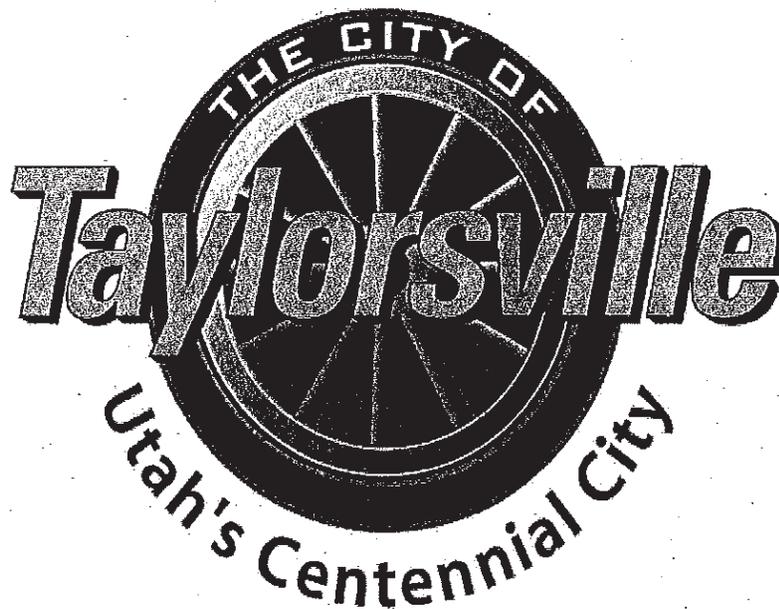
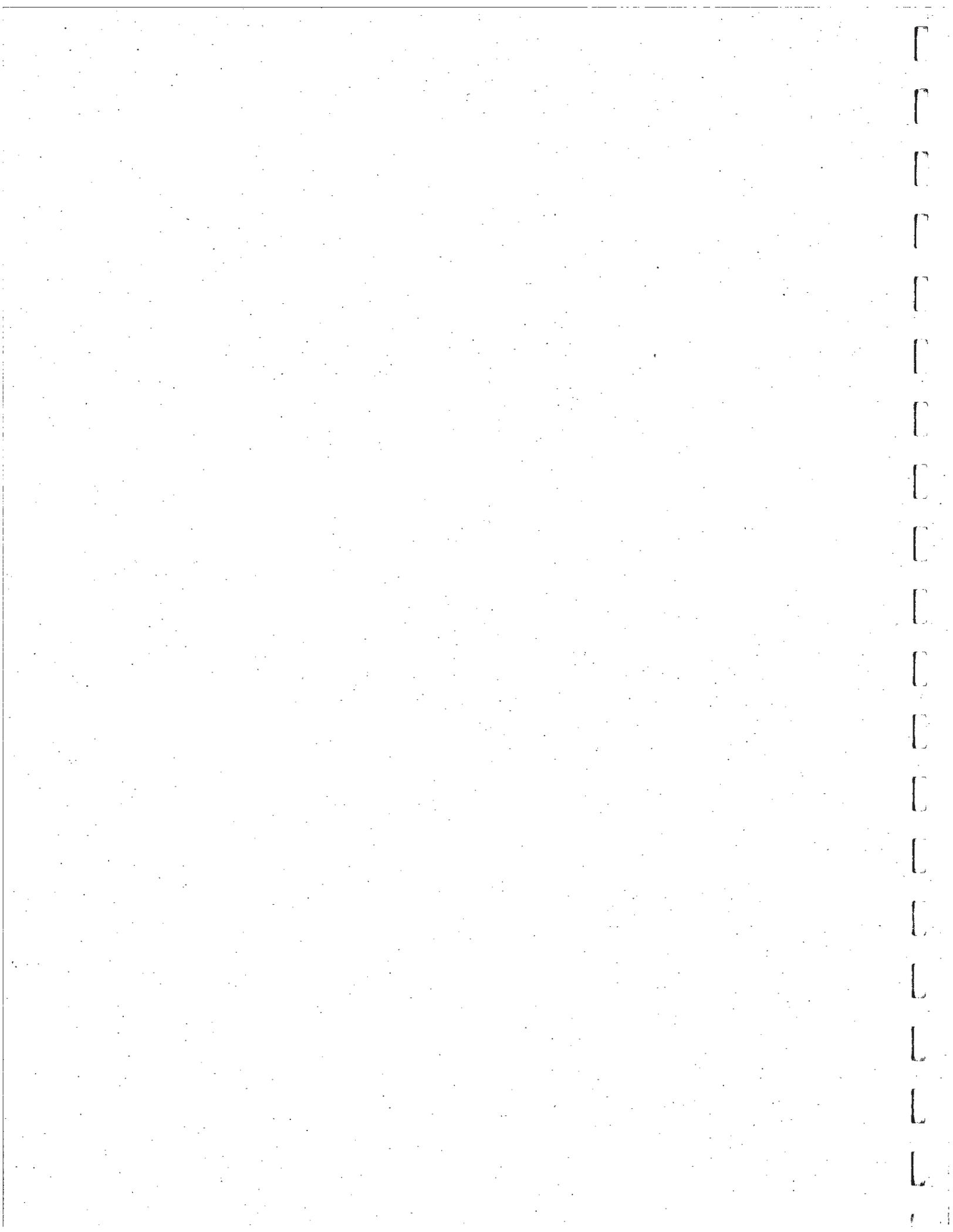


**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**



**Year Ended June 30, 2010**



**CITY OF TAYLORSVILLE**

**Taylorsville, Utah**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared by:**

**John Inch Morgan, MBA**

**City Administrator / City Treasurer**

**Scott P. Harrington**

**Chief Financial Officer**



CITY OF TAYLORSVILLE  
 TABLE OF CONTENTS  
 For The Year Ended June 30, 2010

**Introductory Section:**

Transmittal Letter..... i  
 List of Elected and Appointed Officials..... vi  
 Organizational Chart..... vii

**Financial Section:**

Independent Auditors' Report..... 1  
 Management's Discussion and Analysis..... 3

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Assets ..... 11  
 Statement of Activities ..... 12

Fund Financial Statements:

Balance Sheet – Governmental Funds..... 13  
 Reconciliation of the Balance Sheet of Governmental Funds to the  
 Statement of Net Assets..... 14  
 Statement of Revenues, Expenditures, and Changes in Fund  
 Balances – Governmental Funds ..... 15

Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances of Governmental Funds to the  
 Statement of Activities ..... 16

Statement of Revenues, Expenditures and Changes in Fund  
 Balances – Budget and Actual – General Fund ..... 17

Statement of Revenues, Expenditures and Changes in Fund  
 Balances – Budget and Actual – Infrastructure  
 Special Revenue Fund ..... 18

Statement of Net Assets-Proprietary Fund ..... 19

CITY OF TAYLORSVILLE  
 TABLE OF CONTENTS  
 For The Year Ended June 30, 2010

	<u>Page</u>
Statement of Revenues, Expenses and Changes in Fund Net Assets	
Proprietary Fund .....	20
Statement of Cash Flows- Proprietary Fund.....	21
Notes to Financial Statements .....	22
<b>Supplemental Information:</b>	
Combining and Individual Fund Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	41
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Parks Special Revenue Fund.....	42
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund – Building .....	43
Schedule of Revenues, Expenditures and changes in Fund Balance- Cemetery Fund- Budget & Actual .....	44
<b>Statistical Section:</b>	
Net Assets By Component .....	45
Changes in Net Assets.....	46
Fund Balances of Governmental Funds.....	47
Changes in Fund Balances of Governmental Funds .....	48
Assessed and Estimated Actual Value Taxable Property.....	49
Property Tax Rates – All Direct Overlapping Governments .....	50
Principal Property Taxpayers .....	51
Property Tax Levies and Collections.....	52
Ratios of Outstanding Debt By Type.....	53
Computation of Direct and Overlapping Bonded Debt- General Obligation Bonds.....	54

CITY OF TAYLORSVILLE  
TABLE OF CONTENTS  
For The Year Ended June 30, 2010

	<u>Page</u>
Legal Debt Margin Information .....	55
Demographic Statistics and Economic Statistics .....	56
General Governmental Tax Revenue By Source .....	57
Principal Employers.....	58
Miscellaneous Statistics .....	59
Compliance Section:	
Report of Independent Certified Public Accountants on Compliance and Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance With Government Auditing Standards. ....	60
Report of Independent Certified Public Accountants on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	62
Schedule of Expenditures of Federal Awards.....	64
Notes to Schedule of Expenditures of Federal Awards .....	65
Schedule of Findings and Questioned Costs.....	66
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.....	67

**This Page Intentionally Left Blank**

## Introductory Section

**This Page Intentionally Left Blank**



November 05, 2010

Honorable Russ Wall, Mayor

Russ Wall

Mayor

Morris K. Pratt, Taylorville City Council Chairman

D.L. "Bud" Catlin, Taylorville City Council Vice Chairman

Dama Barbour, Councilmember

Larry Johnson, Councilmember

Jerry W. Rechtenbach, Councilmember

The Citizens of Taylorville

Dama Barbour  
D.L. "Bud" Catlin  
Larry Johnson  
Morris K. Pratt  
Jerry W. Rechtenbach

Council Members

Dear City of Taylorville Elected Officials and Citizens:

With this letter, we are transmitting *The Comprehensive Annual Financial Report (CAFR)* of The City of Taylorville for the fiscal year ended June 30, 2010. The 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 provides the reader with a comprehensive financial analysis covering all funds and financial transactions for the fiscal year which began on July 1, 2009 and ending June 30, 2010.

The City's Chief Financial Officer, Scott P. Harrington and I, have prepared this CAFR with assistance from the accounting, auditing and financial professionals employed by the City and our contract auditing consultants. 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.

The documents assembled in this report should provide all the disclosures necessary to enable the reader to gain an understanding of the City's financial activities for the fiscal period ending June 30, 2010. 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 in the annual audit of the City.

2600 West  
Taylorville Boulevard

Taylorville,  
Utah  
84118

801-963-5400

Fax  
801-963-7891

Website  
[www.taylorvilleut.gov](http://www.taylorvilleut.gov)

There are three sections of this report; 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 statistical section reports information about the city and financials and also historical data.

The BFS provides an overview for readers who do not require detailed information about the City's finances. More detailed information pertaining to the individual funds is presented in the supplemental statements and schedules. The Statistical Section includes both financial and general information important to private and public decision makers. The additional information has been designed to cover more than two fiscal years, and reflects both social and economic data and provides information relating to financial trends and the fiscal capacity of the City.

The City's financial reports include all of the funds of the municipal government. The City provides a full spectrum of municipal services through a combination of contracts with private firms, with other governmental agencies and through the direct employment of City employees. These services include law enforcement and municipal court services; fire protection and emergency medical services through a contract with the Unified Fire Authority; roadway, storm drain, street lighting and other 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. Since the settlement of the area in 1860 through the 1940s, the small farming community maintained a population of approximately 180 to 200 individuals. The population increased from about 4,000 individuals with 600 housing units, to 49,600 with about 16,000 housing units between the years 1960 to 1987. The U.S. Census Bureau estimates the Taylorsville Population at 58,620 as of July 1, 2007 with an approximate annual growth rate of .21 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 and added 1,366 residents to the census number in 2001. The estimated population as of June 30, 2010 is 60,491 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 \$47,236 compared to median family income for communities throughout Utah of \$45,726.

#### ECONOMIC CONDITION AND OUTLOOK

Taylorsville is the tenth largest city in Utah by population; and has the highest population density of all Utah incorporated municipalities with 5,376 persons per square mile. Despite a declaration by the Business Cycle Dating Committee of the National Bureau of Economic Research on September 19, 2010 that a trough in business activity occurred in the U.S. economy in June 2009, marking the end of the recession that began in

December 2007, municipal revenues for sales tax have decreased \$1,723,774 from the previous high mark in 2007; a total change of -20.42 percent from June 2007 to June 2010. Despite the economic slowdown in retail sales, the City has continued to enjoy strong business construction and new business development opportunities including:

- The significant expansion of the existing Nelson Medical Laboratories at 6300 South and Redwood Road.
- The development of two Senior Housing Projects at Redwood Road and 4800 South and at 4700 South 2200 West totaling approximately 224 units.
- The recruitment of Royal Bank of Scotland regional call center to the Sorensen Business Park on Riverboat Road (approximately 4500 South and 875 West).

The City received 32.4 percent of its general fund revenue from sales taxes, and 22.7 percent from real property, personal property and motor vehicle taxes. As a result of the economic recession, sales taxes have decreased by -8.96 percent from June 2009 to June 2010. In response the City Administration decreased budgeted expenditures twice through the fiscal year to balance expenditures with anticipated revenues. The current operating budget is approximately \$1.3 million dollars less than the 2007 operations budget and continues to provide all basic municipal services with existing revenues.

#### MAJOR INITIATIVES

Major initiatives and projects include several significant road and storm drain projects throughout the City totaling more than \$11M that will span the 2009-2011 fiscal years. Many of these projects are federally funded and state infrastructure projects designed to improve transportation in and around the City. They will also increase public safety with two new pedestrian cross walks at elementary and junior high schools and enhance the collector and business district roadways with landscaping and decorative walls. The City has completed the planning and design of the Redwood Road Business District Phase II and III, completed the enhancements of the I-215 off ramps at the Redwood Road Business and Commercial District and completed the construction of the Babe Ruth and Little League baseball complex at 5000 South 2200 West.

#### FINANCIAL INFORMATION

As a government entity, the City of Taylorsville maintains financial internal accounting control through separate funds, rather than as a single entity. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and changes in fund balances for the General Fund, the Debt Services Fund, the Capital Projects Fund, the Storm Water Fund, and the City Cemetery Fund. Each fund is treated as a distinct balanced 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 from the activity. The valuation of costs and benefits requires estimates and judgments by management and is reviewed as part of the annual audit to assure that the existing internal controls are in compliance with GAAP.

**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 requires department expenditures to conform to departmental appropriations. 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 \$20,732,200 in the fiscal year ending June 30, 2010. Property Taxes, Motor Vehicle Taxes, and General Sales Taxes constitute the major sources of revenue. All tax categories in aggregate generated 71 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	2010 Amount	Percent of Total	Increase (Decrease) Over 2009	Percent Increase (Decrease)	2009 Amount
Property taxes	\$ 3,882,961	18.73%	\$ (37,313)	-0.95%	\$ 3,920,274
Motor vehicle taxes	559,112	2.70%	(43,566)	-7.23%	602,678
Personal property taxes	275,279	1.33%	43,130	18.58%	232,149
General sales taxes	6,716,524	32.40%	(660,930)	-8.96%	7,377,454
Franchise taxes	3,391,262	16.36%	(196,891)	-5.49%	3,588,153
Licenses and permits	513,283	2.48%	(136,906)	-21.06%	650,189
Intergovernmental revenue	3,001,490	14.48%	275,285	10.10%	2,726,205
Charges for services	321,610	1.55%	(54,090)	-14.40%	375,700
Fines and forfeitures	1,979,708	9.55%	452,348	29.62%	1,527,360
Miscellaneous revenue	90,972	0.44%	(88,283)	-49.25%	179,255
<b>Total</b>	<b>\$ 20,732,200</b>	<b>100.00%</b>	<b>\$ (447,216)</b>	<b>-2.11%</b>	<b>\$21,179,417</b>

The unreserved General Fund Balance for the year is \$3,741,995, which is equivalent to 66 calendar days of operating expenditures.

DEBT ADMINISTRATION – In this accounting period the City managed total debt in the amount of \$9,289,510 in the form of Sales Tax Revenue Bonds for Storm Drain and Road infrastructure improvements (\$9,102,332) and Municipal Equipment Capital Leases (\$187,178) for police vehicles and public works equipment. Short term debt, debt due in less than one year, payable during the 2009-2010 fiscal year totaled \$423,997.

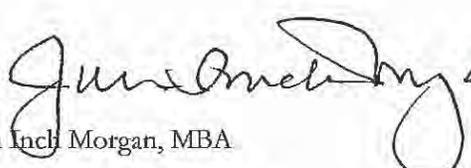
CASH MANAGEMENT – all available cash in excess of determined operational needs is invested congruent with the City’s adopted money management and financial policies. Interest income is allocated to all funds based on the percentage of cash attributed to each fund in the investment pool. Total interest earnings for the fiscal year 2009-2010 were \$63,711.

RISK MANAGEMENT -- The City participated in the Utah Local Government Trust for general liability coverage in the 2009-2010 Fiscal Year. The City purchases health benefits and worker’s compensation coverage from commercial insurance companies.

INDEPENDENT AUDIT – The Utah State Municipal code requires an annual audit by independent public accountants. The City’s consultant selection committee has recommended, and the City Council 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 city employees and contractors. The cost of providing quality government services is not represented in a set of financial schedules and audited numbers, however on a comparative basis with other like organizations; the City of Taylorsville provides excellent services with a limited staff in large part 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	Scott P. Harrington
City Administrator/City Treasurer	Chief Financial Officer

**Elected Officials**

Mayor	Russ Wall
Council Chairman	Morris K. Pratt
Council Vice Chairman	D.L. "Bud" Catlin
Council Member	Jerry W. Rechtenbach
Council Member	Dama Barbour
Council Member	Larry Johnson

**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

<sup>1</sup> Justice Court Judges were appointed by the Mayor, with the advice and consent of the City Council for the 2009-2010 fiscal year. In November 2010 the Judges stood for a retention election for the first time.

Taylorville Citizens

City Council

Mayor

Justice Court Judge  
Full Time

Justice Court Judge  
3 / 4 Time

Council Coordinator

Executive Assistant to Mayor

City Administrator/City  
Treasurer

Executive Assistant / Deputy  
Treasurer

Economic Development  
Department

Community Development  
Department

Department of Services  
Department

Municipal Justice Court  
Department

Police  
Department

Director of  
Economic  
Development

Director of  
Community  
Development

City Recorder

City Financial  
Officer

Clerk  
Administrator

Chief of Police

AA

Admin.  
Assistant

Planning  
Secretary

City Planners  
(2)

City Clerk

City Treasurer

City Auditor

Assistant  
Chief  
of Police

Lieutenant

City Engineer  
(Contracted)

Director of  
Public Works

Physical  
Therapist

City Clerk  
(Contracted)

Investigation  
Sergeants

Comm. Senior  
Sgts.

Building  
Official

Senior Vice  
President

Director of  
Enforcement

City Clerk  
(Contracted)

Personal  
Crimes

Patrol

Building  
Inspector (2)

Building  
Coordinator

Senior Vice  
President

Victim  
Services

City Clerk  
(Contracted)

Property  
Crimes

Traffic

Code  
Enforcement

Bailliff

K-9

Victim

Code  
Enforcement

Bailliff

This Page Intentionally Left Blank

# 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  
Aaron R. Hixson, CPA  
Ted C. Gardiner, CPA  
Jeffrey B. Miles, 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 unit, each major fund, and the aggregate remaining fund information of the City of Taylorsville, Utah (the City), as of and for the year ended June 30, 2010, 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 unit, each major fund, and the aggregate remaining fund information of the City of Taylorsville, Utah, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and 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 schedule of expenditures of federal awards, 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.*

November 15, 2010

CITY OF TAYLORSVILLE  
Management's Discussion and Analysis  
For the year ended June 30, 2010

This section, commonly known as the Management's Discussion and Analysis, (MD & A) offers the readers of the City of Taylorsville's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010 from the city administration's viewpoint.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which starts on page i of this report.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances beyond the fiscal year just completed. Fund financial statements start on page 11. The statements on governmental activities tell how City services were financed in the short term as well as what remains for future expenditures. Fund financial statements also report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant financial funds.

The net asset report may serve the reader over time as a useful indicator of a government's financial position. The largest portion of the City of Taylorsville's net assets reflects its investment in capital assets such as land, buildings, infrastructure, machinery and equipment, less any related debt used to acquire those assets that is outstanding at the time of the report. The City uses these capital assets to provide services to residents and businesses rendering these assets unavailable for future spending. By reporting these assets net of related debt, it should be understood that the resources needed to repay this debt must be allocated from other revenue sources in as much as the capital assets themselves cannot be used to liquidate these liabilities.

## Financial Highlights

The assets of the City exceeded its liabilities at the close of fiscal year 2009-2010 by \$166,895,770 (net assets). Of this amount, \$6,938,372 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors for all funds.

The City's Total Net Assets increased by \$3,173,518. A large portion of this increase is attributable to unspent revenues in the Capital Projects fund and the Storm Water fund and is intended to be used for capital improvements and major maintenance projects.

At the close of fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$7,354,813, an increase of \$1,404,910 in comparison with fiscal year 2009. The unreserved portion equals \$3,836,664 and is available for use at the governing body's discretion.

At the end of fiscal year 2010, unreserved fund balance of the General fund was \$3,741,995, or 19 percent of total general fund expenditures. This is an increase of \$10,766 over fiscal year 2009.

CITY OF TAYLORSVILLE  
Management's Discussion and Analysis  
For the year ended June 30, 2010

The City's total long term debt decreased by \$533,136 (principal & interest) during the 2010 fiscal year as a result of meeting scheduled debt service payments.

## 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 10. Among the most important questions that should be answered for both citizens and those we do business with regarding the City's finances is whether the City, as a whole, is better 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 present the City's 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 statements report the City's *net assets* and changes in the assets of the city. It is sometimes helpful to think of the City's net assets, the difference between assets and liabilities as what we as citizens own and what we owe. Analyzing net assets is a 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 physical condition of the City's capital assets including city owned roads, street lighting storm sewer lines, parks, public buildings and other capital assets.

In the Statement of Net Assets and the Statement of Activities, the City presents information on the governmental activities. Most of the City's basic services are reported here, including the police, fire suppression, emergency medical, street maintenance, parks and recreation, general municipal court and city administration. Sales taxes, property taxes, fees for services, fines and forfeitures and state and federal grants finance the majority of these activities and municipal services.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

Our management team's analysis of the City's major funds begins on page 12 and provides detailed information about the most significant funds. Some funds have been established by requirements that are detailed in State law. The City Council establishes other funds to help the Council allocate money for particular purposes and projects and to track or control the use of funds that have been allocated through the adoption of the annual budget. The City Council, upon the recommendation of the City Administration has also established funds to show that it is meeting legal responsibilities for using certain taxes, grants, and other money such as the Community Development Block grants (CDGB) received from the U.S. Department of Housing and Urban Development for low income areas of the City.

CITY OF TAYLORSVILLE  
Management's Discussion and Analysis  
For the year ended June 30, 2010

**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 yet unspent 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.

CITY OF TAYLORSVILLE'S NET ASSETS

	Governmental Activities June 30, 2010	Governmental Activities June 30, 2009	Business Type Activities June 30, 2010	Business Type Activities June 30, 2009
Current and other assets	\$ 13,868,603	\$ 12,885,092	\$ 7,046,934	\$ 7,137,623
Capital assets	157,015,552	155,960,914	5,573,894	5,286,516
<b>Total Assets</b>	<b>170,884,155</b>	<b>168,846,006</b>	<b>12,620,828</b>	<b>12,424,139</b>
Long-term debt outstanding	4,973,531	5,292,893	4,315,979	4,520,015
Other liabilities	7,123,954	7,566,002	195,749	168,983
<b>Total Liabilities</b>	<b>12,097,485</b>	<b>12,858,895</b>	<b>4,511,728</b>	<b>4,688,998</b>
Net assets:				
Invested in capital assets, net of debt	152,275,488	150,726,523	3,434,182	765,871
Restricted	3,518,149	2,171,440	729,579	3,483,334
Unrestricted	2,993,033	3,089,148	3,945,339	3,485,936
<b>Total Net Assets</b>	<b>\$ 158,786,670</b>	<b>\$ 155,987,111</b>	<b>\$ 8,109,100</b>	<b>\$ 7,735,141</b>

CITY OF TAYLORSVILLE  
Management's Discussion and Analysis  
For the year ended June 30, 2010

Because the focus of governmental funds is narrower than that of the government wide financial statements, it may be useful to the reader to compare the information presented for government funds with similar information on governmental activities presented in the government wide statements. The comparison will allow the reader to better understand the long term impact of the government's short term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Governmental Activities For The Year Ended June 30, 2010**

Revenues for the City's governmental activities increased by \$4,004,629 or 18.3 percent, most of the increase was due to grant income. Total expenses decreased by \$99,137 or .4 percent. With these changes in revenue and expenditures, net assets of governmental activities increased by \$2,799,559. The City also took over the operations of The Taylorsville Cemetery. The assets that were donated to the City amount to \$125,742, which included the land, equipment and some water shares.

**Business-type Activities For The Year Ended June 30, 2010**

Business-type activities increased the City's net assets by \$373,959 from the prior year. 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.

CITY OF TAYLORSVILLE  
Management's Discussion and Analysis  
For the year ended June 30, 2010

CITY OF TAYLORSVILLE'S CHANGES IN NET ASSETS

	Governmental Activities <u>June 30, 2010</u>	Governmental Activities <u>June 30, 2009</u>	Business Activities <u>June 30, 2010</u>	Business Activities <u>June 30, 2009</u>
Revenues				
Program revenues:				
Charges for services	\$ 3,314,030	\$ 2,513,515	\$ 1,200,972	1,256,777
Operating grants and contributions	2,327,900	1,899,424		
Capital grants and contributions	5,296,052	1,499,711		
General revenues:				
Property taxes	4,717,352	4,755,101		
Other taxes	10,107,786	10,965,606		
Other revenues	126,204	251,340	16,909	74,071
Total revenue	<u>25,889,324</u>	<u>21,884,695</u>	<u>1,217,881</u>	<u>1,330,848</u>
Program expenses:				
General government	2,754,504	2,812,828	843,922	935,273
Public safety	13,519,448	13,065,768	-	-
Highway and public improvements	4,562,937	4,755,155	-	-
Community and economic development	1,725,628	1,867,165	-	-
Parks and public property	311,370	465,753	-	-
Interest on long term debt	215,878	222,233	-	-
Total expenses	<u>23,089,765</u>	<u>23,188,902</u>	<u>843,922</u>	<u>935,273</u>
Increase (decrease) in net assets	2,799,559	(1,304,207)	373,959	395,575
Net Assets Beginning of Year	155,987,111	157,291,318	7,735,141	7,339,566
Net Assets End of year	<u>\$ 158,786,670</u>	<u>\$ 155,987,111</u>	<u>\$ 8,109,100</u>	<u>\$ 7,735,141</u>

## **THE CITY'S FUNDS**

### **General Governmental Functions**

#### **The General Fund**

The unreserved general fund balance changed from \$3,731,229 to \$3,741,995. The unrestricted fund balance is often referred to as the "Rainy Day Fund". State law requires each political subdivision of the state to establish such funds to deal with the unexpected events that may not be included in the annually adopted operations and capital funds. The State law also limits the amount of funds that can be carried from one accounting period to another. Municipalities are limited to no more than 18% of the anticipated revenue for the next period. As noted above, the general fund balance for the fiscal year 2009-10 is 18 percent.

#### **Special Revenue Funds**

Revenue included in these funds report all impact fees received from developers where the additional cost of providing municipal services (Parks, Fire Stations and Storm Drains) to new construction is offset with one-time fees. 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 2009-10 budget period, several Park improvements were completed including the Millrace Park natural fish reserve pond, the Vista Park Little League and Babe Ruth Baseball Complex and additional landscaping at the Taylorsville/Senior Center Park. Projects that are still under way are the Historic Museum and Taylorsville Park trail connection. Park impact fees are assessed and then allocated to these park projects that are required with the increased demands brought to the city by the various business and residential construction projects throughout the City. 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.

#### **Storm Water 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 the 2006 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 2010-2011 fiscal year.

#### **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 the 2006 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 2010-2011 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. The total expenditures for the year were less than revenues received by \$2,799,559. Expenditures for Public Safety increased by \$435,680 in the 2009-10 Fiscal Year.. All other

CITY OF TAYLORSVILLE  
 Management's Discussion and Analysis  
 For the year ended June 30, 2010

Expenditure categories including General Government, Parks and Recreation, Highways, Community and Economic Development saw decreases of \$552,817 over the 2008-2009 Fiscal Year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

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. In the 2009-2010 fiscal year, the City and Salt Lake County together completed construction of the Taylorsville Baseball Complex on properties owned by the City and the County on 2200 West and 5000 South and the construction of Bass Fishing Pond at Millrace Park as part of a partnership with Salt Lake County and the State Department of Natural Resources. These projects will continue to add to the assets of the City as do the asset value of street and storm water infrastructure improvement.

	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
Land and water rights	\$ 12,522,039	\$ 11,749,643	\$ -	\$ -
Buildings and improvements	8,601,676	9,014,835	-	-
Office furniture and equipment	397,817	570,565	11,275	15,785
Vehicles and equipment	510,230	679,313	161,536	197,433
Infrastructure	129,286,915	131,380,995	5,195,537	4,267,596
Construction in Progress	5,696,875	2,565,563	205,546	805,702
<b>Total</b>	<b>\$ 157,015,552</b>	<b>\$ 155,960,914</b>	<b>\$5,573,894</b>	<b>\$5,286,516</b>

**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.

The other outstanding debt of the City is in the form of Municipal Equipment Leases where the City used this source of funding to purchase vehicles and equipment to start the Taylorsville Police Department in April of 2005, public works and storm drain maintenance equipment. The terms of the lease are four years. One of the two leases was retired in the 2008-2009 fiscal year and the final was retired in fiscal year 2009-2010. 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 municipal services. The current debt limitation for the City of Taylorsville is approximately \$102,112,000.

CITY OF TAYLORSVILLE  
Management's Discussion and Analysis  
For the year ended June 30, 2010

	<u>Governmental Activities</u>		<u>Business type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue bonds payable	\$4,915,260	\$5,051,700	\$4,187,072	\$4,303,300
Leases Payable	58,271	182,683	128,907	166,875
Compensated absences	653,738	681,170	-	-
	<u>\$5,627,269</u>	<u>\$5,915,553</u>	<u>\$4,315,979</u>	<u>\$4,470,175</u>

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

At this writing, our nation, our state and our local economy is in the midst of the most significant economic downturn since the Great Depression of the 1930s. The recession officially began, according the National Bureau of Economic Research, in December 2007. Since that beginning, the unemployment rate has increased in Utah to 6.2% as the national unemployment rate has reached 9.8%. The Utah job market began losing jobs in July 2008 and continued to lose jobs and reduced household income through the latest period. A comparison of the employment rate between September 2009 and September 2010 shows a decrease in the employment rate of -4.1%. This reduction in household income is significant for the City as 34 percent of all revenue received by the City is derived from sales taxes. The decline in household income, combined with the increased frugality of the population due to a decline in consumer confidence of the remainder of the population, has resulted in a decrease in sales tax distribution through the fiscal 2009-2010 period of \$660,930. Finally, Fees for Services has also been reduced from previous periods as both households and businesses reduced their activities in building new and expanding existing home and business activities.

In response to the decline in revenue, Mayor Russ Wall and City Administration reduced spending in all service delivery departments by an average of 5% mid-way through the budget year. The prospects for an economic recovery appear to be on the horizon, however, the common view among most economists is that the recovery will be slow in coming with job growth significantly lagging behind other recovery indicators. Individuals who are unemployed or underemployed do not have disposable income to spend, and the balance of the local workforce (93.8%) will hold on to a greater portion of the disposable income for fear that a weak economy will impact their lives, thus decreasing further spending, maintaining higher than needed inventories, resulting in fewer orders for new goods and services and sustaining a slow recovery in employment and therefore of the Gross Domestic Product (GDP). We anticipate, and have mixed evidence that the City of Taylorsville's sales tax revenues has leveled off from the decline, and has started a slow recovery. The City did not experience the disastrous declines of some municipalities as much of the sales tax collected in Taylorsville is generated from the sale of staples such as food, clothing and household goods. These and other factors were considered in preparing the City of Taylorsville budget for the 2010-11 Fiscal Year.

CITY OF TAYLORSVILLE  
Statement of Net Assets  
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Taylorsville Arts Council
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,425,120	\$ 3,779,034	\$ 10,204,154	\$ 50,689
Receivables, net of allowance				
Taxes	5,851,230	-	5,851,230	-
Intergovernmental	867,389	-	867,389	-
Accounts	5,895	294,290	300,185	-
Restricted assets:				
Cash and cash equivalents	639,419	2,905,846	3,545,265	-
Capital assets not being depreciated:				
Land and water rights	12,522,039	-	12,522,039	-
Construction in progress	5,696,875	205,546	5,902,421	-
Capital assets - net of accumulated depreciation:				
Buildings and improvements	8,601,676	-	8,601,676	-
Office furniture and equipment	397,817	172,811	570,628	7,222
Vehicles and equipment	510,230	-	510,230	-
Infrastructure	129,286,915	5,195,537	134,482,452	-
Unamortized bond issue costs	79,550	67,764	147,314	-
Total assets	<u>\$ 170,884,155</u>	<u>\$ 12,620,828</u>	<u>\$ 183,504,983</u>	<u>\$ 57,911</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 891,456	\$ 162,253	\$ 1,053,709	\$ 7,682
Accrued liabilities	1,199,647	-	1,199,647	-
Accrued interest payable	35,976	33,496	69,472	-
Deferred revenue	4,343,137	-	4,343,137	-
Accrued liabilities - compensated absences	653,738	-	653,738	-
Bonds payable:				
Due within one year	199,800	170,200	370,000	-
Due in more than one year	4,715,460	4,016,872	8,732,332	-
Capital leases:				
Due within one year	13,631	40,366	53,997	-
Due in more than one year	44,640	88,541	133,181	-
Total liabilities	<u>12,097,485</u>	<u>4,511,728</u>	<u>16,609,213</u>	<u>7,682</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	152,275,488	3,434,182	155,709,670	7,222
Restricted for:				
Storm drain development	-	729,579	729,579	-
Future construction	3,518,149	-	3,518,149	-
Unrestricted	2,993,033	3,945,339	6,938,372	43,007
Total net assets	<u>158,786,670</u>	<u>8,109,100</u>	<u>166,895,770</u>	<u>50,229</u>
Total liabilities and net assets	<u>\$ 170,884,155</u>	<u>\$ 12,620,828</u>	<u>\$ 183,504,983</u>	<u>\$ 57,911</u>

The Accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE  
Statement of Activities  
For the year ended June 30, 2010

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Business-type Activities	Taylorville Arts Council
<b>Functions / Programs</b>						
<b>Primary Government:</b>						
<b>Governmental activities</b>						
General government	\$ 2,754,504	\$ 103,915	\$ 68,559	\$ (2,582,030)	\$ (2,582,030)	
Public safety	13,519,448	2,436,530	360,792	(10,718,676)	(10,718,676)	
Highways and public improvements	4,562,937	-	1,655,213	(2,907,724)	(2,907,724)	
Community and economic development	1,725,628	664,239	243,336	(534,546)	(534,546)	
Parks, recreation and public property	311,370	109,346	-	4,807,071	4,807,071	
Interest on long-term debt	215,878	-	-	(215,878)	(215,878)	
Total governmental activities	23,089,765	3,314,030	2,327,900	(12,151,783)	(12,151,783)	
<b>Business-type activities</b>						
Storm drain	843,922	1,200,972	-	\$ 357,050	357,050	
Total Primary Government	\$ 23,933,687	\$ 4,515,002	\$ 2,327,900	(12,151,783)	357,050	(11,794,733)
<b>Component Unit:</b>						
Taylorville Art Council	\$ 31,107	\$ 20,735	\$ 10,047	-	-	\$ (325)
<b>General Revenues:</b>						
<b>Taxes</b>						
Property taxes				4,717,352	-	4,717,352
Sales taxes				6,716,524	-	6,716,524
Franchise taxes				3,391,262	-	3,391,262
Investment earnings				63,711	16,909	80,620
Other				41,060	-	41,060
Gain on sale of capital assets				21,433	-	21,433
Total general revenues				14,951,342	16,909	14,968,251
Change in net assets				2,799,559	373,959	3,173,518
Net assets - beginning				155,987,111	7,735,141	163,722,252
Net assets - ending				\$ 158,786,670	\$ 8,109,100	\$ 166,895,770

The Accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE  
 Balance Sheet – Governmental Funds  
 June 30, 2010

	<u>Governmental Fund Types</u>			
		Special	Other	Total
	General	Revenue Infrastructure	Governmental Funds	Governmental Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 2,701,322	\$ 3,625,804	\$ 97,994	\$ 6,425,120
Receivables:				
Taxes	5,851,230	-	-	5,851,230
Intergovernmental	824,341	43,048	-	867,389
Other	5,895	-	-	5,895
Restricted assets:				
Cash and cash equivalents	405,952	233,467	-	639,419
Total assets	<u>\$ 9,788,740</u>	<u>\$ 3,902,319</u>	<u>\$ 97,994</u>	<u>\$13,789,053</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 503,961	\$ 384,170	\$ 3,325	\$ 891,456
Accrued liabilities	1,199,647	-	-	1,199,647
Deferred revenue	4,343,137	-	-	4,343,137
Total liabilities	<u>6,046,745</u>	<u>384,170</u>	<u>3,325</u>	<u>6,434,240</u>
<b><u>FUND BALANCE</u></b>				
Reserved for:				
Future construction	-	3,518,149	-	3,518,149
Unreserved:				
Undesignated	3,741,995	-	94,669	3,836,664
Total fund balances	<u>3,741,995</u>	<u>3,518,149</u>	<u>94,669</u>	<u>7,354,813</u>
Total liabilities and fund balances	<u>\$ 9,788,740</u>	<u>\$ 3,902,319</u>	<u>\$ 97,994</u>	<u>\$13,789,053</u>

The Accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
For the year ended June 30, 2010

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances - Total Governmental Funds (page 13)	\$ 7,354,813
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	157,015,552
Interest payable is not due and payable in the current period and therefore is not recorded in the funds.	(35,976)
Bond issue costs are not recorded in the funds.	79,550
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,627,269)</u>
Net Assets - Governmental Activities (page 11)	<u>\$ 158,786,670</u>

The Accompanying notes are an integral part of this financial statement.

## CITY OF TAYLORSVILLE

Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds  
For the year ended June 30, 2010

	Governmental Fund Types			Total Governmental Funds
	General	Special Revenue Infrastructure	Other Governmental Funds	
<b>REVENUES</b>				
Taxes	\$14,825,138	\$ -	\$ -	\$ 14,825,138
Impact fees	-	-	99,404	99,404
Licenses and permits	513,283	-	-	513,283
Intergovernmental	3,001,490	4,828,629	-	7,830,119
Charges for services	321,610	51,700	57,646	430,956
Fines and forfeitures	1,979,708	-	-	1,979,708
Miscellaneous	41,060	-	-	41,060
Interest income	49,911	13,800	-	63,711
<b>Total revenues</b>	<b>20,732,200</b>	<b>4,894,129</b>	<b>157,050</b>	<b>25,783,379</b>
<b>EXPENDITURES</b>				
General government	2,034,516	-	-	2,034,516
Public safety	13,017,257	-	-	13,017,257
Highways and public improvements	2,102,155	-	-	2,102,155
Community and economic developmen	1,667,342	-	-	1,667,342
Parks, recreation, and public property	92,528	-	56,227	148,755
Non-departmental	442,503	-	-	442,503
Debt service:				
Principal	316,112	-	-	316,112
Interest	217,024	-	-	217,024
Capital outlay:				
General government	12,604	-	-	12,604
Public safety	239,587	-	-	239,587
Highways and public improvements	-	3,934,916	-	3,934,916
Community and economic developpr	283,507	-	-	283,507
Parks, recreation, and public propert	-	-	54,313	54,313
<b>Total expenditures</b>	<b>20,425,135</b>	<b>3,934,916</b>	<b>110,540</b>	<b>24,470,591</b>
<b>Excess of revenues over expenditures</b>	<b>307,065</b>	<b>959,213</b>	<b>46,510</b>	<b>1,312,788</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	12,000	387,496	925	400,421
Transfers out	(400,421)	-	-	(400,421)
Sale of capital assets	92,122	-	-	92,122
<b>Total other financing sources (uses)</b>	<b>(296,299)</b>	<b>387,496</b>	<b>925</b>	<b>92,122</b>
<b>Net change in fund balance</b>	<b>10,766</b>	<b>1,346,709</b>	<b>47,435</b>	<b>1,404,910</b>
<b>Fund balance at beginning of year</b>	<b>3,731,229</b>	<b>2,171,440</b>	<b>47,234</b>	<b>5,949,903</b>
<b>Fund balance at end of year</b>	<b>\$ 3,741,995</b>	<b>\$ 3,518,149</b>	<b>\$ 94,669</b>	<b>\$ 7,354,813</b>

The Accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE

Reconciliation of The Statement of Revenues, Expenditures and Changes in Fund Balance of  
Governmental Funds to the Statement of Activities  
For the year ended June 30, 2010

Amounts reported for governmental activities in the statement of activities (page 12) are different because:

Net change in fund balances - total governmental funds (page 15)	\$ 1,404,910
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(3,413,278)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net assets. Governmental funds also do not report contributed capital assets as revenue.	4,608,615
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.	(140,699)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment 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.	342,115
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(2,104)</u>
Change in net assets of governmental activities (page 12)	<u>\$ 2,799,559</u>

The Accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE  
Statement of Revenues, Expenditures and Change in Fund Balance  
Budget to Actual- General Fund  
For the year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b><u>REVENUES</u></b>				
Taxes	\$ 15,725,978	\$ 14,908,753	\$ 14,825,138	\$ (83,615)
Licenses and permits	599,000	567,000	513,283	(53,717)
Intergovernmental	3,260,380	3,608,384	3,001,490	(606,894)
Charges for services	364,200	407,233	321,610	(85,623)
Fines and forfeitures	1,483,000	1,946,595	1,979,708	33,113
Miscellaneous	27,500	76,000	41,060	(34,940)
Interest income	100,000	47,864	49,911	2,047
Total revenues	<u>21,560,058</u>	<u>21,561,829</u>	<u>20,732,200</u>	<u>(829,629)</u>
<b><u>EXPENDITURES</u></b>				
General government				
City council	541,128	538,128	484,457	53,671
Mayor	191,190	243,490	213,980	29,510
Administrative services	1,367,729	1,254,735	1,205,934	48,801
Governmental buildings	185,000	174,500	137,633	36,867
Public safety				
Court operations	1,860,507	2,165,961	2,053,198	112,763
Public safety	4,678,064	4,525,268	4,473,467	51,801
Police	6,836,331	7,025,791	6,730,179	295,612
Highways and public improvements	2,093,000	2,112,000	2,102,155	9,845
Community and economic development				
Planning commission	15,100	12,100	8,168	3,932
Community activities	7,000	4,000	2,314	1,686
Citizens committees	100,500	121,480	112,042	9,438
CDBG programs	1,178,380	1,180,262	554,414	625,848
Community development	1,145,196	1,109,857	1,017,444	92,413
Economic development	303,729	306,029	256,467	49,562
Parks, recreation, and public property	108,250	108,250	92,528	15,722
Non-departmental	636,960	568,460	447,619	120,841
Debt service:				
Principal	316,800	319,600	316,112	3,488
Interest	227,200	224,300	217,024	7,276
Total expenditures	<u>21,792,064</u>	<u>21,994,211</u>	<u>20,425,135</u>	<u>1,569,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(232,006)</u>	<u>(432,382)</u>	<u>307,065</u>	<u>739,447</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	(25,494)	(543,072)	(400,421)	142,651
Sale of capital assets	257,500	32,256	92,122	59,866
Total other financing sources (uses)	<u>232,006</u>	<u>(510,816)</u>	<u>(296,299)</u>	<u>214,517</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (943,198)</u>	<u>10,766</u>	<u>\$ 953,964</u>
Fund balance at beginning of year			<u>3,731,229</u>	
Fund balance at end of year			<u>\$ 3,741,995</u>	

The Accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE  
Statement of Revenues, Expenditures And Changes in Fund Balances  
Budget and Actual –Infrastructure Special Revenue Fund  
June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 157,000	\$ 5,660,306	\$ 4,828,629	\$ (831,677)
Charges for services	-	55,000	51,700	(3,300)
Interest income	-	14,000	13,800	(200)
Total revenues	157,000	5,729,306	4,894,129	(835,177)
<b><u>EXPENDITURES</u></b>				
Capital outlay	2,505,771	8,515,673	3,934,916	4,580,757
Total expenditures	2,505,771	8,515,673	3,934,916	4,580,757
Excess (deficiency) of revenues over (under) expenditures	(2,348,771)	(2,786,367)	959,213	3,745,580
<b><u>OTHER FINANCING SOURCES</u></b>				
Proceeds from debt	1,575,325	1,575,325	-	1,575,325
Transfers in	-	517,578	387,496	(130,082)
Total other financing sources	1,575,325	2,092,903	387,496	1,445,243
Net change in fund balance	<u>\$ (773,446)</u>	<u>\$ (693,464)</u>	1,346,709	<u>\$ 5,190,823</u>
Fund balance at beginning of year			<u>2,171,440</u>	
Fund balance at end of year			<u>\$ 3,518,149</u>	

The Accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE  
Statement of Net Assets-Proprietary Fund  
June 30, 2010

	<u>Storm Drain</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents, unrestricted	\$ 3,779,034
Receivables:	
Accounts	<u>294,290</u>
Total current assets	<u>4,073,324</u>
Noncurrent assets:	
Cash and cash equivalents, restricted	<u>2,905,846</u>
Capital assets:	
Machinery and equipment	237,932
Infrastructure	6,861,525
Construction in progress	205,546
Accumulated depreciation	<u>(1,731,109)</u>
Net capital assets	<u>5,573,894</u>
Other assets:	
Unamortized bond issuance costs	<u>67,764</u>
Total other assets	<u>67,764</u>
Total noncurrent assets	<u>8,547,504</u>
Total assets	<u>\$ 12,620,828</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 162,253
Accrued interest payable	33,496
Long-term debt, current portion, net	<u>210,566</u>
Total current liabilities	<u>406,315</u>
Noncurrent liabilities:	
Revenue bonds payable, due after one year, net	<u>4,105,413</u>
Total noncurrent liabilities	<u>4,105,413</u>
Total liabilities	<u>4,511,728</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,434,182
Restricted for storm drain development	729,579
Unrestricted	<u>3,945,339</u>
Total net assets	<u>8,109,100</u>
Total liabilities and net assets	<u>\$ 12,620,828</u>

The Accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE

Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund

For the year ended June 30, 2010

	<u>Storm Drain</u>
<b>OPERATING REVENUES</b>	
Sales and charges for services	<u>\$ 1,168,988</u>
Total operating revenues	<u>1,168,988</u>
<b>OPERATING EXPENSES</b>	
Administration and general	169,775
Repairs and maintenance	276,007
Depreciation	211,466
Amortization	<u>3,986</u>
Total operating expenses	<u>661,234</u>
Operating income	<u>507,754</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	16,909
Interest expense	(182,688)
Impact fees	<u>31,984</u>
Total nonoperating revenues (expenses)	<u>(133,795)</u>
Change in net assets	373,959
Total net assets, beginning	<u>7,735,141</u>
Total net assets - ending	<u><u>\$ 8,109,100</u></u>

The Accompanying notes are an integral part of this financial statement.

CITY OF TAYLORSVILLE  
Statement of Cash Flows – Proprietary Fund  
For the year ended June 30, 2010

	Storm Drain
<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 1,154,650
Payments to suppliers	<u>(416,533)</u>
Net cash provided by operating activities	<u>738,117</u>
Net cash provided by noncapital financing activities	<u>-</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition of property, plant, and equipment	(499,474)
Impact fees	31,984
Principal paid on capital debt	(201,268)
Interest paid on capital debt	<u>(187,939)</u>
Net cash used by capital and related financing activities	<u>(856,697)</u>
<b>Cash flows from investing activities</b>	
Interest received	<u>16,909</u>
Net cash provided by investing activities	<u>16,909</u>
Net decrease in cash and cash equivalents	(101,671)
Cash and cash equivalents, beginning of year	<u>6,786,551</u>
Cash and cash equivalents, end of year	<u>\$ 6,684,880</u>
Unrestricted cash	\$ 3,779,034
Restricted cash	<u>2,905,846</u>
<b>Total Cash</b>	<u>\$ 6,684,880</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 507,754
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	215,452
Changes in assets and liabilities:	
Accounts receivable	(14,338)
Accounts payable	<u>29,249</u>
Net cash provided by operating activities	<u>\$ 738,117</u>

The Accompanying notes are an integral part of this financial statement.

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 inter-fund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or a 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 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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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) and a useful life of more than one year. 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:

	<u>Years</u>
Buildings and Improvements	5-30
Office Furniture and Equipment	3-20
Vehicles and Equipment	7-10
Infrastructure	20-50

(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 or 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.

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 320 hours at the end of the fiscal year and any paid leave time 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) Inter-fund 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.

CITY OF TAYLORSVILLE  
Notes to Basic Financial Statements  
June 30, 2010

Components of cash and investments (including interest earning deposits) at June 30, 2010 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	292,285	292,285	N/A	N/A
<b>Total cash on hand and deposit</b>	<b>\$ 295,885</b>	<b>\$ 295,885</b>		
Investments (3):				
Utah State Treasurer's Investment Pool	\$ 11,086,391	\$ 11,043,802	N/A	NA
Bond Reserves				
Utah State Treasurer's Investment Pool	2,419,025	2,409,732	N/A	N/A
<b>Total investments</b>	<b>\$ 13,505,416</b>	<b>\$ 13,453,534</b>		
<b>Total cash and cash equivalents</b>	<b>\$ 13,801,301</b>	<b>\$ 13,749,419</b>		
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, 2010, 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 yearend.

CITY OF TAYLORSVILLE  
Notes to Basic Financial Statements  
June 30, 2010

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2010, \$485,918 of the City's \$773,527 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, 2010:

Restricted for funds held in trust for Justice Court	\$ 370,101
Restricted for funds held in trust for police seizures	35,851
Restricted for capital construction	2,409,734
Restricted for impact fees storm drain	<u>729,579</u>
Total	<u>\$ 3,545,265</u>

NOTE 4 CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land and water rights	\$ 11,749,643	\$ 815,306	\$ 42,910	\$ 12,522,039
Construction in progress	2,565,563	4,198,880	1,067,568	5,696,875
	<u>14,315,206</u>	<u>5,014,186</u>	<u>1,110,478</u>	<u>18,218,914</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings and improvements	11,857,827	41,370		11,899,197
Office furniture and equipment	1,695,146	24,406	186,532	1,533,020
Vehicles and equipment	1,904,266	231,808	144,372	1,991,702
Infrastructure	163,108,961	294,403		163,403,364
	<u>178,566,200</u>	<u>591,987</u>	<u>330,904</u>	<u>178,827,283</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Buildings and improvements	2,842,992	454,529		3,297,521
Office furniture and equipment	1,124,581	182,763	172,141	1,135,203
Vehicles and equipment	1,224,953	387,504	130,985	1,481,472
Infrastructure	31,727,966	2,388,483		34,116,449
	<u>36,920,492</u>	<u>3,413,280</u>	<u>303,126</u>	<u>40,030,645</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>141,645,708</u>	<u>(2,821,293)</u>	<u>27,778</u>	<u>138,796,638</u>
Governmental activities capital assets, net	<u>\$ 155,960,914</u>	<u>\$ 2,192,893</u>	<u>\$ 1,138,256</u>	<u>\$ 157,015,552</u>

NOTE 4 CAPITAL ASSETS AND DEPRECIATION (Continued)

	Beginning Balance	Business type Activities		Ending Balance
		Additions	Deletions	
<b>Business type activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 805,072	\$ 499,474	\$ 1,099,000	\$ 205,546
Total capital assets, not being depreciated	<u>805,072</u>	<u>499,474</u>	<u>1,099,000</u>	<u>205,546</u>
Infrastructure	5,762,524	1,099,000	-	6,861,524
Equipment	<u>237,932</u>			<u>237,932</u>
Total capital assets being depreciated	<u>6,000,456</u>	<u>1,099,000</u>	<u>-</u>	<u>7,099,456</u>
Less accumulated depreciation for:				
Infrastructure	1,494,928	171,059	-	1,665,987
Equipment	<u>24,714</u>	<u>40,407</u>	<u>-</u>	<u>65,121</u>
Total accumulated depreciation	<u>1,519,642</u>	<u>211,466</u>	<u>-</u>	<u>1,731,108</u>
Total capital assets, being depreciated, net	<u>4,480,814</u>	<u>887,534</u>	<u>-</u>	<u>5,368,348</u>
Business activities capital assets, net	<u>\$ 5,285,886</u>	<u>\$ 1,387,008</u>	<u>\$ 1,099,000</u>	<u>\$ 5,573,894</u>

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

Discretely presented component unit activity for the Arts Council for the year ended June 30, 2010 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Equipment	\$ 19,027	\$ 2,499	\$ 592	\$ 20,934
Total capital assets being depreciated	<u>19,027</u>	<u>2,499</u>	<u>592</u>	<u>20,934</u>
Less accumulated depreciation for:				
Equipment	11,221	3,083	592	13,712
Total accumulated depreciation	<u>11,221</u>	<u>3,083</u>	<u>592</u>	<u>13,712</u>
Component unit capital assets, net	<u>\$ 7,806</u>	<u>\$ (584)</u>	<u>\$ 592</u>	<u>\$ 7,222</u>

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 \$4,214,298.

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, 2010 was not expected to be received within 60 days after year ended June 30, 2010, 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, 2010.

CITY OF TAYLORSVILLE  
Notes to Basic Financial Statements  
June 30, 2010

NOTE 6 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2010:

	June 30, 2009	Additions	Retirements	June 30, 2010	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable					
Revenue bonds	\$ 5,051,700	\$ -	\$ (191,700)	\$ 4,860,000	\$ 199,800
Plus: unamortized premiums	58,510	-	(3,250)	55,260	-
Total bonds payable	<u>5,110,210</u>	<u>-</u>	<u>(194,950)</u>	<u>4,915,260</u>	<u>199,800</u>
Capital leases	182,683	-	(124,412)	58,271	13,631
Total capital leases	<u>182,683</u>	<u>-</u>	<u>(124,412)</u>	<u>58,271</u>	<u>13,631</u>
Other liabilities					
Compensated absences	681,170	-	(27,432)	653,738	65,373
Total other liabilities	<u>681,170</u>	<u>-</u>	<u>(27,432)</u>	<u>653,738</u>	<u>65,373</u>
Total Governmental activities long-term liabilities	<u>\$ 5,974,063</u>	<u>\$ -</u>	<u>\$ (346,794)</u>	<u>\$ 5,627,269</u>	<u>\$ 278,804</u>
<b>Business-type Activities:</b>					
Bonds payable					
Revenue bonds	\$ 4,303,300	\$ -	\$ (163,300)	\$ 4,140,000	\$ 170,200
Plus: unamortized premiums	49,840	-	(2,768)	47,072	-
Total bonds payable	<u>4,353,140</u>	<u>-</u>	<u>(166,068)</u>	<u>4,187,072</u>	<u>170,200</u>
Capital leases	166,875	-	(37,968)	128,907	40,366
Total capital leases	<u>166,875</u>	<u>-</u>	<u>(37,968)</u>	<u>128,907</u>	<u>40,366</u>
Total Business-type activities long-term liabilities	<u>4,520,015</u>	<u>-</u>	<u>(204,036)</u>	<u>4,315,979</u>	<u>210,566</u>
Total Liabilities	<u>\$ 10,494,078</u>	<u>\$ -</u>	<u>\$ (550,830)</u>	<u>\$ 9,943,248</u>	<u>\$ 489,370</u>

NOTE 6 LONG-TERM DEBT (continued)

**Revenue Bonds**

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.

	\$ 9,000,000
	<u>\$ 9,000,000</u>
Total Revenue Bonds	<u>\$ 9,000,000</u>

**Capital Leases**

The City purchased a street sweeper in December 2008 for street sweeping using a capital lease which expires in 2012. \$ 128,907

In 2008 the City purchased a new van for the senior center using a lease which expires in 2013. 58,271

Total Capital Leases	<u>\$ 187,178</u>
----------------------	-------------------

CITY OF TAYLORSVILLE  
Notes to Basic Financial Statements  
June 30, 2010

NOTE 6 LONG-TERM DEBT (continued)

The annual debt service requirements to maturity, including principal and interest for the revenue bonds, as of June 30, 2010, are as follows:

Year Ending June 30, 2010	Revenue Bonds	
	Principal	Interest
2011	\$ 370,000	\$ 370,725
2012	400,000	355,325
2013	400,000	339,325
2014	415,000	323,025
2015	435,000	303,850
2016-2020	2,505,000	1,193,675
2021-2025	3,065,000	628,963
2026-2027	1,410,000	60,562
	<u>9,000,000</u>	<u>\$ 3,575,450</u>
Plus: unamortized premium	<u>102,332</u>	
Total	<u>\$ 9,102,332</u>	

The future minimum lease obligation and net present value of the capital leases as of June 30, 2010, are as follows:

Year ending June 30,	Totals
2011	\$ 64,731
2012	64,731
2013	64,731
2014	<u>16,224</u>
Total minium lease payments	210,417
Less: interest	<u>(23,239)</u>
Present value of minium lease payments	187,178
Amount due with in one year	<u>(53,997)</u>
Amount due after one year	<u>\$ 133,181</u>

NOTE 7 DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Taylorsville contributes to the Local Government Noncontributory Retirement System (Noncontributory System) and 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 and death benefits to plan members and beneficiaries in accordance with retirement statutes.

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, 11.660% to the Noncontributory 23.34% 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, 2010, 2009, and 2008 were; for the Noncontributory System, \$239,048, \$229,928 and \$209,731; for the Public Safety Noncontributory, \$553,287, \$528,973, and \$523,108 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 Utah 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 01, 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, 2010, 2009 and 2008, employee contributions to this plan were \$78,420, \$75,870 and \$69,237, 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 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, 2010, 2009 and 2008 were \$176,261, \$162,559 and \$162,989, respectively. In 2008 the City started a Roth IRA plan and contributions for the years ending June 30, 2010 and 2009, 2008 are \$16,700, \$9,505 and \$3,143, respectively. 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) and Public Works. The term of each of these contracts is one year or less

The City has contracted with West Valley City to provide Animal control services. During 2009 West Valley City built an animal shelter, The City has 18.3% interest in the shelter. The shelter was financed with bonds; which the City is obligated and liable to pay its portion.

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 on 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, 2010, there

were no outstanding unpaid claims for the City. Also, the City had no claim settlements during the three years ending June 30, 2010 which exceeded its insurance coverage. The City also has fidelity bond coverage with a private carrier.

**NOTE 12 RESERVED FUND BALANCES**

Reservations of fund balance represent amounts that are not appropriable and are 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 transfers among the funds for the year ended June 30, 2010 were as follows:

	<u>Out</u>	<u>In</u>
General Fund	\$ 400,421	\$ 12,000
Capital Projects Fund	-	925
Infrastructure Impact Fee Fund	-	387,496
	<u>\$ 400,421</u>	<u>\$ 400,421</u>

Transfers are made to meet the ongoing needs of the City to complete various projects.

**This Page Intentionally Left Blank**

## Supplemental Information

CITY OF TAYLORSVILLE  
 Combining Balance Sheet- Non-major Governmental Funds  
 June 30, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
	Park Impact	Buildings	Cemetery	
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 87,157</u>	<u>\$ -</u>	<u>\$ 10,837</u>	<u>\$ 97,994</u>
Total assets	<u><u>\$ 87,157</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,837</u></u>	<u><u>\$ 97,994</u></u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,325</u>	<u>\$ 3,325</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>3,325</u>	<u>3,325</u>
<b>FUND BALANCE</b>				
Unreserved:				
Undesignated	<u>87,157</u>	<u>-</u>	<u>7,512</u>	<u>94,669</u>
Total fund balance	<u>87,157</u>	<u>-</u>	<u>7,512</u>	<u>94,669</u>
Total liabilities and fund balances	<u><u>\$ 87,157</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,837</u></u>	<u><u>\$ 97,994</u></u>

CITY OF TAYLORSVILLE  
 Combining Statement of Revenues, Expenditures and Changes In Fund Balance  
 Non Major Governmental Funds  
 For The Fiscal Year Ended June 30, 2010

	Special Revenue	Capital Projects	Permanent	Total Nonmajor Governmental Funds
	Park Impact	Buildings	Cemetery	
<b>REVENUES</b>				
Impact fees	\$ 95,954	\$ 3,450	\$ -	\$ 99,404
Charges for services	-	-	57,646	57,646
Total revenues	95,954	3,450	57,646	157,050
<b>EXPENDITURES</b>				
Miscellaneous	6,093	-	50,134	56,227
Capital outlay	49,938	4,375	-	54,313
Total expenditures	56,031	4,375	50,134	110,540
Excess (deficiency) of revenues over (under) expenditures	39,923	(925)	7,512	46,510
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	925	-	925
Total other financing sources	-	925	-	925
Net change in fund balance	39,923	-	7,512	47,435
Fund balance, beginning of year	47,234	-	-	47,234
Fund balance, end of year	<u>\$ 87,157</u>	<u>\$ -</u>	<u>\$ 7,512</u>	<u>\$ 94,669</u>

CITY OF TAYLORSVILLE  
 Schedule of Revenues, Expenditures and Changes In Fund Balance  
 Parks Impact Special Revenue Fund -Budget and Actual-  
 For The Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b><u>REVENUES</u></b>				
Impact fees	\$ 20,000	\$ 90,000	\$ 95,954	\$ 5,954
Intergovernmental	-	85,000	-	(85,000)
Total revenues	<u>20,000</u>	<u>175,000</u>	<u>95,954</u>	<u>(79,046)</u>
<b><u>EXPENDITURES</u></b>				
Miscellaneous	-	20,000	6,093	13,907
Capital outlay	48,928	82,928	49,938	32,990
Total expenditures	<u>48,928</u>	<u>102,928</u>	<u>56,031</u>	<u>46,897</u>
Net change in fund balance	<u>\$ (28,928)</u>	<u>\$ 72,072</u>	39,923	<u>\$ (32,149)</u>
Fund balance at beginning of year			<u>47,234</u>	
Fund balance at end of year			<u>\$ 87,157</u>	

CITY OF TAYLORSVILLE  
 Schedule of Revenues, Expenditures and Changes In Fund Balance  
 Buildings Capital Projects Fund -Budget and Actual-  
 For The Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b><u>REVENUES</u></b>				
Impact fees	\$ 48,500	\$ 10,000	\$ 3,450	\$ (6,550)
Total revenues	48,500	10,000	3,450	(6,550)
<b><u>EXPENDITURES</u></b>				
Capital outlay	60,394	45,494	4,375	41,119
Total expenditures	60,394	45,494	4,375	41,119
Deficiency of revenues under expenditures	(11,894)	(35,494)	(925)	34,569
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	25,494	25,494	925	(24,569)
Total other financing sources	25,494	25,494	925	(24,569)
Net change in fund balance	<u>\$ 13,600</u>	<u>\$ (10,000)</u>	-	<u>\$ 10,000</u>
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ -</u>	

CITY OF TAYLORSVILLE  
 Schedule of Revenues, Expenditures and Changes In Fund Balance  
 Cemetery Fund -Budget and Actual-  
 For The Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b><u>REVENUES</u></b>				
Charges for services	\$ -	\$ 59,000	\$ 57,646	\$ (1,354)
Total revenues	-	59,000	57,646	(1,354)
<b><u>EXPENDITURES</u></b>				
Miscellaneous	-	53,885	50,134	3,751
Total expenditures	-	53,885	50,134	3,751
Excess of revenues over expenditures	-	5,115	7,512	2,397
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,115</u>	7,512	<u>\$ 2,397</u>
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ 7,512</u>	

## Statistical Section

CITY OF TAYLORSVILLE  
 Net Assets By Component  
 Last Eight Fiscal Years  
 Accrual Basis of Accounting  
 Amounts Expressed In Thousands

	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 152,275	\$ 150,727	\$ 151,204	\$ 149,286	\$ 159,299	\$ 157,622	\$ 158,288	\$ 179,651
Restricted	3,518	2,171	2,823	11,047	857	1,994	992	923
Unrestricted	2,993	3,089	3,264	2,938	1,728	3,824	4,254	3,767
<b>Total governmental activities net assets</b>	<b>158,786</b>	<b>155,987</b>	<b>157,291</b>	<b>163,271</b>	<b>161,884</b>	<b>163,440</b>	<b>163,534</b>	<b>184,341</b>
<b>Business type activities</b>								
Invested in capital assets, net of related debt	3,434	766	(24)	-	-	-	-	-
Restricted	730	3,483	4,392	-	-	-	-	-
Unrestricted	3,945	3,486	2,972	-	-	-	-	-
<b>Total business type activities</b>	<b>8,109</b>	<b>7,735</b>	<b>7,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Primary Government activities</b>								
Invested in capital assets, net of related debt	155,710	151,493	151,180	149,286	159,299	157,622	158,288	179,651
Restricted	4,248	5,654	7,215	11,047	857	1,994	992	923
Unrestricted	6,938	6,575	6,236	2,938	1,728	3,824	4,254	3,767
<b>Total Primary Government activities</b>	<b>166,896</b>	<b>163,722</b>	<b>164,631</b>	<b>163,271</b>	<b>161,884</b>	<b>163,440</b>	<b>163,534</b>	<b>184,341</b>

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

CITY OF TAYLORSVILLE  
Changes In Net Assets  
Last Eight Fiscal Years (1)  
(Amounts Expressed in Thousands)

	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>								
<b>Governmental activities</b>								
General government	\$ 2,755	\$ 2,813	\$ 2,500	\$ 1,899	\$ 1,414	\$ 2,065	\$ 1,771	\$ 1,752
Public safety	13,519	13,066	12,918	11,410	12,124	11,080	8,304	7,225
Highways and streets	4,563	4,755	5,083	5,470	3,075	2,947	5,242	4,885
Community development	1,726	1,867	1,616	1,586	1,497	1,597	1,004	1,197
Parks and recreation	-	466	102	245	64	47	250	161
Other	311	0	-	-	276	243	-	-
Interest on debt service	216	222	218	313	16	21	-	-
<b>Total governmental expenses</b>	<b>23,090</b>	<b>23,189</b>	<b>22,437</b>	<b>20,923</b>	<b>18,466</b>	<b>18,000</b>	<b>16,571</b>	<b>15,220</b>
<b>Business type expenses</b>								
Storm drain expenses	844	935	403	-	-	-	-	-
<b>Total business expenses</b>	<b>844</b>	<b>935</b>	<b>403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary governmental expenses</b>	<b>\$ 23,934</b>	<b>\$ 24,124</b>	<b>\$ 22,840</b>	<b>\$ 20,923</b>	<b>\$ 18,466</b>	<b>\$ 18,000</b>	<b>\$ 16,571</b>	<b>\$ 15,220</b>
<b>Program Revenues</b>								
<b>Governmental activities</b>								
<b>Charges for service</b>								
General government	\$ 104	\$ 68	\$ 2	\$ 9	\$ 262	\$ 221	\$ 23	\$ -
Public safety	2,437	1,565	1,517	2,033	-	-	1,402	1,175
Community development	664	880	734	978	236	178	860	791
Parks, recreation and public prop.	109	-	-	-	-	-	-	-
Operating grants and contributions	2,328	1,899	2,178	2,695	2,584	2,331	2,227	2,391
Capital grants and contributions	5,296	1,500	1,200	1,042	13	1,308	1,348	742
<b>Total governmental program revenues</b>	<b>10,938</b>	<b>5,912</b>	<b>5,631</b>	<b>6,757</b>	<b>3,095</b>	<b>4,038</b>	<b>5,860</b>	<b>5,099</b>
<b>Business type revenue</b>								
Storm drain revenue	1,201	1,257	1,146	-	-	-	-	-
<b>Total business revenue</b>	<b>1,201</b>	<b>1,257</b>	<b>1,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary governmental program revenues</b>	<b>12,139</b>	<b>7,169</b>	<b>6,777</b>	<b>6,757</b>	<b>3,095</b>	<b>4,038</b>	<b>5,860</b>	<b>5,099</b>
<b>Net (expenses)/ Revenue</b>								
<b>Total primary government net expense</b>	<b>\$ (11,795)</b>	<b>\$ (16,955)</b>	<b>\$ (16,063)</b>	<b>\$ (14,166)</b>	<b>\$ (15,371)</b>	<b>\$ (13,962)</b>	<b>\$ (10,711)</b>	<b>\$ (10,121)</b>
<b>General Revenues and Other Changes in Net Assets</b>								
<b>General revenues:</b>								
Property taxes	\$ 4,717	\$ 4,755	\$ 4,777	\$ 4,863	\$ 4,084	\$ 4,028	\$ 4,075	\$ 4,059
Sales taxes	8,717	7,377	8,440	8,353	-	-	-	-
Franchise taxes	3,391	3,588	3,633	1,646	-	-	-	-
Other taxes	-	-	-	-	7,466	6,701	6,543	6,359
Unrestricted investment earnings	81	189	366	452	148	121	67	118
Gain (loss) on sale of capital assets	21	4	(63)	(5)	33	880	101	146
Other revenues	41	59	35	244	2,415	2,198	80	29
Transfer	-	-	(6,360)	-	-	-	-	-
<b>Total primary government</b>	<b>14,968</b>	<b>15,972</b>	<b>10,828</b>	<b>15,553</b>	<b>14,146</b>	<b>13,928</b>	<b>10,866</b>	<b>10,711</b>
<b>Changes in Net Assets</b>								
Governmental activities	2,800	(1,304)	(5,980)	1,387	(1,556)	(34)	155	590
Business activities	374	396	7,340	-	-	-	-	-
Prior Period adjustment	-	-	-	-	-	-	(21,022)	(40)
<b>Net assets beginning</b>	<b>163,722</b>	<b>164,631</b>	<b>163,271</b>	<b>161,884</b>	<b>163,440</b>	<b>163,474</b>	<b>184,341</b>	<b>183,791</b>
<b>Net assets ending</b>	<b>\$ 166,896</b>	<b>\$ 163,723</b>	<b>\$ 164,631</b>	<b>\$ 163,271</b>	<b>\$ 161,884</b>	<b>\$ 163,440</b>	<b>\$ 163,474</b>	<b>\$ 184,341</b>

(1) Information is only presented for eight years, due to GASB 34 being applicable for only eight years

CITY OF TAYLORSVILLE  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Amounts Expressed In Thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General fund										
Reserved	\$ -	\$ -	\$ 1,723	10,253	-	-	20	-	-	-
Unreserved	<u>3,742</u>	<u>3,731</u>	<u>1,641</u>	<u>1,116</u>	<u>1,323</u>	<u>2,338</u>	<u>2,394</u>	<u>2,294</u>	<u>2,498</u>	<u>2,552</u>
Total general fund	<u>\$ 3,742</u>	<u>\$ 3,731</u>	<u>\$ 3,364</u>	<u>\$ 11,369</u>	<u>\$ 1,323</u>	<u>\$ 2,338</u>	<u>\$ 2,414</u>	<u>\$ 2,294</u>	<u>\$ 2,498</u>	<u>\$ 2,552</u>
All other governmental funds										
Reserved	\$ 3,518	\$ 2,172	\$ 2,823	791	857	1,198	972	823	602	608
Unreserved, reported in:										
Special revenue	-	47	571	2,341	174	2,113	1,838	1,553	2,218	3,266
Capital projects	87	-	-	11	231	170	21	20	3,128	1,324
Permanent	8									
Total all other governmental funds	<u>\$ 3,613</u>	<u>\$ 2,219</u>	<u>\$ 3,394</u>	<u>\$ 3,143</u>	<u>\$ 1,262</u>	<u>\$ 3,481</u>	<u>\$ 2,831</u>	<u>\$ 2,396</u>	<u>\$ 5,948</u>	<u>\$ 5,198</u>

CITY OF TAYLORSVILLE  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (Amounts Expressed in Thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Revenues</b>										
Taxes	\$ 14,825	\$ 15,721	\$ 16,850	\$ 14,862	\$ 11,550	\$ 10,729	\$ 10,618	\$ 10,443	\$ 11,082	\$ 10,244
Licenses and Permits	513	650	681	649	649	663	645	633	626	632
Intergovernmental	7,830	3,336	3,246	2,958	2,598	2,331	2,623	2,811	3,859	2,252
Charges for Services	431	376	267	396	262	221	283	158	150	119
Fines and Forfeitures	1,980	1,527	1,476	2,005	1,588	1,439	1,401	1,175	-	-
Interest Income	64	189	394	474	148	121	80	133	-	-
Impact Fees	99	23	60	215	236	178	398	241	310	272
Miscellaneous Revenue	41	59	34	244	171	30	61	69	1,433	1,625
Rental Income	-	-	-	6	6	66	-	-	-	-
<b>Total Revenues</b>	<b>25,783</b>	<b>21,881</b>	<b>22,908</b>	<b>21,809</b>	<b>17,208</b>	<b>15,778</b>	<b>16,109</b>	<b>15,663</b>	<b>17,460</b>	<b>15,144</b>
<b>Expenditures</b>										
General Government	2,035	2,043	2,006	1,467	1,631	1,393	1,331	1,470	3,249	2,252
Public Safety	13,017	12,528	11,835	10,737	9,764	8,969	8,188	7,107	6,642	5,131
Highways and Public Improvements	2,102	2,388	2,518	2,665	2,476	2,386	2,466	2,095	1,950	1,867
Community and Economic Development	1,667	1,845	1,547	1,565	1,206	1,293	991	1,044	987	863
Parks, Recreation, and Public Property	149	77	47	71	51	38	36	20	25	168
Non-Departmental	443	507	294	254	222	196	223	530	-	-
Capital outlay	4,525	2,792	4,808	2,524	5,186	3,168	2,419	7,456	3,911	6,235
Debt service:										
Principal	316	357	515	342	-	-	-	-	-	173
Interest	217	228	248	229	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>24,471</b>	<b>22,765</b>	<b>23,818</b>	<b>19,854</b>	<b>20,536</b>	<b>17,443</b>	<b>15,654</b>	<b>19,762</b>	<b>16,764</b>	<b>16,689</b>
Excess of Revenues over (under) Expenditures	1,312	(884)	(910)	1,955	(3,328)	(1,665)	455	(4,099)	696	(1,545)
<b>Other financing sources (uses)</b>										
Transfers in	400	474	(6,933)	3,050	1,870	2,192	2,167	4,879	4,031	4,771
Transfer out	(400)	(474)	(6,933)	(3,050)	(1,870)	(2,192)	(2,167)	(4,879)	(4,031)	(4,771)
Prior Period Adjustments								(40)	-	-
Proceeds on the Sale of Assets	92	5	88	27	33	880	101	382	-	-
Proceeds of Issuance of Debt	-	71	-	9,944	-	1,308	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>92</b>	<b>76</b>	<b>(6,845)</b>	<b>9,971</b>	<b>33</b>	<b>2,188</b>	<b>101</b>	<b>342</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>1,405</b>	<b>(\$808)</b>	<b>(\$7,755)</b>	<b>\$11,926</b>	<b>(3,295)</b>	<b>523</b>	<b>556</b>	<b>(3,757)</b>	<b>696</b>	<b>(1,545)</b>
Debt service as a percentage of noncapital expenditures	2.7%	2.9%	4.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%

Source: City of Taylorville Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds 2001-2010

CITY OF TAYLORSVILLE  
 Assessed and Estimated Actual Value Taxable Property  
 Last Ten Years  
 (Amounts Expressed In Thousands)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assed Value to Total Est. Actual Value
	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	
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	\$2,632,094	\$4,211,350	\$135,418	\$135,418	\$2,767,512	\$4,346,768	63.67%
2009	\$2,353,900	\$3,766,240	\$154,522	\$154,522	\$2,508,422	\$3,920,762	63.98%
2010	\$2,298,769	\$3,678,030	\$154,938	\$154,938	\$2,453,707	\$3,832,968	64.02%

Source: Information was taken from "Bond Certificate 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 Years

Fiscal Year	Taylorsville City	Salt Lake County	So. Salt Lake County		Jordan Valley		Central Utah Conservancy District	Other District Range(1)		Total Tax Rate Range (2)	
			Mosquito Abatement	Water Conservancy District	Mosquito Abatement	Water Conservancy District		Low	High	Low	High
2001	1.762	3.871	0.013	0.404	0.377	7.273	9.275	12.983	14.706		
2002	1.936	3.500	0.012	0.400	0.369	6.932	9.032	13.219	14.787		
2003	1.895	3.789	0.014	0.400	0.358	6.711	8.648	13.011	14.537		
2004	1.932	3.683	0.017	0.392	0.358	6.666	8.550	13.098	14.872		
2005	1.881	3.427	0.034	0.397	0.400	6.950	9.082	14.472	16.282		
2006	1.801	3.378	0.030	0.400	0.357	8.383	10.593	13.069	15.722		
2007	1.858	2.988	0.027	0.352	0.302	7.544	10.554	10.651	12.620		
2008	1.554	2.301	0.023	0.400	0.286	5.767	8.038	10.234	10.573		
2009	1.514	1.934	0.022	0.384	0.029	6.054	6.679	9.933	11.809		
2010	1.690	2.278	0.025	0.040	0.040	6.047	7.955	10.120	4.033		

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 (0.006047), taylorsville Bennion Imp. Dist.(0.000158), Graniger-Hunter Imp. Dist.(0.000662), Kearns Imp. Dist.(0.000737), and Jordan School District(0.005980) and Jordan/Canyon debt(.001400). 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 range within: which, all the property tax rates in the City of Taylorsville will fall

CITY OF TAYLORSVILLE  
Principal Property Taxpayers  
June 30, 2010  
(Per \$1,000 of Assessed Value)

TAX YEAR.  Taxpayer	2010			2009		
	Taxable Assessed Value	Rank-2010	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank-2009	% of Total Taxable Assessed Value
Hermes Associates, LTD	\$ 44,561	1	1.75%	\$ 46,662	1	1.66%
Inland Western Taylorsville	\$ 36,322	2	1.42%	\$ 38,542	2	1.37%
Arden Realty Limited	\$ 33,561	3	1.31%	\$ 35,137	3	1.25%
Fairstone Cascade LLC	\$ 21,112	4	0.83%	\$ 23,393	5	0.83%
Wal-Mart Real Estate	\$ 18,368	5	0.72%	\$ 19,133	8	0.68%
Hermes Associates LTD	\$ 18,108	6	0.71%	\$ 21,126	6	0.75%
Summerwood Associates	\$ 18,026	7	0.71%	\$ 23,567	4	0.84%
PCCP JSP Fairway LLC	\$ 18,026	8	0.71%	\$ 20,291	7	0.72%
ICU Medical Inc.	\$ 13,794	9	0.54%	\$ 13,179	11	0.47%
BC-GFS Settler's Point	\$ 13,615	10	0.53%	\$ 15,263	9	0.54%
Rural Enterprises	\$ 13,156	11	0.52%	\$ 12,394	13	0.44%
DDR Family Centers LP	\$ 12,214	12	0.48%	\$ 12,719	12	0.45%
Mikami Brothers	\$ 12,076	13	0.47%	\$ 13,798	10	0.49%
The Mark Twain Limited	\$ 10,984	14	0.43%	\$ 12,341	14	0.44%
SRP Building IX, LLC	\$ 10,948	15	0.43%	\$ 11,819	15	0.42%
	<u>\$ 294,871</u>		<u>11.55%</u>	<u>\$ 319,364</u>		<u>11.36%</u>

CITY OF TAYLORSVILLE  
 Property Tax Levies and Collections  
 June 30, 2010  
 (Per \$1,000 of Assessed Value)

Fiscal Year	Total Tax Levy	Current Tax Collected	Percent of Taxes Collected	Delinquent Tax Collected	Total Tax Collected	Collected as a Percentage of Current Levy
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	\$ 4,120,204	96.79%	\$ 82,887	\$ 4,203,091	98.74%
2009	\$ 4,288,492	\$ 4,166,095	97.15%	\$ 85,045	\$ 4,251,140	99.13%
2010	\$ 4,274,369	\$ 4,131,283	96.65%	\$ 77,490	\$ 4,208,773	98.47%

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 (000's)	Notes Payable	Bonds	Percentage of Personal Income	Per Capita
2001	-	-	-	0.00%	\$ 25.62
2002	-	-	-	0.00%	\$ 27.67
2003	-	-	-	0.00%	\$ 28.92
2004	-	-	-	0.00%	\$ 29.35
2005	1,308	-	-	0.07%	\$ 29.84
2006	977	-	-	0.05%	\$ 31.37
2007	635	-	10,000	0.52%	\$ 32.98
2008	282	-	9,700	0.46%	\$ 34.93
2009	350	-	9,355	0.44%	\$ 35.69
2010	186	-	9,000	0.41%	\$ 35.98

CITY OF TAYLORSVILLE  
 Computation of Direct And Overlapping Bonded Debt-  
 General Obligation Bonds  
 June 30, 2010

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:	\$ 3,334,269,960	2.10%	\$ 69,949,008
Salt Lake County:	267,550,000	5.85%	15,660,837
			<u>\$ 85,609,845</u>

CITY OF TAYLORSVILLE  
 Legal Debt Margin Information  
 Last Ten Years  
 (Amounts Expressed In Thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit	102,112	112,474	108,886	89,606	79,147	75,358	73,456	73,675	71,199	66,178
Total net debt applicable to limit	\$ 9,000	\$ 9,355	\$ 9,700	\$ 10,000						
Legal debt margin	93,112	103,119	99,186	79,606	79,147	75,358	73,456	73,675	71,199	66,178
Total net debt applicable to the limit as a percentage of debt limit	10%	9%	10%	13%	0.00%					

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	2,552,788	2,811,852	2,722,154	2,240,142	1,978,687
Add back: Exempt real property					
Total assessed value	2,552,788	2,811,852	2,722,154	2,240,142	1,978,687
Debt limit (4% of total assets, value)	\$ 102,112	\$ 112,474	\$ 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	102,112	112,474	108,886	89,606	79,147
Total debt margin					

CITY OF TAYLORSVILLE  
 Demographic Statistics And Economic Statistics  
 Last Ten 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)
1997	56,859	10.7	437	17,467	120,487	2,119	2.70%
1998	57,992	10.7	231	17,698	178,277	3,074	2.80%
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%
2009	61,835	10.7	29	20,717	481,200	7,782	5.70%
2010	61,840	10.7	14	20,730	481,800	7,791	7.20%

Source: 1) The City of Taylorsville, Community Development Department  
 2) Utah State Tax Commission  
 3) The Utah Department of Employment Security, Economics Department(June)  
 n/a - data not available at this time.

CITY OF TAYLORSVILLE  
 General Governmental Tax Revenue By Source  
 Last Ten Years

<u>FY</u>	<u>General Property Tax</u>	<u>General Sale and Use Tax</u>	<u>Franchise Taxes</u>	<u>Total Tax Revenue</u>
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
2009	\$ 4,755,101	\$ 7,377,454	\$ 3,588,153	\$ 15,720,708
2010	\$ 4,717,352	\$ 6,716,524	\$ 3,391,262	\$ 14,825,138

CITY OF TAYLORSVILLE  
 Principal Employers  
 June 30, 2010

Company	Number of Employees
Salt Lake Community College	1800
American Express	1700
Convergys (3)	1500
ICU Medical	904
Granite School District	858
UDOT	450
Wal-Mart	309
Utah Dept. of Public Safety	270
Sorenson (2)	238
Harmons (Taylorsville)	207
G E Capital Financial	182
Nelson Laboratories, Inc.	166
Intermountain Healthcare (6)	163
RC Willey Home Furnishings	132
AT&T Wireless Services	124
Old Spaghetti Factory of Utah	110
Albertsons Food Center (2)	196
Utah State Offices (6)	141
IHC Taylorsville Health Center	94
K Mart	87
Heritage Bennion Care Center	86
Shopko Stores, Inc.	86
Texas Roadhouse	86
Ream's	84
Dept. of WorkForce Services	82
DataChem Laboratories	78
24 Hour Fitness USA, Inc.	77
Applebee's Neighborhood Grill	70
Jo-Ann	65
ITT Technical Institute	60

CITY OF TAYLORSVILLE  
 Miscellaneous Statistics  
 June 30, 2010

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	34,902

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.

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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

## 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

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

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

*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

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

We have audited the basic financial statements of the City of Taylorsville, Utah (the City), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2010. 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.

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

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

Compliance and Other Matters As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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.

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.*

November 15, 2010

# 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  
Aaron R. Hixson, CPA  
Ted C. Gardiner, CPA  
Jeffrey B. Miles, CPA

*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of the City of Taylorsville, Utah (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of management, the City Council 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.*

November 15, 2010

**CITY OF TAYLORSVILLE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
Pass Through State of Utah:			
Victims of Crime Act (VOCA)	16.575	09VOCA59	\$ 31,040
Sexual Assault Felony Enforcement (SAFE)	16.580	2008-DD-BX-0063	<u>4,103</u>
Total pass through State of Utah			<u>35,143</u>
Pass Through Salt Lake City:			
<b>Byrne - Justice Assistance Grant (JAG) -ARRA</b>	16.804	2009-SB-B9-1411	170,608
Byrne - Justice Assistance Grant (JAG)	16.738	2009-DJ-BX-0246	<u>26,728</u>
Total pass through Salt Lake City			<u>197,336</u>
Total U.S. Department of Justice			<u>232,479</u>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Programs:			
Community Development Block Grant	14.218	B-06-MC-49-0009	35,640
Community Development Block Grant	14.218	B-07-MC-49-0009	33,655
Community Development Block Grant	14.218	B-08-MC-49-0009	56,446
Community Development Block Grant	14.218	B-09-MC-49-0009	225,777
<b>Community Development Block Grant (CDBG-R) - ARRA</b>	14.253	B-09-MY-49-0009	<u>99,705</u>
Total direct programs			<u>451,223</u>
Pass Through Salt Lake County:			
Home Investment Partnerships Program (First-time Home Buyers)	14.239	BV06109C	22,220
Home Investment Partnerships Program (Home Rehab)	14.239	BV06109C	<u>39,570</u>
Total pass through Salt Lake County			<u>61,790</u>
Total U.S. Department of Housing and Urban Development			<u>513,013</u>
<b>U.S. Department of Energy</b>			
Direct Program:			
<b>Energy Efficiency Block Grant (EECBG) - ARRA</b>	81.128	DE-SC0003188	<u>53,400</u>
Total U.S. Department of Energy			<u>53,400</u>
<b>U.S. Department of Homeland Security</b>			
Pass Through State of Utah:			
FEMA Emergency Management Performance	97.042	EMPG-2009-HLS-24	<u>9,026</u>
Total U.S. Department of Homeland Security			<u>9,026</u>
Total Federal Expenditures			<u><u>\$807,918</u></u>

**CITY OF TAYLORSVILLE, UTAH**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2010**

The following are the notes to the supplementary schedule of expenditures of federal awards:

- General - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Taylorsville, Utah (the City). The City is defined in note 1 to the basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.
- Basis of Accounting - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting for expenditures in governmental fund types, which is described in note 1 to the City's basic financial statements.
- Relationship to Basic Financial Statements - Federal financial assistance expenditures can not be directly reconciled to the basic financial statements. Intergovernmental revenues include federal revenues for governmental fund types.

**CITY OF TAYLORSVILLE, UTAH**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2010**

**A. SUMMARY OF AUDITORS' RESULTS**

Type of report issued on the financial statements:	An unqualified opinion was issued on the financial statements of the City.
Reportable conditions in internal control:	None
Noncompliance:	No instances of noncompliance were found which were material to the financial statements of the City.
Type of report issued on compliance for major programs.	An unqualified opinion was issued on compliance for the major program.
Audit findings:	There are no audit findings required to be reported under OMB Circular A-133 or <i>Government Auditing Standards</i> .
Major Programs:	Major programs includes: Community Development Block Grant CFDA #14.218 Community Development Block Grant (CDBG -R) - ARRA CFDA #14.253 Edward Byrne Memorial Justice Assistance (JAG) - ARRA CFDA #16.804 Home Investment Partnership Program CFDA #14.239 Energy Efficiency Block Grant - ARRA CFDA #81.128
Dollar threshold - type A and type B programs:	\$300,000
Qualification of auditee:	The City was considered a high risk auditee under OMB Circular A-133

**B. FINDINGS RELATING TO FINANCIAL STATEMENTS**

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

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

# 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  
Aaron R. Hixson, CPA  
Ted C. Gardiner, CPA  
Jeffrey B. Miles, CPA

*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

## 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 the City of Taylorsville, Utah (the City), for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2010. 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, 2010. 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	B & C Road Funds
Budgetary Compliance	Other Compliance Requirements
Truth in Taxation and Property	Impact Fees
Tax Limitation	Uniform Building Code Standards
Liquor Law Enforcement	Purchasing Requirements
Public Debt	Asset Forfeiture
Justice Courts	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 no instances of noncompliance with the requirements referred to above.

In our opinion, the 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, 2010.

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

November 15, 2010