, and 22 percent from real property, personal property and motor vehicle taxes. Based upon current projections, the City will experience moderate growth in revenue over the next five years and is sufficient to maintain current service levels without the need to increase property tax rates.

MAJOR INITIATIVES

Significant projects include several significant road and storm drain projects throughout the City totaling more than $11M that will span the 2007-2011Fiscal Years, planning and design of the Redwood Road Business District Phase II, enhancements of the I-215 off ramps at the Redwood Road Business and Commercial District using state and local funds, the beginning of construction of the Babe Ruth and Little League complex at 5000 South 2200 West, and the agreement with private developers to begin the construction and improvements of an 15-acre multi-user campus on the City Center property surrounding the City Office Building which will include a freeway off ramp on the east side of the property.

FINANCIAL INFORMATION

As a government entity, the City of Taylorsville maintains financial internal accounting control through separate funds, rather than as a single entity. Each fund is a distinct, self-balancing accounting entity.

The City's Administration has the responsibility for establishing and maintaining an internal control structure that will safeguard the assets of the government from loss, theft, or misuse. At the same time, management has the responsibility to ensure that adequate accounting data are maintained and compiled to support the preparation of financial statements in conformity with Generally Accepted Accounting Principles.

The internal control structure is designed to provide reasonable, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

BUDGETING CONTROLS

Comprehensive budgets are essential in governmental accounting and in maintaining financial control. The City's budget for all funds is adopted by the City Council each year. Utah State Law requires a balanced budget for each individual fund, and also requires department expenditures to conform to departmental appropriation. Finally, the law recognizes declared emergencies (natural disasters) as the only circumstance where individual fund appropriations may be overspent.

GENERAL FUND -- General fund revenues totaled $22,236,988 in fiscal year ending June 30, 2008. Property Taxes, Motor Vehicle Taxes, and General Sales Taxes constitute the major sources of revenue. All tax categories in aggregate generated 76 percent of general fund revenue. The following schedule is a summary of the general fund revenues and other financing sources for the period.

| Revenue and other financing sources | | 2008 | Percent of Total | | Increase (Decrease) over 2007 | Percent Increase (Decrease) |
|---|---|---|---|---|---|---|
| Property Taxes | $ | 3,888,147 | 17.49% | $ | (75,422) | -1.90% |
| Motor Vehicle Taxes | $ | 620,551 | 2.79% | $ | (25,175) | -3.90% |
| Personal Property Taxes | $ | 268,416 | 1.21% | $ | 13,886 | 5.46% |
| General Sales Taxes | $ | 8,440,298 | 37.96% | $ | 87,646 | 1.05% |
| Franchise Taxes | $ | 3,632,581 | 16.34% | $ | 1,987,016 | 120.75% |
| Licenses and Permits | $ | 581,281 | 2.61% | $ | (67,467) | -10.40% |
| Intergovernmental Revenue | $ | 2,846,688 | 12.80% | $ | 221,645 | 8.44% |
| Charges for Services | $ | 266,826 | 1.20% | $ | (129,462) | -32.67% |
| Fines & Forfeitures | $ | 1,475,528 | 6.64% | $ | (529,290) | -26.40% |
| Miscellaneour Revenue | $ | 216,672 | 0.97% | $ | (458,069) | -67.89% |
| | $ | 22,236,988 | 100.00% | $ | 1,025,308 | 4.83% |

The unreserved General Fund Balance for the year is $1,640,731, which is equivalent to 27 calendar days of operation expenditures.

DEBT ADMINISTRATION – In this accounting period the City managed debt in the amount of $10,000,000 in the form of Sales Tax Revenue Bonds for Storm Drain and Road infrastructure improvements. Municipal Equipment Leases in the amount of $670,600, for police vehicles which were purchased in 2005 when the Police Department was organized, these will be paid off in 2010.

CASH MANAGEMENT -- The City has arranged to invest cash in excess of determined operational needs in the Utah State Treasurer's investment pool. All available cash is pooled for

investment and money management purposes. Interest income is allocated to all funds based on the percentage in the investment pool. Total interest earnings for the fiscal year 2008 were $630,818.

RISK MANAGEMENT -- The City participated in the Utah Local Government Trust for general liability coverage in the 2007-2008 Fiscal Year. The City purchases health benefits and worker's compensation coverage from commercial insurance companies.

OTHER INFORMATION

INDEPENDENT AUDIT – The Utah State Municipal code requires an annual audit by independent public accountants. The City's consultant selection committee has selected, Hansen, Bradshaw, Malmrose & Erickson, to perform the audit required by the state law, and to meet the requirements of the Federal Single Audit Act. The independent auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

ACKNOWLEDGEMENTS – I respectfully acknowledge this financial report is a numerical representation of the dedication of all our dedicated city employees and contractors. The cost of providing quality government services is not represented in a set of audited numbers, however on a comparative basis with other like organizations; the City of Taylorsville provides excellent services with a limited staff because of the dedication of our employees. The entire city staff and our contractors contributed to the preparation of this Comprehensive Annual Financial Report through their good works. I express my sincere appreciation for their contributions to the citizens of our great city and to this report.

Respectfully,

John Inch Morgan, MBA

City Administrator/City Treasurer

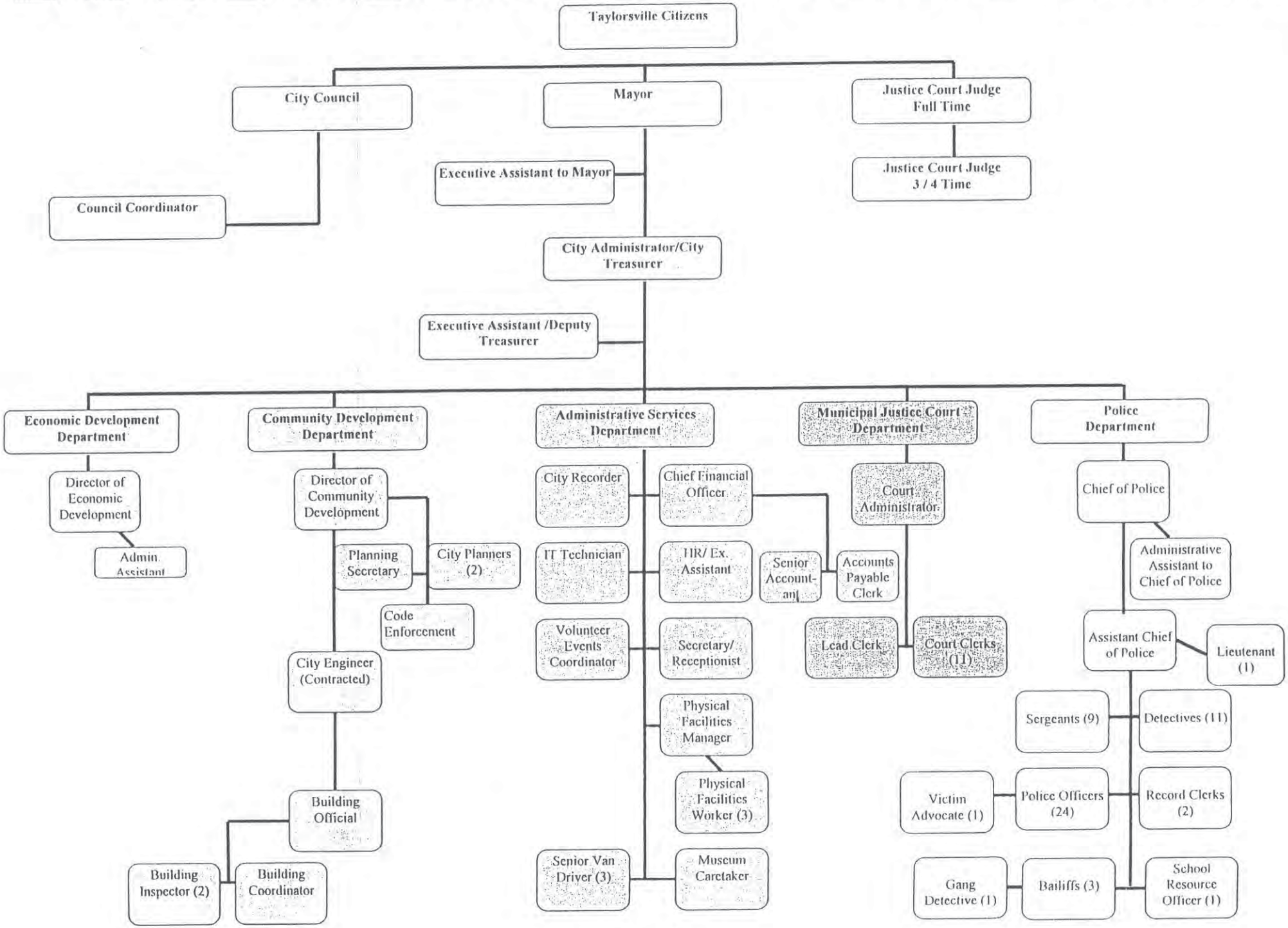
# CITY OF TAYLORSVILLE
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
# LIST OF ELECTED AND APPOINTED OFFICIALS
# June 30, 2008

## Elected Officials

| | |
|---|---|
| Mayor | Russ Wall |
| Council Chairman | Les Matsumura |
| Vice Chairman | Lynn R. Handy Council |
| Council Member | Morris K. Pratt |
| Council Member | Jerry W. Rechtenbach |
| Council Member | D.L. "Bud" Catlin |

## Appointed Officials

| | |
|---|---|
| City Administrator / Treasurer | John Inch Morgan |
| Police Chief | Del Craig |
| Community Development Director | Mark McGrath |
| Justice Court Judge | Michael W. Kwan |
| Justice Court Judge | Marsha Thomas |
| Recorder | Cheryl Peacock-Cottle |


Taylorsville Citizens
City Council
Mayor
Justice Court Judge Full Time
Executive Assistant to Mayor
Justice Court Judge 3 / 4 Time
Council Coordinator
City Administrator/City Treasurer
Executive Assistant /Deputy Treasurer
Economic Development Department
Community Development Department
Administrative Services Department
Municipal Justice Court Department
Police Department
Director of Economic Development
Admin. Assistant
Director of Community Development
Planning Secretary
City Planners (2)
Code Enforcement
City Engineer (Contracted)
Building Official
Building Inspector (2)
Building Coordinator
City Recorder
Chief Financial Officer
IT Technician
HR/ Ex. Assistant
Senior Account-ant
Accounts Payable Clerk
Volunteer Events Coordinator
Secretary/ Receptionist
Physical Facilities Manager
Physical Facilities Worker (3)
Senior Van Driver (3)
Museum Caretaker
Court Administrator
Lead Clerk
Court Clerks (11)
Chief of Police
Administrative Assistant to Chief of Police
Assistant Chief of Police
Lieutenant (1)
Sergeants (9)
Detectives (11)
Victim Advocate (1)
Police Officers (24)
Record Clerks (2)
Gang Detective (1)
Bailiffs (3)
School Resource Officer (1)

# Financial Section

**Hansen, Bradshaw, Malmrose & Erickson**
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

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

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

*Members of the American Institute of Certified Public Accountants*

*Members of the Private Company Practice Section*

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
City of Taylorsville, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hansen, Bradshaw, Malmrose & Erickson, P.C

October 24, 2008

This section, commonly known as the Management's Discussion and Analysis, (MD & A) provides the reader of the City of Taylorsville's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008 from the city administration's viewpoint. Please read this section in conjunction with the City's basic financial statements, which begin on page 9.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financial significant funds.

## REPORTING THE CITY AS A WHOLE

### The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 9. One of the most important questions about the City's finances asked each year by citizens and those we do business with is "Is the City as a whole better off or worse off as a result of the year's activities?"

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the **accrual basis of accounting**, which is similar to the accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's **net assets** and changes in them. It is sometimes helpful to think of the City's net assets, the difference between assets, and liabilities; or in other words, what we as citizens own and what we owe. Analyzing net assets is one valuable measurement of the City's financial health, or financial position. By looking at several years of financial activity and the increases or decreases that occur in the City's net assets one can begin to assess whether the City's financial position is maintaining, improving or weakening. To gain a complete picture of the health of the City, the reader must also consider other nonfinancial factors such as changes in the City's property tax base, and the condition of the City's capital assets (roads, buildings, and sewer lines).

In the Statement of Net Assets and the Statement of Activities, the City has the following activity and information: Governmental activities: most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, and general administration. Sales taxes, property taxes, fees for services, and state and federal grants finance most of these activities. Business type activities: in July of 2007 the City started the storm water utility fund. This fund was set up to manage the maintenance and operations of the storm water system and ongoing capital projects. Users fees are the source of revenue for this fund.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

Our analysis of the City's major funds begins on page 11 and provides detailed information about the most significant funds. Some funds are required to be established by State law. However, the City Council establishes other funds to help it control and manage money for particular purposes, (ex. Capital Improvements Fund) or to show that it is meeting legal responsibilities for using certain

taxes, grants, and other money (ex. CDGB grants received from the U.S. Department of Housing and Urban Development for low income areas of the City ).

**Business Type Activities** In June of 2007 the City started a storm drain utility fund. It is responsible for repairs and maintenance of the storm water infrastructure for the City. New construction projects are also funded out of this fund. The monies for this fund come from user fees and will remain in this fund if they are not expended during the year.

**Governmental funds**: All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances (budgeted but unspent) that are left at the end of the fiscal year. These funds are reported using an accounting method called **modified accrual accounting,** which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources available in the near future to finance the City's programs. In this analysis we describe the relationship and differences between governmental activities in the Statement of Net Assets and the Statement of Activities.

**Governmental Activities as of June 30, 2008**

CITY OF TAYLORSVILLE'S NET ASSETS

| | Governmental Activities June 30, 2008 | Business Type Activities June 30, 2008 | Governmental Activities June 30, 2007 |
|---|---|---|---|
| Current and other assets | $ 26,292,529 | $ 7,433,336 | $ 21,652,554 |
| Capital assets | 144,012,589 | 4,490,363 | 159,921,433 |
| Total Assets | 170,305,118 | 11,923,699 | 181,573,987 |
| Long-term debt outstanding | 5,582,473 | 4,353,140 | 10,755,641 |
| Other liabilities | 7,431,327 | 230,993 | 7,547,180 |
| Total Liabilities | 13,013,800 | 4,584,133 | 18,302,821 |
| Net assets: | | | |
| Invested in capital assets, net of debt | 151,204,363 | (24,246) | 149,286,180 |
| Restricted | 2,822,683 | 3,787,624 | 11,046,355 |
| Unrestricted | 3,264,272 | 3,576,188 | 2,938,631 |
| Total Net Assets | $ 157,291,318 | $ 7,339,566 | $ 163,271,166 |

## THE CITY AS A WHOLE

The City's combined net assets increased by $1,359,718 from $163,271,166 to $164,630,884. All other governmental assets declined, which, added to a respective decline in liabilities of $5,505,881, netted an increase in net assets of $1,359,718.

The change in net assets of the City's governmental activities is $5,979,848 which is less than the prior year's change in net assets. Business type activities increased by 7,339,556, this is a new fund which, is why the increase is so large. Unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by $3,901,829 from 2007 to 2008.

| | Governmental Activities June 30 2008 | Governmental Activities June 30 2007 | Business Activities June 30 2008 | Business Activities June 30 2007 |
|---|---|---|---|---|
| Revenues | | | | |
| Program revenues: | | | | |
| Charges for services | $ 2,252,725 | $ 3,019,807 | $ 1,146,261 | $ - |
| Operating grants and contribuitions | 2,176,682 | 2,694,436 | | |
| Capital grants and contribuitions | 1,200,113 | 1,042,272 | | |
| General revenues: | | | | |
| Property taxes | 4,777,115 | 4,863,825 | | |
| Other Taxes | 12,072,878 | 9,998,217 | | |
| Other revenues | 401,185 | 691,092 | 236,871 | |
| Transfer In | | | 6,360,236 | |
| Total revenues | 22,880,698 | 22,309,649 | 7,743,368 | $ - |
| Program expenses: | | | | |
| General government | 2,500,166 | 1,898,998 | 403,802 | |
| Public safety | 12,918,424 | 11,410,496 | | |
| Highway and public improvements | 5,083,191 | 5,469,836 | | |
| Community and economic develp. | 1,615,431 | 1,585,581 | | |
| Parks and public property | 101,770 | 244,975 | | |
| Interest on long term debt | 218,389 | 312,917 | | |
| gain (loss) on sale of assets | 62,939 | | | |
| transfers | 6,360,236 | | | |
| Total Expenses | 28,860,546 | 20,922,803 | 403,802 | |
| Increase(decrease) in net assets | (5,979,848) | 1,386,846 | 7,339,566 | $ - |
| Net Assets Beginning of Year | 163,271,166 | 161,884,320 | $ - | |
| | | | $ - | |
| Net Assets End of Year | $ 157,291,318 | $ 163,271,166 | $ 7,339,566 | $ - |

GOVERNMENTAL ACTIVITIES

Revenues for the City's governmental activities increased by $571,049 or 3% and total expenses increased by $1,577,507 or 7% (excluding the transfer to the storm drain fund of 6,360,236). With the increase in revenue and the larger increase in expenses, net assets of governmental activities increased by $380,388 (before transfers). The factors driving these results include:

- Tax revenues gradually increased since the 2002 national recession. Charges for services have decreased due to building and construction activity in the current economy.
- Public Safety costs which include both fire and police have increased by $2,181,912 from 2007 to 2008 representing a 19% increase.

## THE CITY'S FUNDS

### General Governmental Functions

### The General Fund

The unreserved general fund balance increased from $1,115,346 to $1,640,741.

### Special Revenue Funds

Revenue included in these funds report all impact fees received from developers specifically to offset the costs of Parks, Fire Stations, and Storm Drains that impact the existing service delivery due to new construction and development. Fire Station No. 118 was built in 1999 and at the time of the construction, the City had only collected a fraction of the cost of station. Impact fees collected from that time to the current fiscal year is being credited against this asset expenditure. In the 2007-2008 budget period, several Park improvements were underway including the Millrace Park bass fishing pond, the Vista Park Little League and Babe Ruth Baseball Complex, additional landscaping at the Taylorsville/Senior Center Park, and the Historic Museum/Taylorsville Park trail connection. Impact fees are being allocated to these on-going park projects to help cover increasing construction costs attributable to those assets. Storm Drain impact fees are divided into two storm drain systems in the Taylorsville area and restricted for the area collected. These will be used when projects are planned in the areas funded.

### Capital Projects Fund

The major activity in this fund represents a number of infrastructure road government property improvements. The major source of revenue for capital projects in the audited budget year is the proceeds from sales tax revenue bonds. It is anticipated by the administration that the bond proceeds will be fully expended on the capital projects identified below by the end of the 2008-2009 fiscal year.

### General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget to reflect new information regarding revenues and expenditures. Even with these adjustments, total revenues were $146,412 above budgeted revenues. The total expenditures were under budget by $1,762,099.

**Business-type activities.** Business-type activities increased the City's net assets by 7,339,566 from the prior year. The majority of this was a transfer of assets from the general fund. The storm drain utility fund is the only business-type activity. Charges for service are the major source of revenue for the storm water fund.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

Taylorsville City Capital Assets (net of depreciation)

| | Governmental Activities | | Business-Type Activities | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Land and water rights | $ 11,852,323 | $ 11,813,613 | $ - | $ - |
| Buildings and improvements | 9,367,709 | 8,825,934 | - | - |
| Office furniture and equipment | 301,123 | 376,234 | 20,295 | - |
| Vehicles and equipment | 896,582 | 944,535 | - | - |
| Infrastructure | 133,447,175 | 136,698,392 | 3,854,075 | - |
| Construction in Progress | 860,164 | 1,262,725 | 615,993 | - |
| Total | $156,725,076 | $159,921,433 | $4,490,363 | $ - |

The most significant capital asset change has been in park development and infrastructure. In 2002 the City constructed the Taylorsville Senior Center and a portion of the Millrace Park. In 2003 the City Hall and Recreation Center (in partnership with Salt Lake City) was completed. In 2004 the City finished Millrace Park, adding open space to Jordan River Parkway, and constructed additional sidewalks and roads. The projects started in fiscal year 2007-2008 include the Taylorsville Baseball Complex on 2200 West and 5000 South, the Bass Fishing Pond which is being added to a section of Millrace Park and will continue to add to the assets of the City as will the increase in asset value of street and storm water infrastructure improvement.

### Debt

While the City has operated without debt through most of its existence, in 2006 the City issued 20 year sales tax revenue bonds in the amount of $10,000,000 for the purpose of addressing segments of rapidly deteriorating road and storm drain systems. Each year previous, the City would allocate funds for the on-going maintenance of these systems, however, certain areas of the forty-year plus old system were deteriorating at a faster rate than current efforts could address.

Other outstanding debt is in the form of Municipal Equipment Leases where the City used this vehicle to purchase equipment to start the Taylorsville Police Department in April of 2005. The term of the lease is five years and will be retired in fiscal year 2010.

| | Governmental Activities | | Business type Activities | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Revenue bonds payable | $ 5,185,079 | $ 9,947,079 | $ 4,462,000 | $ $ - |
| Leases payable | 282,713 | 635,253 | | |
| Compensated absenses | 660,868 | 511,291 | | |
| | $ 6,128,660 | $ 11,093,623 | 4,462,000 | $ - |

State statutes limit the amount of debt a City may issue to 4 percent of its total fair market value for taxable property in its jurisdiction. The City may incur a larger indebtedness for the purpose of supplying the City with water, sewer, or electricity when such public works are owned and controlled by the City. The current debt limitation for the City of Taylorsville is approximately $108,886,000. Additional information on the City of Taylorsville's long-term debt can be found in the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Our nation, and at this writing our state and community to a lesser extent are facing an economy that has been showing signs of weakening throughout most of the 2008 calendar year. The prospects with increasing national and local unemployment rates increasing, and the natural fear that the economy will worsen will likely drive the economy into a lengthy recession. Individuals who are unemployed or underemployed will not have disposable income to spend, and the balance of the workforce (93%) will hold on to their cash for fear that things will get worse resulting in an overall decrease in spending, increasing inventories, fewer orders for new goods and a decline in the Gross Domestic Product (GDP). For the City of Taylorsville, the expectation is that sales tax revenues will decline from the 2007-2008 fiscal period, however, much of the sales tax collected in Taylorsville is generated from the sale of staples such as food, clothing and household goods which is projected to maintain this revenue stream at a diminished but constant level.

## CITY OF TAYLORSVILLE
## STATEMENT OF NET ASSETS
## June 30, 2008

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Taylorsville Arts Council |
| **ASSETS:** | | | | |
| Cash and cash equivalents | $ 2,937,926 | $ 2,742,722 | $ 5,680,648 | $ 49,110 |
| Receivables: | | | | |
| Accounts | 6,161,400 | 223,174 | 6,384,574 | 1,450 |
| Taxes | 532,088 | | 532,088 | - |
| Intergovernmental | 17,257 | | 17,257 | - |
| Prepaid expenses | 71,283 | | 71,283 | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | 3,771,180 | 4,391,704 | 8,162,884 | - |
| Capital assets not being depreciated: | | | | |
| Land and water rights | 11,852,323 | | 11,852,323 | |
| Construction in progress | 860,164 | 615,993 | 1,476,157 | |
| Capital assets - net of accumulated depreciation | | | | |
| Buildings and improvements | 9,367,709 | | 9,367,709 | - |
| Office furniture and equipment | 301,123 | 20,295 | 321,418 | 4,954 |
| Vehicles and equipment | 896,582 | | 896,582 | - |
| Infrastructure | 133,447,175 | 3,854,075 | 137,301,250 | - |
| Unamortized bond costs | 88,908 | 75,736 | 164,644 | |
| Total Assets | $ 170,305,118 | $ 11,923,699 | $ 182,228,817 | $ 55,514 |
| **LIABILITIES:** | | | | |
| Accounts payable | $ 1,074,058 | 38,055 | 1,112,113 | $ 454 |
| Accrued liabilities | 1,512,986 | | 1,512,986 | - |
| Accrued interest payable | 36,942 | 31,469 | 68,411 | |
| Deferred revenue | 4,146,473 | | 4,146,473 | - |
| Accrued liabilities - compensated absences | 660,868 | | 660,868 | |
| Unamortized bond premium | 61,760 | 52,609 | 114,369 | |
| Bonds payable: | | | | |
| Due within one year | 186,300 | 158,700 | 345,000 | |
| Due in more than one year | 5,051,700 | 4,303,300 | 9,355,000 | |
| Capital leases: | | | | |
| Due within one year | 171,353 | | 171,353 | |
| Due in more than one year | 111,360 | | 111,360 | |
| Total Liabilities | 13,013,800 | 4,584,133 | 17,597,933 | 454 |
| **NET ASSETS:** | | | | |
| Invested in capital assets, net of related debt | 151,204,363 | (24,246) | 151,180,117 | 4,954 |
| Restricted for: | | | | |
| Impact fees | | 604,080 | 604,080 | - |
| Future construction | 2,822,683 | 3,787,624 | 6,610,307 | |
| Unrestricted | 3,264,272 | 2,972,108 | 6,236,380 | 50,106 |
| Total Net Assets | 157,291,318 | 7,339,566 | 164,630,884 | 55,060 |
| Total Liabilities and Net Assets | $ 170,305,118 | $ 11,923,699 | $ 182,228,817 | $ 55,514 |

The accompanying notes are an integral part of the financial statements.

# CITY OF TAYLORSVILLE
# STATEMENT OF ACTIVITIES
## June 30, 2008

| | | Programs Revenue | | | Changes in Net Assets | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Primary Government | | | Component Unit |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Taylorsville Arts Council |
| **Functions/Programs** | | | | | | | | |
| **Primary Government:** | | | | | | | | |
| Government activities: | | | | | | | | |
| General government | $ 2,500,166 | $ 1,788 | $ 204,431 | $ 126,024 | $ (2,167,923) | | $ (2,167,923) | |
| Public safety | 12,918,424 | 1,517,353 | 61,271 | 614,892 | (10,724,908) | | (10,724,908) | |
| Highway and public improvements | 5,083,191 | - | 1,910,980 | 32,469 | (3,139,742) | | (3,139,742) | |
| Community and economic development | 1,615,431 | 733,584 | - | - | (881,847) | | (881,847) | |
| Parks and public property | 101,770 | - | - | 426,728 | 324,958 | | 324,958 | |
| Interest on long-term debt | 218,389 | - | - | - | (218,389) | | (218,389) | |
| Total Governmental Activities | 22,437,371 | 2,252,725 | 2,176,682 | 1,200,113 | (16,807,851) | | (16,807,851) | |
| Business-type activities: | | | | | | | | |
| Storm Drain | 403,802 | 1,146,261 | | | | $ 742,459 | 742,459 | |
| Total Primary Government | $ 22,841,173 | $ 3,398,986 | $ 2,176,682 | $ 1,200,113 | (16,807,851) | 742,459 | (16,065,392) | |
| **Component Unit:** | | | | | | | | |
| Taylorsville Arts Council | $ 27,237 | $ 20,348 | $ 10,899 | $ - | - | - | - | $ 4,010 |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 4,777,115 | | 4,777,115 | |
| Sales taxes | | | | | 8,440,299 | | 8,440,299 | |
| Franchise taxes | | | | | 3,632,579 | | 3,632,579 | |
| Investment earnings | | | | | 366,382 | 236,871 | 603,253 | 122 |
| Other | | | | | 34,803 | | 34,803 | |
| Gain (loss) on sale of capital assets | | | | | (62,939) | | (62,939) | |
| Transfers | | | | | (6,360,236) | 6,360,236 | - | |
| Total general revenues and transfers | | | | | 10,828,003 | 6,597,107 | 17,425,110 | 122 |
| Changes in Net Assets | | | | | (5,979,848) | 7,339,566 | 1,359,718 | 4,132 |
| Net Assets, Beginning | | | | | 163,271,166 | - | 163,271,166 | 50,928 |
| Net Assets, Ending | | | | | $ 157,291,318 | $ 7,339,566 | 164,630,884 | $ 55,060 |

The accompanying notes are an integral part of the financial statements.

## CITY OF TAYLORSVILLE
## BALANCE SHEET GOVERNMENTAL FUNDS
## June 30, 2008

| | General | Special Revenue Infrastructure | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and cash equivalents | $ 2,366,659 | $ - | $ 571,267 | $ 2,937,926 |
| Receivables: | | | | |
| Taxes | 6,161,400 | - | - | 6,161,400 |
| Intergovernmental | 532,088 | - | - | 532,088 |
| Other | 17,257 | - | - | 17,257 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 576,301 | 3,194,879 | - | 3,771,180 |
| Prepaid expenses | 71,283 | - | - | 71,283 |
| Total Assets | $ 9,724,988 | $ 3,194,879 | $ 571,267 | $ 13,491,134 |
| **Liabilities:** | | | | |
| Accounts payable | $ 701,862 | $ 372,196 | $ - | $ 1,074,058 |
| Accrued liabilities | 1,512,986 | - | - | 1,512,986 |
| Deferred revenue | 4,146,473 | - | - | 4,146,473 |
| Total Liabilities | 6,361,321 | 372,196 | - | 6,733,517 |
| **Fund Balances:** | | | | |
| Reserved for: | | | | |
| Future construction | - | 2,822,683 | - | 2,822,683 |
| B&C road fund | 1,722,936 | - | - | 1,722,936 |
| Unreserved, reported in: | | | | |
| General fund | 1,640,731 | - | - | 1,640,731 |
| Special revenue funds | - | | 571,267 | 571,267 |
| Total Fund Balances | 3,363,667 | 2,822,683 | 571,267 | 6,757,617 |
| Total Liabilities and Fund Balances | $ 9,724,988 | $ 3,194,879 | $ 571,267 | $ 13,491,134 |

The accompanying notes are an integral part of the financial statements.

## CITY OF TAYLORSVILLE
## RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
## June 30, 2008

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

| | | |
|---|---|---|
| **Total fund balance - governmental funds** | $ | 6,757,617 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 156,725,076 |
| Interest expense is not due and payable in the current period and therefore is not recorded in the funds. | | (36,942) |
| Bond issue costs are not recorded in the funds | | 88,908 |
| Long-term liabilities, including bonds, capital leases, notes, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. | | (6,243,341) |
| **Total net assets - governmental activities** | $ | 157,291,318 |

The accompanying notes are an integral part of the financial statements.

## CITY OF TAYLORSVILLE
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
## For The Year Ended June 30, 2008

| | General | Special Revenue Storm Drains | Special Revenue Infrastructure | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Taxes | $ 16,849,993 | $ - | $ - | $ - | $ 16,849,993 |
| Impact fees | - | | 5,024 | 55,204 | 60,228 |
| Licenses and permits | 581,281 | - | - | - | 581,281 |
| Intergovernmental revenues | 2,846,688 | - | 32,469 | 366,500 | 3,245,657 |
| Charges for services | 266,826 | - | - | - | 266,826 |
| Fines and forfeitures | 1,475,528 | - | - | - | 1,475,528 |
| Miscellaneous revenues | 34,803 | - | - | - | 34,803 |
| Interest | 181,869 | - | 212,361 | - | 394,230 |
| Total Revenues | 22,236,988 | - | 249,854 | 421,704 | 22,908,546 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | 2,006,048 | - | - | - | 2,006,048 |
| Public safety | 11,835,221 | - | - | - | 11,835,221 |
| Highway and public improvements | 2,517,903 | - | - | - | 2,517,903 |
| Community and economic development | 1,547,020 | - | - | - | 1,547,020 |
| Parks, recreation and public property | 47,380 | - | - | | 47,380 |
| Non-departmental | 293,751 | - | - | - | 293,751 |
| Debt service: | | | | | |
| Principal | 514,540 | - | - | - | 514,540 |
| Interest | 248,390 | - | - | - | 248,390 |
| Capital outlay: | | | | | |
| General government | 18,518 | - | - | - | 18,518 |
| Public safety | 507,526 | - | - | - | 507,526 |
| Highway and public improvements | - | | 3,982,127 | - | 3,982,127 |
| Community and economic development | 33,815 | - | - | - | 33,815 |
| Parks, recreation and public property | 33,772 | - | - | 232,180 | 265,952 |
| Total Expenditures | 19,603,884 | - | 3,982,127 | 232,180 | 23,818,191 |
| Excess (deficiency) of Revenues Over (Under) Expenditures | 2,633,104 | - | (3,732,273) | 189,524 | (909,645) |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers in (out) | (473,038) | (6,932,812) | 339,742 | 133,296 | (6,932,812) |
| Sale of capital assets | 88,255 | - | - | - | 88,255 |
| Total Other Financing Sources (Uses) | (384,783) | (6,932,812) | 339,742 | 133,296 | (6,844,557) |
| Net Change in Fund Balances | 2,248,321 | (6,932,812) | (3,392,531) | 322,820 | (7,754,202) |
| Beginning Fund balance, as previously reported | 11,368,510 | 2,216,358 | 678,505 | 248,447 | 14,511,820 |
| Prior period adjustment | (10,253,164) | 4,716,454 | 5,536,710 | | - |
| **Beginning Fund Balance, as Restated** | 1,115,346 | 6,932,812 | 6,215,214 | 248,447 | 14,511,819 |
| **Fund Balance, Ending** | $ 3,363,667 | $ - | $ 2,822,683 | $ 571,267 | $ 6,757,617 |

The accompanying notes are an integral part of the financial statements.

## CITY OF TAYLORSVILLE
## 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, 2008

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

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ (7,754,202) |
| Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | (3,701,618) |
| Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net assets. | 4,692,154 |
| Transfer of capital assets to enterprise funds, net of revenue bonds debt assumed | 572,576 |
| Proceeds from sale of capital assets is recorded as income in the governmental funds. However, only the gain on the sale of capital assets is recorded in the statement of activities. | (151,195) |
| Issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 513,111 |
| 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. | (122,826) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (27,848) |
| Change in net assets of governmental activities | $ (5,979,848) |

The accompanying notes are an integral part of the financial statements.

## CITY OF TAYLORSVILLE
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL-GENERAL FUND
## JUNE 30, 2008

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | final budget |
| **Revenues:** | | | | |
| Taxes | $ 14,450,563 | $ 16,479,083 | $ 16,849,993 | $ 370,910 |
| Licenses and permits | 719,047 | 585,470 | 581,281 | (4,189) |
| Intergovernmental revenues | 2,971,648 | 2,996,796 | 2,846,688 | (150,108) |
| Charges for services | 1,493,200 | 243,315 | 266,826 | 23,511 |
| Fines and forfeitures | 2,272,000 | 1,515,499 | 1,475,528 | (39,971) |
| Interest | 95,000 | 155,000 | 181,869 | 26,869 |
| Miscellaneous revenues | (7,500) | 115,413 | 34,803 | (80,610) |
| Total Revenues | 21,993,958 | 22,090,576 | 22,236,988 | 146,412 |
| **Expenditures:** | | | | |
| General government | | | | |
| City council | 788,660 | 796,329 | 426,960 | 369,369 |
| Mayor | 185,943 | 190,693 | 179,658 | 11,035 |
| Administrative services | 1,414,220 | 1,414,220 | 1,253,380 | 160,840 |
| Governmental buildings | 210,866 | 210,866 | 156,076 | 54,790 |
| Public safety | | | | |
| Court operations | 890,124 | 806,965 | 786,556 | 20,409 |
| Court other | 962,040 | 814,706 | 768,485 | 46,221 |
| Public safety | 3,778,716 | 4,147,820 | 4,222,623 | (74,803) |
| Police | 6,089,259 | 6,621,661 | 6,565,083 | 56,578 |
| Highway and public improvements | 2,575,500 | 2,589,072 | 2,517,903 | 71,169 |
| Community and economic development | | | | |
| Planning commission | 18,519 | 18,519 | 11,853 | 6,666 |
| Community activities | 6,000 | 6,000 | 5,174 | 826 |
| Citizens committees | 107,500 | 107,500 | 114,918 | (7,418) |
| CDBG programs | 490,418 | 394,614 | 265,583 | 129,031 |
| Community development | 1,274,515 | 1,278,515 | 1,033,133 | 245,382 |
| Economic development | 235,729 | 235,730 | 183,946 | 51,784 |
| Parks, recreation and public property | 456,730 | 287,640 | 47,380 | 240,260 |
| Non-departmental | 348,940 | 365,440 | 302,243 | 63,197 |
| Debt: | | | | |
| Principal | 341,757 | 341,757 | 514,540 | (172,783) |
| Interest | 756,206 | 737,936 | 248,390 | 489,546 |
| Total Expenditures | 20,931,642 | 21,365,983 | 19,603,884 | 1,762,099 |
| Excess of Revenues Over (Under) Expenditures | 1,062,316 | 724,593 | 2,633,104 | 1,908,511 |
| **Other Financing Sources (Uses):** | | | | |
| Transfers in (out) | (877,316) | (782,271) | (473,038) | 309,233 |
| Sale of capital assets | 50,000 | 57,678 | 88,255 | 30,577 |
| Total Other Financing Sources (Uses) | (827,316) | (724,593) | (384,783) | 339,810 |
| Net Change in Fund Balance | $ 235,000 | $ - | 2,248,321 | $ 2,248,321 |
| **Fund Balance, Beginning, as restated** | | | 1,115,346 | |
| **Fund Balance, Ending** | | | $ 3,363,667 | |

The accompanying notes are an integral part of the financial statements.

**CITY OF TAYLORSVILLE**
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL-INFRASTRUCTURE**
**SPECIAL REVENUE FUND**
**JUNE 30, 2008**

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | final budget |
| **Revenues:** | | | | |
| Impact fees | $ 21,310 | $ 21,310 | $ 5,024 | $ (16,286) |
| Intergovernmental revenues | 5,987,831 | 6,519,119 | 32,469 | (6,486,650) |
| Interest revenue | | | 212,361 | 212,361 |
| Total Revenues | 6,009,141 | 6,540,429 | 249,854 | (6,290,575) |
| **Expenditures:** | | | | |
| Capital outlay | 6,009,142 | 6,199,884 | 3,982,127 | 2,217,757 |
| Total Expenditures | 6,009,142 | 6,199,884 | 3,982,127 | 2,217,757 |
| Excess of Revenues Over (Under) Expenditures | (1) | 340,545 | (3,732,273) | (4,072,818) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in (out) | 3,798,661 | 1,054,871 | 339,742 | (715,129) |
| Proceeds from bonding | 5,218,430 | 5,249,119 | - | (5,249,119) |
| Total Other Financing Sources (Uses) | 9,017,091 | 6,303,990 | 339,742 | (5,964,248) |
| Net Change in Fund Balance | $ 9,017,090 | $ 6,644,535 | (3,392,531) | $ (10,037,066) |
| **Fund Balance, Beginning, as restated** | | | 6,215,214 | |
| **Fund Balance, Ending** | | | $ 2,822,683 | |

The accompanying notes are an integral part of the financial statements.

## CITY OF TAYLORSVILLE
## STATEMENT OF NET ASSETS
## PROPRIETARY FUND
## JUNE 30, 2008

| Assets: | Storm Drain |
|---|---|
| **Current Assets** | |
| Cash and cash equivalents | $ 2,742,722 |
| Utility accounts receivable | 223,174 |
| Total Current Assets | 2,965,896 |
| **Noncurrent Assets** | |
| Restricted assets: | |
| Cash and cash equivalents | 4,391,704 |
| Property, plant and equipment | |
| Machinery and equipment | 22,550 |
| Infrastructure | 5,190,935 |
| Construction in process | 615,993 |
| Accumulated deprecation | (1,339,115) |
| Net property, plant and equipment | 4,490,363 |
| Other assets | |
| Unamortized bond issue costs | 75,736 |
| Total other assets | 75,736 |
| Total Noncurrent Assets | 8,957,803 |
| Total Assets | $ 11,923,699 |
| **Liabilities:** | |
| **Current Liabilities** | |
| Accounts payable | $ 38,056 |
| Accrued bond interest payable | 31,468 |
| Long term debt- current portion, net | 161,469 |
| Total Current Liabilities | 230,993 |
| **Noncurrent Liabilities** | |
| Revenue bonds payable, due after one year, net | 4,353,140 |
| Total Noncurrent Liabilities | 4,353,140 |
| Total Liabilities | 4,584,133 |
| **Net Assets** | |
| Invested in capital assets, net of related debt | (24,246) |
| Restricted for storm drain development | 3,787,624 |
| Unrestricted | 3,576,188 |
| Total Net Assets | 7,339,566 |
| Total Liabilities and Net Assets | $ 11,923,699 |

The accompanying notes are an integral part of the financial statements.

## CITY OF TAYLORSVILLE
## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
## PROPRIETARY FUND
## FOR THE YEAR ENDED JUNE 30, 2008

| | Storm Drain |
|---|---|
| **Operating Revenues:** | |
| Charges for services | $ 1,117,653 |
| Total Operating Revenues | 1,117,653 |
| **Operating Expenses:** | |
| Administrative costs | 62,118 |
| Depreciation | 149,354 |
| Amortization | 3,986 |
| Total Operating Expenses | 215,458 |
| **Operating income (loss)** | 902,195 |
| **Nonoperating Revenues (expenses)** | |
| Interest income | 236,871 |
| Interest expense | (188,344) |
| Impact fees | 28,608 |
| Net Nonoperating Revenues (Expenses) | 77,135 |
| **Income Before Transfers** | 979,330 |
| Transfer in | 6,360,236 |
| Change in Net Assets | 7,339,566 |
| **Net Assets at beginning of year** | - |
| **Net Assets at end of year** | $ 7,339,566 |

The accompanying notes are an integral part of the financial statements.

## CITY OF TAYLORSVILLE
## STATEMENT OF CASH FLOWS
## PROPRIETARY FUND
## FOR THE YEAR ENDED JUNE 30, 2008

| | Enterprise Fund |
|---|---|
| Cash Flows from Operating Activities | |
| Receipts from customers | $ 894,479 |
| Payments to suppliers | (24,063) |
| Net Cash provided by operating activities | 870,416 |
| Cash Flows from noncapital financing activities | |
| Transfer from other Funds | 6,932,813 |
| Net Cash provided by noncapital Financing activities | 6,932,813 |
| Cash flows from capital and related financing activities | |
| Acquisition and construction property plant and equipment | (604,019) |
| Impact fees | 28,608 |
| Principal paid on revenue bonds and debt | (138,000) |
| Interest paid | (192,263) |
| Net cash provided by capital and related financing activities | (905,674) |
| Cash flows from investing activities | |
| Interest received | 236,871 |
| Net cash provided by capital and related financing activities | 236,871 |
| Net increase in cash and cash equivalents | 7,134,426 |
| Cash and cash equivalents at beginning of year | - |
| Cash and cash equivalents at year end | 7,134,426 |
| Unrestricted Cash | 2,742,722 |
| Restricted Cash | 4,391,704 |
| Total Cash | $ 7,134,426 |
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income | $ 902,195 |
| Adjustments to reconcile operating income net cash provided by operating activities | |
| Depreciation and amortization | 153,340 |
| Changes in assets and liabilities | |
| Accounts receivable | (223,174) |
| Accounts payable | 38,055 |
| Net cash provided by operating activities | $ 870,416 |

The accompanying notes are an integral part of the financial statements.

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## Notes to Financial Statements

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Taylorsville (the City) was incorporated on July 1, 1996, under the provisions of the State of Utah. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, highways, culture-recreation, municipal justice court, public improvements, planning and zoning, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City are discussed below.

(A) The Reporting Entity

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 in the related GASB pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Component units that do not meet the criteria for being blended into the City's primary government are reported discretely.

Discretely Presented Component Units

The Taylorsville Arts Council (the Arts Council) provides cultural and recreational activities for the residents of the City. The Arts Council's governing body consists of the City's Mayor and the Chairman of the City Council and the chairman of the Arts Council, who is appointed by the Mayor. The Arts Council has been presented as a governmental fund type.

Financial information for the component unit may be obtained at the City's office, located at 2600 West Taylorsville Blvd., Taylorsville, Utah 84118.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). The City's general administrative services, public safety, highways and streets, planning and engineering, and parks are all classified as governmental activities. Storm water collection services are classified as business type activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the City and its component units. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who

purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure.

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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but un-reimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The following fund types are used by the City:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

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

Special Revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The City accounts for infrastructure impact fees expenditures in a special revenue fund.

The City reports the following major proprietary fund: the storm drain fund accounts for the operation and maintenance of the storm drain system and capital projects for the storm system.

Additionally, the City reports the following fund types:

The City accounts for park impact fees expenditures in a special revenue fund.

Capital Project funds account for the acquisition of fixed assets or the construction of major capital projects. The City accounts for building construction in a capital project fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales, services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 (amounts not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

| | Years |
|---|---|
| Buildings and Improvements | 5-30 |
| Office Furniture and Equipment | 3-20 |
| Vehicles and Equipment | 7-10 |
| Infrastructure | 20-50 |

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgets

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year.

A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund and Special Revenue Funds. Annual budgets are also adopted for capital projects which may include activities that overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to

the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% 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 until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgets for the General Fund, Special Revenue Funds, and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable nor appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

(E) Taxes

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are assessed and collected by Salt Lake County. Taxes are levied as of January 1 and due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) Taxes (Continued)

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by utility companies and remitted to the City periodically.

(F) Cash and cash equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents.

(G) Compensated absences

Accumulated unpaid time off with pay is accrued as incurred based on the years of service for each employee. Time off with pay is accumulated on a monthly basis and is fully vested when earned. Accumulated vacation cannot exceed 280 hours at the end of any fiscal quarter and any vacation in excess of this amount is forfeited. No payments will be made in lieu of taking time off, except for accrued time off with pay at the time of termination or in extenuating circumstances, which payment must be approved by the Mayor, or Mayor's designee. The amount of accumulated time off with pay is accrued when incurred in the government-wide financial statements.

(H) Fund equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(I) Interfund transactions

During the course of normal operations, the City has transactions between funds to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

(J) Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

(K) Long-term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources 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 service expenditures.

NOTE 2 CASH AND CASH EQUIVALENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits and cash on hand. Investments are stated at fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents," which also includes cash accounts that are separately held by several of the City's funds.

Deposits – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Investments - The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy to invest in accordance with the Utah state money management act.

The City invests in the Public Treasurer's Investment Fund (PTIF), which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally

in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for the public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasurers' Office.

The City did not enter into any reverse repurchase agreements during the year. Bond deposits are held by an appointed trustee in accordance with the Bond Resolutions. Repurchase agreements are secured by uninsured, unregistered securities held by the counter party but not in the City's name.

Components of cash and investments (including interest earning deposits) at June 30, 2008 are as follows:

| | Fair Value | Carrying Amount | Credit Rating (1) | Weighted Average Years to Maturity (2) |
|---|---|---|---|---|
| Cash on hand and deposit: | | | | |
| Cash on Hand | $ 3,600 | $ 3,600 | N/A | N/A |
| Cash on Deposit | 1,759,347 | 1,544,988 | N/A | N/A |
| Total cash on hand and deposit | $ 1,762,947 | $ 1,548,588 | | |
| Investments (3): | | | | |
| Utah State Treasurer's Investment Pool | $ 6,072,403 | $ 6,073,610 | N/A | NA |
| Bond Reserves | | | | |
| Utah State Treasurer's Investment Pool | 6,221,334 | 6,221,334 | N/A | N/A |
| Total investments | $ 12,293,737 | $ 12,294,944 | | |
| Total cash and cash equivalents | $ 14,056,684 | $ 13,843,532 | | |
| Portfolio weighted average maturity | | | | NA |

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable
(2) **Interest Rate Risk** is estimated using the weighted average days to maturity.
(3) All investments listed are considered cash equivalents on the financial statements.

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing in short term investments, or investments are matched with anticipated cash flows. The City does not make investments with maturity dates longer than planned expenditures.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the State statutes for investments and only invests in the Utah Public Treasurer's Investment Fund. As of June 30,2008, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investments are in the Utah State Treasurer's Investment Fund as of year end.

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2008, $1,659,347 of the City's $1,759,347 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 3 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2008:

| | |
|---|---|
| Restricted for impact fees | $ 305,002 |
| Restricted for funds held in trust for Justice Court | 150,833 |
| Restricted for funds held in trust of police seizures | 120,466 |
| Restricted for capital construction | 6,249,113 |
| Restricted for impact fees storm drain | 761,169 |
| Restricted for impact fees parks | 576,301 |
| | $ 8,162,884 |

NOTE 4 CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2008 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and water rights | $ 11,813,613 | $ 384,159 | $ 345,449 | $ 11,852,323 |
| Construction in progress | 1,262,725 | 4,162,052 | 4,564,613 | 860,164 |
| Total capital assets, not being depreciated | 13,076,338 | 4,546,211 | 4,910,062 | 12,712,487 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 10,800,665 | 959,492 | - | 11,760,157 |
| Office furniture and equipment | 1,460,601 | 84,462 | 208,167 | 1,336,896 |
| Vehicles and equipment | 1,734,862 | 475,398 | 289,168 | 1,921,092 |
| Infrastructure | 164,536,044 | 3,304,822 | 5,028,628 | 162,812,238 |
| Total capital assets being depreciated | 178,532,172 | 4,824,174 | 5,525,963 | 177,830,383 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 1,974,731 | 417,717 | - | 2,392,448 |
| Office furniture and equipment | 1,084,367 | 159,573 | 208,167 | 1,035,773 |
| Vehicles and equipment | 790,327 | 407,156 | 172,973 | 1,024,510 |
| Infrastructure | 27,837,652 | 2,717,172 | 1,189,761 | 29,365,063 |
| Total accumulated depreciation | 31,687,077 | 3,701,618 | 1,570,901 | 33,817,794 |
| Total capital assets, being depreciated, net | 146,845,095 | 1,122,556 | 3,955,062 | 144,012,589 |
| Governmental activities capital assets, net | $ 159,921,433 | $ 5,668,767 | $ 8,865,124 | $ 156,725,076 |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Business type activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | $ 0 | $ 615,993 | $ 0 | $ 615,993 |
| Total capital assets, not being depreciated | 0 | 615,993 | 0 | 615,993 |
| Infrastructure | 0 | 5,190,935 | 0 | 5,190,935 |
| Equipment | 0 | 22,550 | 0 | 22,550 |
| Total capital assets being depreciated | 0 | 5,213,485 | 0 | 5,213,485 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 0 | 2,255 | 0 | 2,255 |
| Equipment | 0 | 1,336,860 | 0 | 1,336,860 |
| Total accumulated depreciation | 0 | 1,339,115 | 0 | 1,339,115 |
| Total capital assets, being depreciated, net | 0 | 3,874,370 | 0 | 3,874,370 |
| Business activities capital assets, net | $ 0 | $ 4,490,363 | $ 0 | $ 4,490,363 |

NOTE 4 CAPITAL ASSETS AND DEPRECIATION (Continued)

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 251,224 |
| Public safety | 526,504 |
| Highways and public improvements | 2,717,173 |
| Community and economic development | 20,715 |
| Parks and public property | 186,002 |
| Total depreciation expense - governmental activities | $ 3,701,618 |

Discretely presented component unit activity for the Arts Council for the year ended June 30, 2008 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Capital assets, being depreciated: | | | | |
| Equipment | $ 13,439 | $ 0 | $ - | $ 13,439 |
| Total capital assets being depreciated | 13,439 | - | - | 13,439 |
| Less accumulated depreciation for: | | | | |
| Equipment | 6,858 | 1,627 | - | 8,485 |
| Total accumulated depreciation | 6,858 | 1,627 | - | 8,485 |
| Component unit capital assets, net | $ 6,581 | $ (1,627) | $ - | $ 4,954 |

## NOTE 5 DEFERRED PROPERTY TAXES

In conjunction with the implementation of GASB pronouncement 33 "*Accounting and Financial Reporting for Non-exchange Transactions*" the City has accrued a property tax receivable and a deferred property tax revenue of $4,117,941.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1 and then are due and payable at November 30. Since the property tax levied on October 1, 2008 was not expected to be received within 60 days after year ended June 30, 2008, the City was required to record a receivable and deferred revenue of the estimated amount of the total property tax to be levied on October 1, 2008.

NOTE 6 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2008:

| | June 30, 2007 | Additions | Retirements | June 30, 2008 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Bonds payable | | | | | |
| Revenue bonds | $ 5,400,000 | $ - | $ (162,000) | $ 5,238,000 | $ 186,300 |
| Plus: unamortized premiums | 65,009 | - | 3,250 | 61,759 | - |
| Less: debt issuance costs | (93,587) | - | (4,679) | (88,907) | - |
| Total bonds payable | 5,371,422 | | (159,215) | 5,212,207 | 186,300 |
| Capital leases | 635,253 | - | (352,540) | 282,713 | 171,351 |
| Total capital leases | 635,253 | - | (352,540) | 282,713 | 171,351 |
| Other liabilities | | | | | |
| Compensated absences | 511,291 | 149,577 | - | 660,868 | 66,087 |
| Total other liabilities | 511,291 | 149,577 | - | 660,868 | 66,087 |
| Total Governmental activities long-term liabilities | 6,517,966 | 149,577 | (511,755) | 6,155,788 | 423,738 |
| Business-type Activities: | | | | | |
| Bonds payable | | | | | |
| Revenue bonds | $ 4,600,000 | $ - | $ (138,000) | $ 4,462,000 | $ 158,700 |
| Plus: unamortized premiums | 55,378 | | 2,769 | 52,609 | - |
| Less: debt issuance costs | (79,722) | | (3,986) | (75,736) | - |
| Total bonds payable | 4,575,656 | - | (136,783) | 4,438,873 | 158,700 |
| Total Business-type activities long-term liabilities | 4,575,656 | - | (136,783) | 4,438,873 | 158,700 |
| Total Liabilities | $ 11,093,622 | $ 149,577 | $ (648,538) | $ 10,594,661 | $ 582,438 |

**Governmental Activities:**

**Revenue Bonds**

| | |
|---|---|
| Sales Tax Revenue Bonds, Series 2006, original issue of $10,000,000, principal due in annual installments beginning November 2007, interest at 4.00% to 5.00% due in semi-annual installments beginning May 2007, with the final payment due November 2026. The bonds were issued to finance the costs of constructing and/or replacing infrastructure improvement, including storm drain construction, roads, curb, gutter and sidewalk improvements. Debt service payments will be made from the General Fund sales tax revenues. Payments are split between the Storm Drain Fund and General Fund at 46% and 54% Respectively. | $ 9,700,000 |
| Total Revenue Bonds - Governmental Activities | $ 9,700,000 |

**Capital Leases**

| | |
|---|---|
| The City has purchased certain police cars under non-cancelable capital leases, expired between 2003 and 2010. The outstanding lease commitments are included in the general long-term debt account group. | $ 282,713 |
| Total Capital Leases - Governmental Activities | $ 282,713 |

**Compensated absences**

| | |
|---|---|
| The total of accumulated unpaid compensated absences in governmental funds. | $ 660,868 |

NOTE 6 LONG-TERM DEBT (continued)

The annual debt service requirements to maturity, including principal and interest for the long-term debt for governmental fund, as of June 30, 2008, are as follows:

| Year Ending June 30, | Revenue Bonds Principal | Interest |
|---|---|---|
| | - | - |
| 2009 | $ 345,000 | $ 401,837 |
| 2010 | 355,000 | 385,669 |
| 2011 | 370,000 | 370,725 |
| 2012 | 400,000 | 355,325 |
| 2013 | 400,000 | 339,325 |
| 2014-2017 | 1,790,000 | 1,167,525 |
| 2018-2022 | 2,720,000 | 978,875 |
| 2023-2027 | 3,320,000 | 363,676 |
| | 9,700,000 | $ 4,362,955 |
| Plus: unamortized premium | 120,388 | |
| Less: debt issuance costs | (178,234) | |
| Total | $ 9,642,154 | |

NOTE 7 DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Taylorsville contributes to the Local Government Noncontributory Retirement System (Noncontributory System), Public Safety Retirement System (Public Safety System) for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment, death benefits to plan members and beneficiaries in accordance with retirement statutes.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows;

| | Beginning Balance | Additions | Reductions | Ending Balance | Due in One year |
|---|---|---|---|---|---|
| Governmental activites | | | | | |
| Bonds Payable: | | | | | |
| Sales Tax Revenue | $ 5,400,000 | $ - | $ 162,000 | $ 5,238,000 | $ 186,300 |
| Add: unamortized premium | 65,009 | - | 3,250 | 61,759 | - |
| Total bonds payable | 5,465,009 | - | 165,250 | 5,176,241 | 186,300 |
| Capital Leases | 635,253 | - | 352,540 | 282,713 | 171,353 |
| Compensated absences | 511,291 | 149,517 | - | 660,808 | 660,808 |
| Governmental activity Long term liabilities | $ 6,611,553 | $ 149,517 | $ 517,790 | $ 6,119,762 | $ 1,018,461 |
| Busness-type activities | | | | | |
| Bonds Payable: | | | | | |
| Sales Tax Revenue | $ 4,600,000 | $ - | $ 138,000 | $ 4,462,000 | 158,700 |
| Add: unamortized premium | 55,378 | - | 2,769 | 52,609 | - |
| Total bonds payable | 4,655,378 | | 140,769 | 4,514,609 | 158,700 |
| Total Business type Long term liabilities | $ 4,655,378 | $ - | $ 140,769 | $ 4,514,609 | $ 158,700 |

NOTE 7 DEFINED BENEFIT PENSION PLAN (continued)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

Funding Policy

The City of Taylorsville is required to contribute a percent of covered salary to the respective systems, 11.620% to the Noncontributory, 22.610% to the Public Safety Noncontributory. The contribution rates are the actuarially determined rates. The contribution requirements or the Systems are authorized by statute and specified by Board.

The City of Taylorsville's contributions to the various systems for the years ending June 30, 2008, 2007, and 2006 were; for the Noncontributory System, $ 209,731, $192,061, and $153,900; for the Public Safety Noncontributory, $523,108, $455,802 and $340,462 respectively. The contributions were equal to the required contributions for each year.

NOTE 8 DEFERRED COMPENSATION 457 PLAN

The City offers its employees a deferred compensation plan through the Utha State Retirement System created in accordance with Internal Revenue Code (IRC) Section 457.

The City has adopted the provisions of GASB No. 32 *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective July 1, 1997. The 457 deferred compensation plan in which the City participates was amended such that all income and assets of the Plan are now held in trust for the exclusive benefit of the participants. For the years ending June 30, 2008, 2007 and 2006, employee contributions to this plan were $ 69,237, $61,230, and $74,097, respectively.

## NOTE 9 EMPLOYEE BENEFIT PLAN

The City provides a 401(k) plan for substantially all employees. The Plan is available to full-time employees who are age 18 or older. Employees become fully vested in the Plan at the conclusion of four years of employment. Employees may voluntarily contribute to the Plan in an amount not to exceed limitations established by the Internal Revenue Service. The City may make contributions at the discretion of the City Council.

The City's contributions to the Taylorsville City Employees' 401(k) plan for years ending June 30, 2008, 2007 and 2006 were $ 162,989, $145,902, and $163,883, respectively. Employee contributions were $127,529, $100,689, and $105,333, for the same years. Plan assets are held by the Utah Retirement Systems.

## NOTE 10 COMMITMENTS

The City has entered into several contracts with Salt Lake County for the county to provide various services. These services include Public Safety (police, fire and paramedic), Public Works and Animal Control. The term of each of these contracts is one year or less.

The City has also contracted with outside entities for Plan Review/Building Inspection, Engineering and Technical Services, and Legal Services. The term of each contract is one year.

The City is involved in various claims and legal actions arising in the ordinary course of events. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the City's financial position or results of operations.

## NOTE 11 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 participates in the Utah Local Government Insurance Trust, a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2008, there were no outstanding unpaid claims. Also, the City had no claim settlements during the three years ending June 30, 2008 which exceeded its insurance coverage. The City also has a fidelity bond coverage with a private carrier.

## NOTE 12 RESERVED FUND BALANCES

Reservations of fund balance represent amounts that are not appropriable or legally segregated for a specific purpose. The reserved fund balance for the special revenue funds represent impact fees collected that are to be used exclusively for future expenditures for the purpose for which the fees were implemented.

NOTE 13 TRANSFERS RECONCILIATION

The operating transfers among the funds for the year ended June 30, 2008 were as follows:

| | Out | In |
|---|---|---|
| General Fund | $ 473,038 | $ - |
| Capital Projects Fund | - | 90,862 |
| Infrastructure Impact Fee Fund | - | 339,742 |
| Storm Drain fund | 6,932,812 | - |
| Park Impact fee Fund | - | 42,434 |
| Storm Drain Fund | - | 6,360,236 |
| | $ 7,405,850 | $ 6,833,274 |

Transfers are made to meet the ongoing needs of the City to complete various projects. In the funds statement there is a difference in transfers of $572,576. This relates to a transfer of infrastructure and related debt to the storm drain utility fund.

NOTE 14 OTHER REQUIRED FUNDS DISCLOSURE

For the year ended June 30, 2008, the following departments exceeded appropriations:

General Fund

| | |
|---|---|
| Highway and Public Improvements | $ 74,803 |
| Community and economic development – Citizens committees | 7,416 |

# Supplemental Information

## CITY OF TAYLORSVILLE
## COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
## June 30, 2008

| | Special Revenue | Capital Project | Total Nonmajor Governmental Funds |
|---|---|---|---|
| | Park Impact | Buildings | |
| **Assets:** | | | |
| Cash and cash equivalents | $ 571,267 | $ - | $ 571,267 |
| Total Assets | $ 571,267 | $ - | $ 571,267 |
| **Liabilities:** | | | |
| Total Liabilities | $ - | $ - | $ - |
| **Fund Balances:** | | | |
| Unreserved, reported in: | | | |
| Special revenue funds | 571,267 | - | 571,267 |
| Total Fund Balances | 571,267 | - | 571,267 |
| Total Liabilities and Fund Balances | $ 571,267 | $ - | $ 571,267 |

## CITY OF TAYLORSVILLE
## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
## For The Fiscal Year Ended June 30, 2008

| | Special Revenue | Capital Project | Total Nonmajor Governmental Funds |
|---|---|---|---|
| | Park Impact | Buildings | |
| **Revenues:** | | | |
| Impact fees | $ 55,204 | $ - | $ 55,204 |
| Intergovernmental revenues | 366,500 | | 366,500 |
| Total Revenues | 421,704 | - | 421,704 |
| **Expenditures:** | | | |
| Capital outlay | 130,187 | 101,993 | 232,180 |
| Total Expenditures | 130,187 | 101,993 | 232,180 |
| Excess (deficiency) of Revenues Over (Under) Expenditures | 291,517 | (101,993) | 189,524 |
| **Other Financing Sources** | | | |
| Transfers in | 42,434 | 90,862 | 133,296 |
| Total Other Financing Sources | 42,434 | 90,862 | 133,296 |
| Net Change in Fund Balance | 333,951 | (11,131) | 322,820 |
| **Fund Balance, Beginning** | 237,316 | 11,131 | 248,447 |
| **Fund Balance, Ending** | $ 571,267 | $ - | $ 571,267 |

## CITY OF TAYLORSVILLE
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – PARKS SPECIAL REVENUE FUND
## For The Fiscal Year Ended June 30, 2008

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | final budget |
| **Revenues:** | | | | |
| Impact fees | $ 101,000 | $ 101,000 | $ 55,204 | $ (45,796) |
| Intergovernmental revenues | 746,916 | 42,434 | 366,500 | 324,066 |
| Use of beginning fund balance | 30,689 | 266,458 | - | (266,458) |
| Total Revenues | 878,605 | 409,892 | 421,704 | 11,812 |
| **Expenditures:** | | | | |
| Capital outlay | 292,900 | 292,900 | 130,187 | 162,713 |
| Total Expenditures | 292,900 | 292,900 | 130,187 | 162,713 |
| Excess of Revenues Over Expenditures | 585,705 | 116,992 | 291,517 | 174,525 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in (out) | (585,705) | (116,992) | 42,434 | 159,426 |
| Total Other Financing Sources (Uses) | (585,705) | (116,992) | 42,434 | 159,426 |
| Net Change in Fund Balance | $ - | $ - | 333,951 | $ 333,951 |
| **Fund Balance, Beginning** | | | 237,316 | |
| **Fund Balance, Ending** | | | $ 571,267 | |

## CITY OF TAYLORSVILLE
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND – BUILDING
## For The Fiscal Year Ended June 30, 2008

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | final budget |
| **Expenditures:** | | | | |
| Capital outlay | $ 116,993 | $ 116,992 | $ 101,993 | $ 14,999 |
| Total Expenditures | 116,993 | 116,992 | 101,993 | 14,999 |
| **Other Financing Sources** | | | | |
| Transfers in | 585,705 | 116,992 | 90,862 | (26,130) |
| Total Other Financing Sources (Uses) | 585,705 | 116,992 | 90,862 | (26,130) |
| Net Change in Fund Balance | $ 468,712 | $ - | (11,131) | $ (11,131) |
| **Fund Balance, Beginning** | | | 11,131 | |
| **Fund Balance, Ending** | | | $ - | |

# Statistical Section

## CITY OF TAYLORSVILLE
### NET ASSETS BY COMPONENT
### LAST SIX FISCAL YEARS (1)
### (accrual basis of accounting)
### (amounts expressed in thousands)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| Governmental activities | | | | | | |
| Invested in capital assets, net of related debt | $ 151,204 | $ 149,286 | $ 159,299 | $ 157,622 | $ 158,288 | $ 179,651 |
| Restricted | 2,823 | 11,047 | 857 | 1,994 | 992 | 923 |
| Unrestricted | 3,264 | 2,938 | 1,728 | 3,824 | 4,254 | 3,767 |
| Total governmental activities net assets | 157,291 | 163,271 | 161,884 | 163,440 | 163,534 | 184,341 |
| Business type activities | | | | | | |
| Invested in capital assets, net of related debt | (24) | - | - | - | - | - |
| Restricted | 4,392 | - | - | - | - | - |
| Unrestricted | 2,972 | - | - | - | - | - |
| Total business type activities | 7,340 | - | - | - | - | - |
| Primary Government activities | | | | | | |
| Invested in capital assets, net of related debt | 151,180 | 149,286 | 159,299 | 157,622 | 158,288 | 179,651 |
| Restricted | 7,215 | 11,047 | 857 | 1,994 | 992 | 923 |
| Unrestricted | 6,236 | 2,938 | 1,728 | 3,824 | 4,254 | 3,767 |
| Total Primary Government activities | 164,631 | 163,271 | 161,884 | 163,440 | 163,534 | 184,341 |

(1) = Information is only presented for the last six years due to GASB 34 being applicable for only six years.

# CITY OF TAYLORSVILLE
## CHANGES IN NET ASSETS
## LAST SIX FISCAL YEARS (1)
## (amounts expressed in thousands)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| Expenses | | | | | | |
| Governmental activities | | | | | | |
| General government | $ 2,500 | $ 1,899 | $ 1,414 | $ 2,065 | $ 1,771 | $ 1,752 |
| Public safety | 12,918 | 11,410 | 12,124 | 11,080 | 8,304 | 7,225 |
| Highways and streets | 5,083 | 5,470 | 3,075 | 2,947 | 5,242 | 4,885 |
| Community development | 1,616 | 1,586 | 1,497 | 1,597 | 1,004 | 1,197 |
| Parks and recreation | 102 | 245 | 64 | 47 | 250 | 161 |
| Other nondeparmental | - | - | 276 | 243 | - | - |
| Interest on debt service | 218 | 313 | 16 | 21 | - | - |
| Total governmental expenses | 22,437 | 20,923 | 18,466 | 18,000 | 16,571 | 15,220 |
| Business type exenses | | | | | | |
| Storm drain expenses | 403 | - | - | - | - | - |
| Total business expenses | 403 | - | - | - | - | - |
| Total primary governmental expenses | $ 22,840 | $ 20,923 | $ 18,466 | $ 18,000 | $ 16,571 | $ 15,220 |
| Program Revenues | | | | | | |
| Governmental activities | | | | | | |
| Charges for service | | | | | | |
| General government | $ 2 | $ 9 | $ 262 | $ 221 | $ 23 | $ - |
| Public safety | 1,517 | 2,033 | - | - | 1,402 | 1,175 |
| Community development | 734 | 978 | 236 | 178 | 860 | 791 |
| Operating grants and contributions | 2,178 | 2,695 | 2,584 | 2,331 | 2,227 | 2,391 |
| Capital grants and contributions | 1,200 | 1,042 | 13 | 1,308 | 1,348 | 742 |
| Total governmental program revenues | 5,631 | 6,757 | 3,095 | 4,038 | 5,860 | 5,099 |
| Business type revenue | | | | | | |
| Storm drain revenue | 1,146 | - | - | - | - | - |
| Total business revenue | 1,146 | - | - | - | - | - |
| Total primary governmental program revenues | 6,777 | 6,757 | 3,095 | 4,038 | 5,860 | 5,099 |
| Net (expenses)/ Revenue | | | | | | |
| Total primary government net expense | (16,063) | (14,166) | (15,371) | (13,962) | (10,711) | (10,121) |
| General Revenues and Other Changes in Net Assets | | | | | | |
| General revenues: | | | | | | |
| Property taxes | $ 4,777 | $ 4,863 | $ 4,084 | $ 4,028 | $ 4,075 | $ 4,059 |
| Sales taxes | 8,440 | 8,353 | - | - | - | - |
| Franchise taxes | 3,633 | 1,646 | - | - | - | - |
| Other taxes | - | - | 7,466 | 6,701 | 6,543 | 6,359 |
| Unrestricted investment earnings | 366 | 452 | 148 | 121 | 67 | 118 |
| Gain (loss) on sale of capital assets | (63) | (5) | 33 | 880 | 101 | 146 |
| Other revenues | 35 | 244 | 2,415 | 2,198 | 80 | 29 |
| Transfer | (6,360) | | | | | |
| Total primary government | 10,828 | 15,553 | 14,146 | 13,928 | 10,866 | 10,711 |
| Changes in Net Assets | | | | | | |
| Governmental activities | (5,980) | 1,387 | (1,556) | (34) | 155 | 590 |
| Busniness activities | 7,340 | - | - | - | - | |
| Prior Period adjustment | | - | - | - | (21,022) | (40 |
| Net assets beginning | 163,271 | 161,884 | 163,440 | 163,474 | 184,341 | 183,791 |
| Net assets ending | $ 164,631 | $ 163,271 | $ 161,884 | $ 163,440 | $ 163,474 | $ 184,341 |

(1) information is only presented for six years, due to GASB 34 being applicable for only six years

Source: City of Taylorsville Statement of Activities for 2003-2008

## CITY OF TAYLORSVILLE
**Fund Balances of General Fund**
**LAST TEN FISCAL YEARS (1)**
**(amounts expressed in thousands)**

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|---|---|---|---|---|
| General fund | | | | | | | | | | |
| Reserved | $ 1,723 | 10,253 | - | - | 20 | - | - | - | - | - |
| Unreserved | 1,641 | 1,116 | 1,323 | 2,338 | 2,394 | 2,294 | 2,498 | 2,552 | 2,696 | 5,065 |
| Total general fund | $ 3,364 | $ 11,369 | $ 1,323 | $ 2,338 | $ 2,414 | $ 2,294 | $ 2,498 | $ 2,552 | $ 2,696 | $ 5,065 |
| All other governmental funds | | | | | | | | | | |
| Reserved | $ 2,823 | 791 | 857 | 1,198 | 972 | 823 | 602 | 608 | 834 | 1,263 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue | 571 | 2,341 | 174 | 2,113 | 1,838 | 1,553 | 2,218 | 3,266 | 5,048 | - |
| Capital projects | - | 11 | 231 | 170 | 21 | 20 | 3,128 | 1,324 | 718 | 1,537 |
| Total all other governmental fun | $ 3,394 | $ 3,143 | $ 1,262 | $ 3,481 | $ 2,831 | $ 2,396 | $ 5,948 | $ 5,198 | $ 6,600 | $ 2,800 |

# CITY OF TAYLORSVILLE
## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
## LAST TEN FISCAL YEARS
## (amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
| **Revenues** | | | | | | | | | | |
| Taxes | $ 16,850 | $ 14,862 | $ 11,550 | $ 10,729 | $ 10,618 | $ 10,443 | $ 11,082 | $ 10,244 | $ 9,833 | $ 9,565 |
| Licenses and Permits | 581 | 649 | 649 | 663 | 645 | 633 | 626 | 632 | 576 | 612 |
| Intergovernmental | 3,246 | 2,958 | 2,598 | 2,331 | 2,623 | 2,811 | 3,859 | 2,252 | 1,990 | 2,066 |
| Charges for Services | 267 | 396 | 262 | 221 | 283 | 158 | 150 | 119 | 133 | 146 |
| Fines and Forfeitures | 1,476 | 2,005 | 1,588 | 1,439 | 1,401 | 1,175 | - | - | - | - |
| Interest Income | 394 | 474 | 148 | 121 | 80 | 133 | - | - | - | - |
| Impact Fees | 60 | 215 | 236 | 178 | 398 | 241 | 310 | 272 | 358 | 284 |
| Miscellaneous Revenue | 34 | 244 | 171 | 30 | 61 | 69 | 1,433 | 1,625 | 1,413 | 1,028 |
| Rental Income | - | 6 | 6 | 66 | - | - | - | - | - | - |
| Total Revenues | 22,908 | 21,809 | 17,208 | 15,778 | 16,109 | 15,663 | 17,460 | 15,144 | 14,303 | 13,701 |
| **Expenditures** | | | | | | | | | | |
| General Government | 2006 | 1,467 | 1,631 | 1,393 | 1,331 | 1,470 | 3,249 | 2,252 | 2,164 | 2,053 |
| Public Safety | 11835 | 10,737 | 9,764 | 8,969 | 8,188 | 7,107 | 6,642 | 5,131 | 3,961 | 3,940 |
| Highways and Public Improvements | 2518 | 2,665 | 2,476 | 2,386 | 2,466 | 2,095 | 1,950 | 1,867 | 1,668 | 1,628 |
| Community and Economic Development | 1547 | 1,565 | 1,206 | 1,293 | 991 | 1,044 | 987 | 863 | 343 | 356 |
| Parks, Recreation, and Public Property | 47 | 71 | 51 | 38 | 36 | 20 | 25 | 168 | 139 | 138 |
| Non-Departmental | 294 | 254 | 222 | 196 | 223 | 530 | - | - | - | - |
| Capital outlay | 4808 | 2,524 | 5,186 | 3,168 | 2,419 | 7,496 | 3,911 | 6,235 | 4,423 | 5,582 |
| Debt service: | | | | | | | | | | |
| Principal | 515 | 342 | - | - | - | - | - | 173 | 173 | 1,020 |
| Interest | 248 | 229 | - | - | - | - | - | - | - | 23 |
| Total Expenditures | 23,818 | 19,854 | 20,536 | 17,443 | 15,654 | 19,762 | 16,764 | 16,689 | 12,871 | 14,740 |
| Excess of Revenues over (under) Expenditures | (910) | 1,955 | (3,328) | (1,665) | 455 | (4,099) | 696 | (1,545) | 1,432 | (1,039) |
| **Other financing sources (uses)** | | | | | | | | | | |
| Transfers in | | 3,050 | 1,870 | 2,192 | 2,167 | 4,879 | 4,031 | 4,771 | 7,720 | 4,925 |
| Transfer out | (6,933) | (3,050) | (1,870) | (2,192) | (2,167) | (4,879) | (4,031) | (4,771) | (7,720) | (4,925) |
| Prior Period Adjustments | | - | - | - | - | (40) | - | - | - | - |
| Proceeds on the Sale of Assets | 88 | 27 | 33 | 880 | 101 | 382 | - | - | - | - |
| Proceeds of Issuance of Debt | - | 9,944 | - | 1,308 | - | - | - | - | - | 998 |
| Total other financing sources (uses) | (6,845) | 9,971 | 33 | 2,188 | 101 | 342 | - | - | - | 998 |
| Net changes in fund balances | ($7,755) | $11,926 | (3,295) | 523 | 556 | (3,757) | 696 | (1,545) | 1,432 | (41) |
| Debt service as a percentage of noncapital expenditures | 4.0% | 3.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 1.7% | 2.0% | 11.4% |

Source: City of Taylorville Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds 1998-2008

## CITY OF TAYLORSVILLE
### ASSESSED AND ESTIMATED ACTUAL VALUE TAXABLE PROPERTY
### LAST TEN FISCAL YEARS
### (amounts expressed in thousands)

| | Real Property | | Personal Property | | Total | | Ratio of Total |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Assessed Valuation | Estimated Actual Valuation | Assessed Valuation | Estimated Actual Valuation | Assessed Valuation | Estimated Actual Valuation | Assed Value to Total Est. Actual Value |
| 1999 | $1,385,960 | $2,223,698 | $106,251 | $115,541 | $1,492,211 | $2,339,239 | 63.79% |
| 2000 | $1,451,405 | $2,318,081 | $115,266 | $115,266 | $1,566,671 | $2,433,347 | 64.38% |
| 2001 | $1,522,869 | $2,475,958 | $101,592 | $101,592 | $1,624,461 | $2,577,550 | 63.02% |
| 2002 | $1,628,664 | $2,597,151 | $151,308 | $151,308 | $1,779,972 | $2,748,459 | 64.76% |
| 2003 | $1,717,749 | $2,744,979 | $124,131 | $124,131 | $1,841,880 | $2,869,110 | 64.20% |
| 2004 | $1,718,979 | $2,750,689 | $117,424 | $117,424 | $1,836,403 | $2,868,113 | 64.03% |
| 2005 | $1,842,680 | $2,948,634 | $93,857 | $93,857 | $1,936,537 | $3,042,491 | 63.65% |
| 2006 | $2,102,847 | $3,037,093 | $96,129 | $96,129 | $2,198,976 | $3,133,222 | 70.18% |
| 2007 | $2,099,895 | $3,399,115 | $96,841 | $96,841 | $2,196,736 | $3,495,956 | 62.84% |
| 2008 | $2,544,557 | $4,138,427 | $134,634 | $134,634 | $2,679,191 | $4,273,061 | 62.70% |

**Source: Information was taken from "Bond Certifcate Worksheets" that were provided by the Salt Lake County Auditors Office.**

## CITY OF TAYLORSVILLE
### PROPERTY TAX RATES – ALL DIRECT OVERLAPPING GOVERNMENTS
### (Per $1,000 of Assessed Value)
### LAST TEN FISCAL YEARS

| Fiscal Year | Taylorsville City | Salt Lake County | So. Salt Lake County Mosquito Abatement | Jordan Valley Water Conservancy District | Central Utah Conservancy District | Other District Range(1) | | Total Tax Rate Range (2) | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Low | High | Low | High |
| 1998 | 1.606 | 4.159 | 0.013 | 0.400 | 0.400 | 6.051 | 8.213 | 11.023 | 13.185 |
| 1999 | 1.625 | 3.412 | 0.013 | 0.403 | 0.397 | 5.957 | 7.976 | 10.182 | 12.201 |
| 2000 | 1.645 | 3.871 | 0.013 | 0.404 | 0.369 | 7.273 | 9.275 | 11.930 | 13.932 |
| 2001 | 1.762 | 3.500 | 0.012 | 0.400 | 0.377 | 6.932 | 9.032 | 11.221 | 13.321 |
| 2002 | 1.936 | 3.789 | 0.014 | 0.400 | 0.369 | 6.711 | 8.648 | 11.283 | 13.220 |
| 2003 | 1.895 | 3.683 | 0.017 | 0.392 | 0.358 | 6.666 | 8.550 | 11.116 | 13.000 |
| 2004 | 1.932 | 3.427 | 0.034 | 0.397 | 0.358 | 6.950 | 9.082 | 11.166 | 13.298 |
| 2005 | 1.881 | 3.378 | 0.030 | 0.400 | 0.400 | 8.383 | 10.593 | 12.591 | 14.801 |
| 2006 | 1.801 | 2.988 | 0.027 | 0.352 | 0.357 | 7.544 | 10.554 | 11.265 | 14.278 |
| 2007 | 1.858 | 2.301 | 0.023 | 0.400 | 0.302 | 5.767 | 8.038 | 8.793 | 11.064 |
| 2008 | 1.514 | 2.310 | 0.022 | 0.384 | 0.286 | 6.054 | 6.679 | 10.570 | 10.909 |

Source: Tax Rate/Mill Levy File Listing Sheets from Salt Lake County Auditor's Office

(1) The City of Taylorsville is divided into seven tax districts. All seven districts are taxed by four entities listed above. Each district is also taxed by other separate taxing entities. These other entities do not tax all the districts rather only certain districts. The following is a list of the the other entities and their tax rate: Granite School District (0.006054), taylorsville Bennion Imp. Dist.(0.000142), Graniger-Hunter Imp. Dist.(0.000585), Kearns Imp. Dist.(0.000625), and Jordan School District(0.00615). The "Low" Rate provided here represents the tax district with the lowest combined tax rate from the other taxing entities. The "High" represents the tax district with the highest combined tax rate from the other taxing entities

(2) The total tax rate range represents the rage within: which, all the property tax rates in the City of Taylorsville will fall

## CITY OF TAYLORSVILLE
**PRINCIPAL PROPERTY TAXPAYERS**
**June 30, 2008**
**(Per $1,000 of Assessed Value)**

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank-2008 | % of Total Taxable Assessed Value | Taxable Assessed Value | Rank | % of Total Taxable Assessed Value-2007 |
| Hermes Associates, LTD | $ 47,932 | 1 | 1.76% | 46,629 | 1 | 1.76% |
| Inland Western Taylorsville | $ 44,762 | 2 | 1.64% | 41,693 | 2 | 1.58% |
| Arden Realty Limited | $ 43,620 | 3 | 1.60% | 40,450 | 3 | 1.53% |
| Fairstone Cascade LLC | $ 25,862 | 4 | 0.95% | 24,696 | 4 | 0.93% |
| Hermes Associates LTD | $ 23,720 | 5 | 0.87% | 23,231 | 5 | 0.88% |
| Summerwood Associates | $ 21,666 | 6 | 0.80% | 17,949 | 7 | 0.68% |
| Wal-Mart Real Estate | $ 21,556 | 7 | 0.79% | 19,913 | 6 | 0.75% |
| PCCP JSP Fairway LLC | $ 21,091 | 8 | 0.77% | 15,623 | 10 | 0.59% |
| Mikami Brothers | $ 18,250 | 9 | 0.67% | 17,677 | 8 | 0.67% |
| BC-GFS Settler's Point | $ 16,163 | 10 | 0.59% | 13,463 | 12 | 0.51% |
| ICU Medical Inc. | $ 16,133 | 11 | 0.59% | 15,353 | 11 | 0.58% |
| DDR Family Centers LP | $ 15,328 | 12 | 0.56% | 16,969 | 9 | 0.64% |
| The Mark Twain Limited | $ 14,527 | 13 | 0.53% | n/a | n/a | n/a |
| FPA West Point LLC | $ 14,169 | 14 | 0.52% | n/a | n/a | n/a |
| Alliance Capital | $ 13,809 | 15 | 0.51% | 12,674 | 14 | 0.48% |
| WPS Company | | | | 13,391 | 13 | 0.51% |
| Rural Enterprises | | | | 12,484 | 15 | 0.47% |
| | $ 358,588 | | 13.17% | 332,195 | | 12.57% |

## CITY OF TAYLORSVILLE
### PROPERTY TAX LEVIES AND COLLECTIONS
### (BASED ON TAX YEAR RATHER THAN ON FISCAL YEAR)
### LAST TEN FISCAL YEARS

| Fiscal Year | Total Tax Levy | Current Tax Collected | Percent of Taxes Collected | Delinquent Tax Collected | Total Tax Collected | Collceted as a Pecentage of Current Levy |
|---|---|---|---|---|---|---|
| 1999 | $ 2,424,844 | $ 2,355,646 | 97.15% | $ 42,267 | $ 2,397,913 | 98.89% |
| 2000 | $ 2,577,345 | $ 2,461,748 | 95.51% | $ 64,265 | $ 2,526,013 | 98.01% |
| 2001 | $ 2,915,159 | $ 2,814,373 | 96.54% | $ 72,196 | $ 2,886,569 | 99.02% |
| 2002 | $ 3,446,447 | $ 3,301,190 | 95.79% | $ 70,073 | $ 3,371,263 | 97.82% |
| 2003 | $ 3,490,514 | $ 3,369,276 | 96.53% | $ 108,341 | $ 3,477,617 | 99.63% |
| 2004 | $ 3,548,098 | $ 3,426,232 | 96.57% | $ 112,666 | $ 3,538,898 | 99.74% |
| 2005 | $ 3,531,032 | $ 3,424,997 | 97.00% | $ 98,760 | $ 3,523,757 | 99.79% |
| 2006 | $ 3,567,498 | $ 3,464,828 | 97.12% | $ 97,359 | $ 3,562,187 | 99.85% |
| 2007 | $ 4,170,823 | $ 4,082,529 | 97.88% | $ 85,567 | $ 4,168,096 | 99.93% |
| 2008 | $ 4,256,659 | $ 4,069,943 | 95.61% | $ 82,887 | $ 4,152,830 | 97.56% |

## CITY OF TAYLORSVILLE
### RATIOS OF OUTSTANDING DEBT BY TYPE
### LAST TEN FISCAL YEARS
### (amounts expressed in thousands, except per capita amount)

| Fiscal Year | Capital Lease | Notes Payable | Bonds | Percentage of Personal Income | Per Capita Personal Income |
|---|---|---|---|---|---|
| 1997 | 35 | 2,100 | - | 1.77% | $ 37.56 |
| 1998 | 33 | - | - | 0.20% | $ 0.57 |
| 1999 | - | 1,020 | - | 0.00% | $ 17.32 |
| 2000 | - | 174 | - | 0.06% | $ 2.93 |
| 2001 | - | - | - | 0.00% | $ - |
| 2002 | - | - | - | 0.00% | $ - |
| 2003 | - | - | - | 0.00% | $ - |
| 2004 | - | - | - | 0.00% | $ - |
| 2005 | 1,308 | - | - | 0.30% | $ 21.45 |
| 2006 | 977 | - | - | 0.21% | $ 15.88 |
| 2007 | 635 | | 10,000 | 2.26% | $ 172.54 |
| 2008 | 282 | | 9,700 | 2.07% | $ 161.47 |

## CITY OF TAYLORSVILLE
### COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT – GENERAL OBLIGATION BONDS
### JUNE 30, 2008

| Name of Governmental Units | Net Debt Outstanding | Percentage Applicable to City of Taylorsville | Amount Applicable to City of Taylorsville |
|---|---|---|---|
| Direct Debt- City of Taylorsville | - | 100.00% | - |
| Overlapping Debt: | | | |
| State of Utah: | $ 1,423,510,000 | 2.53% | $ 36,014,803 |
| Salt Lake County: | 236,205,000 | 3.80% | 8,975,790 |
| | | | $ 44,990,593 |

# CITY OF TAYLORSVILLE
## LEGAL DEBT MARGIN INFORMATION
## LAST TEN FISCAL YEARS
## (amounts expressed in thousands)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|---|---|---|---|---|
| Debt Limit | 108,886 | 89,606 | 79,147 | 75,358 | 73,456 | 73,675 | 71,199 | 66,178 | 62,667 | 59,688 |
| Total net debt applicable to limit | $ 9,700 | $ 10,000 | | | | | | | 174 | 347 |
| Legal debt margin | 99,186 | 79,606 | 79,147 | 75,358 | 73,456 | 73,675 | 71,199 | 66,178 | 62,493 | 59,341 |
| Total net debt applicable to the limit as a percentage of debt limit | 10% | 13% | 0.00% | | | | | | | |

Legal Debt Margin Calculation for Fiscal Year 2008

| | | | |
|---|---|---|---|
| Assessed value | 2,722,154 | 2,240,142 | 1,978,687 |
| Add back: Exempt real property | | | |
| Total assessed value | 2,722,154 | 2,240,142 | 1,978,687 |
| Debt limit (4% of total assets, value) | $ 108,886 | $ 89,606 | 79,147 |
| Debt applicable to limit | | | |
| General obligation bonds | | | |
| Les: Amount set aside for repayment on gen. ob. Debt | | | |
| Total net debt applicable to limit | | | |
| Total debt margin | 108,886 | 89,606 | 79,147 |

## CITY OF TAYLORSVILLE
### DEMOGRAPHIC STATISTICS AND ECONOMIC STATISTICS
### LAST TEN FISCAL YEARS*

| Fiscal Year | Population (1) | Square Miles (1) | New Lots Approved (1) | Total Housing Units (1) | Personal Income (in thousands) (2) | Per Capita Personal Income (2) | Unemployment rate (3) |
|---|---|---|---|---|---|---|---|
| 1999 | 58,900 | 10.7 | 20 | 17,718 | 254,910 | 4,328 | 2.70% |
| 2000 | 59,253 | 10.7 | 210 | 17,861 | 307,601 | 5,191 | 2.80% |
| 2001 | 58,439 | 11.0 | 149 | 18,010 | 342,733 | 5,865 | 3.80% |
| 2002 | 58,805 | 11.0 | 104 | 18,128 | 378,194 | 6,431 | 5.00% |
| 2003 | 59,887 | 10.9 | 120 | 20,005 | 403,009 | 6,729 | 5.40% |
| 2004 | 60,174 | 10.7 | 287 | 20,098 | 389,087 | 6,466 | 4.60% |
| 2005 | 60,988 | 10.7 | 97 | 20,195 | 441,026 | 7,231 | 5.00% |
| 2006 | 61,532 | 10.7 | 245 | 20,440 | 462,037 | 7,509 | 3.40% |
| 2007 | 61,637 | 10.7 | 121 | 20,561 | 471,278 | 7,646 | 2.80% |
| 2008 | 61,818 | 10.7 | 127 | 20,688 | 480,704 | 7,776 | 3.20% |

Source:
1) The City of Taylorsville, Community Development Department
2) Utah State Tax Commission
3) The Utah Department of Employment Security, Economics Department

Source: tax.utah.gov
Economic
Federal forms

## CITY OF TAYLORSVILLE
### GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1)
### LAST TEN FISCAL YEARS

| | General Property Tax | General Sale and Use Tax | Franchise Taxes | Total Tax Revenue |
|---|---|---|---|---|
| 1999 | $ 2,822,818 | $ 6,574,128 | $ 168,203 | $ 9,565,149 |
| 2000 | $ 2,880,391 | $ 6,777,222 | $ 175,105 | $ 9,832,718 |
| 2001 | $ 3,373,330 | $ 6,663,433 | $ 207,403 | $ 10,244,166 |
| 2002 | $ 3,987,443 | $ 6,859,434 | $ 234,690 | $ 11,081,567 |
| 2003 | $ 4,059,152 | $ 6,150,980 | $ 233,458 | $ 10,443,590 |
| 2004 | $ 4,074,852 | $ 6,336,038 | $ 207,566 | $ 10,618,456 |
| 2005 | $ 4,028,194 | $ 6,478,319 | $ 222,774 | $ 10,729,287 |
| 2006 | $ 4,084,327 | $ 7,232,232 | $ 233,583 | $ 11,550,142 |
| 2007 | $ 4,863,825 | $ 8,352,652 | $ 1,645,565 | $ 14,862,042 |
| 2008 | $ 4,777,115 | $ 8,440,299 | $ 3,632,579 | $ 16,849,993 |

## CITY OF TAYLORSVILLE
### PRINCIPAL EMPLOYERS

| PRINCIPAL EMPLOYERS | NUMBER OF EMPLOYEES |
|---|---|
| AMERICAN EXPRESS | 1761 |
| CONVERGYS | 1900 |
| WAL-MART STORES INC #1686 | 450 |
| ICU MEDICAL (UTAH) INC | 432 |
| SORENSON COMMUNICATION, INC | 364 |
| NELSON LABORATORIES INC | 291 |
| HARMON'S (TAYLORSVILLE) | 201 |
| ADECCO USA, INC | 190 |
| GE CAPITAL FINANCIAL | 164 |
| RC WILLEY HOME FURNISHINGS | 116 |
| 24 HOUR FITNESS USA, INC #431 | 104 |
| ALBERTSONS #367 | 102 |
| AT & T MOBILITY | 102 |
| TEXAS ROADHOUSE | 99 |
| OLD SPAGHETTI FACTORY OF UTAH | 96 |
| ALBERTSONS #353 | 94 |
| IHC TAYLORSVILLE HEALTH CENTER | 94 |
| ITT TECHNICAL INSTITUTE | 92 |
| KMART #7512 | 87 |
| HERITAGE BENNION CARE CENTER | 86 |
| QUARTZDYNE, INC | 86 |
| REAM'S #6 | 84 |
| FUTUREVISION TECHNOLOGIES | 77 |
| DATACHEM LABORATORIES | 73 |
| APPLEBEE'S NEIGHBORHOOD GRILL | 70 |
| SHOPKO STORES OPERTING CO. LLC | 68 |
| JO-ANN | 65 |
| WESTAFF (USA) INC | 64 |
| AMERICAN EXPRESS CENTURION BANK | 63 |
| PERFORMANCE PLUS STAFFING | 57 |
| ABLE BODY LABOR | 53 |
| TOTAL EMPLOYEES | 7585 |
| TOTAL BUSINESS | 30 |

Source: City of Taylorsville Business License Department

## CITY OF TAYLORSVILLE
### MISCELLANEOUS STATISTICS
### June 30, 2008

| | |
|---|---|
| Date of Incorporation | July 1, 1996 |
| Form of Government | Mayor/Council |
| Number of employees | 157 (105 FTE) |
| Appointed | 8 |
| Elected | 6* |
| Area in square miles | 10.7 |
| Registered voters | 34,790 |

City of Taylorsville facilities and services:

| | |
|---|---|
| Culture and Recreation: | |
| Swimming Pools | 2 |
| Parks | 9 (including County owned) |
| Developed | 6 |
| Undeveloped | 3 |
| Libraries (County) | 1 |
| Golf Courses | 2 |
| Fire Protection: | |
| Number of stations/COP | 2 |
| Fire Service | Contract with Unified Fire Authority |
| Education: | |
| Number of elementary schools | 9** |
| Number of secondary schools | 2** |
| Number of high schools | 1** |

* Not included in number of employees.

** City of Taylorsville residents attended two additional elementary schools, one additional secondary school, and one additional high school outside the City of Taylorsville boundaries.

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Compliance Section

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# REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
City of Taylorsville, Utah

We have audited the basic financial statements of City of Taylorsville, Utah (the City), as of and for the year ended June 30, 2008, and have issued our report thereon dated October 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency and a material weakness.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe the significant deficiency described in the schedule of findings constitutes a material weakness.

Compliance and Other Matters As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. However, we noted immaterial instances of noncompliance that are described in the accompanying schedule of findings.

The City's response to our finding identified in our audit are described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

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

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

October 24, 2008

**Hansen, Bradshaw, Malmrose & Erickson**
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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE OF UTAH STATE LEGAL COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
City of Taylorsville, Utah

We have audited the basic financial statements of City of Taylorsville, Utah (the City), for the year ended June 30, 2008, and have issued our report thereon dated October 24, 2008. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2008. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements. However, these programs were subject to testwork as part of the audit of the City's financial statements.

Liquor Law Enforcement (State Tax Commission)
State of Utah Law Enforcement Grants

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

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

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, City of Taylorsville, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2008.

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

October 24, 2008

**CITY OF TAYLORSVILLE**
**Schedule of Findings**
**Year Ended June 30, 2008**

Financial Statement Audit - Significant Deficiency/Material Weakness

**Improper Recognition of Accounting Transactions and Account Balance Adjustments**

Finding: During the performance of our audit engagement procedures, we noted management had not adjusted all account balances to reflect appropriate year-end balances. This is a necessary step to ensure the financial statements are fairly stated. The unrecorded amounts were, in our judgment, material to the financial statements. Management subsequently recorded the amounts after additional work with its auditors and adjustments proposed by them. Since the City's control policies and procedures did not prevent or detect a material misstatement of the financial statements, we concluded there is a material weakness in the City's control policies and procedures required to be reported under professional standards.

Recommendation: We recommend the City properly account for all financial transactions and adjustments in a timely manner and reconcile applicable general ledger accounts to supporting schedules when available.

Management's Response: We concur with the recommendation and will establish corrective procedures.

**CITY OF TAYLORSVILLE**
**Schedule of Findings**
**Year Ended June 30, 2008**

State Legal Compliance

| Requirement/Program | Current Year Findings |
|---|---|
| 1. Budgetary Compliance | Finding: In accordance with State law, officers and employees of an entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department. For the year ended June 30, 2008, expenditures exceeded budget amounts in the following departments: |

| Fund | Department | Amount Over Budget |
|---|---|---|
| General Fund | Public Safety | $ 74,803 |
| General Fund | Citizens Committee of Community and and Economic Development | $ 7,418 |

Recommendation: The City should monitor the status over expenditures as compared to budget through the year, and amended the budget as necessary.

Management's Response: We concur with the recommendation and will establish the proper procedures.

2. Unclaimed Property

Finding: In accordance with Utah Code 67-4a-210 and 301, a governmental entity holding intangible property for more than one year after the property became payable or distributable must report and remit the property to the State Treasurer's Office, Division of Unclaimed Property, by May 1 for the calendar year ended December 31. The City did not remit and report their unclaimed property for this past year.

Recommendation: The City should annually remit and report all qualifying unclaimed property to the State Treasurer's Office, Division of Unclaimed Property, as required by State law.

Management's Response: We concur with the recommendation and will submit the report by May 1st of each year.

THE CITY OF Taylorsville
Utah's Centennial City

Russ Wall

*Mayor*

D.L. "Bud" Catlin
Lynn R. Handy
Les N. Matsumura
Morris K. Pratt
Jerry W. Rechtenbach

*Council Members*

Office of the State Auditor
Attn: Richard Moon
Manager Local Government Division
Utah State Capitol Complex
PO Box 142310
Salt Lake City, UT 84114-2310

Dear Richard:

We are submitting this written corrective action plan at your request. This action plan will help correct budget overspends that have occurred in the past.
Scott Harrington our Chief Financial Office will be your contact and will be responsible for implementation of the plan.
The plan consists of a detailed budget for each department in the city. Department budgets will be monitored by the department heads. Monthly meeting with the Finance department and Department heads will be held and the budget will be reviewed in those meeting. The entire budget will be reviewed by the Cities Budget Committee: which, is made up of citizens and local finance professionals. The budget will also be amended during the year to meet the Cities needs. This is currently in effect for our 2009-10 budget and will be ongoing.

If you have any questions or comments regarding this action plan please feel free to call myself or Scott Harrington at 801-963-5400.

Thanks,

John Inch Morgan
City Administrator

2600 West
Taylorsville Boulevard

Taylorsville,
Utah
84118

801-963-5400

Fax
801-963-7891

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