



Comprehensive Annual Financial Report



Year Ended June 30, 2013

CITY OF TAYLORSVILLE

Taylorsville, Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by:

John Inch Morgan, MBA

City Administrator / City Treasurer

Scott P. Harrington

Chief Financial Officer

CITY OF TAYLORSVILLE
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13 November 2013

Honorable Jerry W. Rechtenbach, Mayor
Dama Barbour, Taylorsville City Council Chair
Kristie Overson, Taylorsville City Council Vice-Chair
Ernest Burgess, Taylorsville City Councilmember
Brad Christopherson, Taylorsville City Councilmember
Larry Johnson, Taylorsville City Councilmember

Dear Elected Official, Citizens and Interested Parties,

Following several years of a cautious recovery from what many have termed the Great Recession, the City of Taylorsville's fiscal budget completed on 30 June 2013 realized improvements to revenues which has helped the City in funding and providing quality municipal services. Unlike most earlier recessions since World War II, where the average downturn lasted 10 months and saw a relatively quick upturn in economic activity, the recovery from the economic downturn that officially began in December 2007 and ended in June 2009, lasted 18 months, with economic activity since June 2009 performing sluggishly and labored. All forth-coming information, however, through the 2012-2013 fiscal budget year provides substantial evidence that the City of Taylorsville's financial position has and will continue to improve.

With this letter, we hereby present and transmit *The Comprehensive Annual Financial Report (CAFR)* of The City of Taylorsville for the fiscal year ended June 30, 2013. 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, 2012 and ended June 30, 2013.

The City's Administrative staff has prepared this CAFR with assistance from accounting, auditing and financial professionals under contract with the City. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the City. To the best of our knowledge and belief, the information in this document is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds of the City.

Organization of the CAFR

The documents assembled in this report 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, 2013. 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.

There are four sections of this report, the Introduction, the Financial Section, the Statistical section and the Compliance section.

1. **The Introductory Section** is a narrative abstract of the financial statements.
2. **The Financial Section** includes:
 - 2.1 The Independent Auditors' Report;
 - 2.2 Management's Discussion and Analysis, and the;
 - 2.3 Basic Financial Statements (BFS).

The BFS provide 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 Independent Auditors Report is written and submitted by the Accounting firm of Hansen, Bradshaw, Malmrose and Erickson, P.C., after a review and testing of the City's accounting and financial management practices. The Auditors report measures these practices with Generally Accepted Accounting Practices (GAAP) and those issued by the Government Accounting Standards Board (GASB). The audit report is used to provide reasonable assurance that the financial statements of the City of Taylorville are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; evaluating the significant estimates made by management; assessing the accounting principles used; and evaluating the overall financial statement presented by the City in this Comprehensive Annual Financial Report.

3. **The Statistical Section** includes information that is unaudited and provides both financial and general information about the City that is 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. This information is designated as follows:
 - 3.1. Notes to the financial statements, and
 - 3.2. Supplemental statements and schedules.
4. **The Compliance Section** includes reports that are required to comply with the Government Auditing Standards and Utah State financial accounting and reporting statutes and administrative rules.

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 contracts with private firms, with other governmental agencies and through the direct employment of City employees. These services include law enforcement by interlocal agreement with the Unified Police Department of Salt lake; municipal court services; fire protection and emergency medical services through an interlocal agreement 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 that took place in 2001 and added 1,366 residents to the census number in 2001.

The estimated population as of June 30, 2013 is estimated to be 62,048, an approximate 4.9 percent increase since 2000. The median age of Taylorsville residents is 31.4 years with 30.5 percent of the population under 18 years of age. The median household income in is \$54,670. 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. The U.S Census Bureau lists per capita income over the last twelve months as \$22,399, and the median household income as \$57,587.

ECONOMIC CONDITION AND OUTLOOK

The City of Taylorsville, the State of Utah and our nation continues to weather a challenging economic environment. In the depth of the 2007 recession, municipal tax revenue (primarily sales tax) decreased by \$1,966,240 from the previous high mark in 2007-2008. Throughout the economic downturn, citizens and city employees sacrificed by reducing city expenditures, resulting in services such as road and infrastructure maintenance, snow plowing. City employees did not receive pay-for-performance compensation over the past four years while at the same time they paid for a larger percentage of their health care benefits, and took on additional tasks due to reductions in employment allocations. Despite the economic slowdown in retail sales, the City has continued to enjoy business construction and new business development opportunities including:

- The expansion of a large medical device manufacturing firm (ICU Medical) and a medical testing facility (Nelson Labs) in Taylorsville. These expanded facilities will provide new jobs estimated to be more than 300 over the next two years.
- The redevelopment and opening of several new restaurants and retail stores along the Redwood Road and 5400 South corridors.
- Residential development has started to increase this past year with an Ivory neighborhood just being completed at 5400 South and 2700 West; and a new Ivory subdivision being started at 4800 S Sunstone Road.

The City received 31 percent of its general fund revenue from sales taxes, and 23 percent from real property, personal property and motor vehicle taxes.

MAJOR INITIATIVES

Of significant importance is the need for the City to invest in the maintenance of streets, storm drains, parks and government buildings such as fire stations where maintenance has been deferred in order to reduce expenditures in the face of the recession. The City Council began the restoration of funding dedicated to these initiatives, as well as approving funding directed toward economic development activities.

Looking forward, the Mayor and the City Council has set challenging goals for our future. Strategic planning processes have reset the vision for the City of Taylorsville for the next ten years, and believe that these goals and objectives will be achieved with aggressive economic development activities with our business partners, continued government efficiencies, and strict adherence to fiscal discipline. The City is well positioned to meet our economic growth goals with its ideal location, educated population, and our business and government partnerships.

Major initiatives and projects include significant road and storm drain projects throughout the City totaling more than \$11M that will span the 2009-2014 fiscal years. The City has completed the planning and design of the Redwood Road Business District Phase II and III, and has entered into agreements with the State, Utah Transit Authority, Salt Lake County and Murray City to create a mass transit corridor running primarily along 4700 South from the Murray Trax line to the Salt Lake Community College. The route will provide transit opportunities to many of Taylorsville's major employers including those who work in the Sorenson Research Park, ICU Medical, Convergys and as well as many others.

FINANCIAL INFORMATION

As a government entity, the City of Taylorsville maintains financial internal accounting control through separate funds, rather than as a single accounting 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 Intergovernmental Fund, the Capital Projects Fund, the Storm Water Fund, and the City Cemetery Fund. Each fund 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 funds, and requires department expenditures to conform to departmental appropriation. Finally, the law recognizes declared emergencies (natural disasters) as the only circumstance where individual fund appropriations may be overspent.

Guiding Financial Principles

The Mayor and the City Council craft the City of Taylorsville's annual budget after soliciting input from residents, businesses and other stakeholders and establishing long-term goals, objectives, initiatives and projects. The budget and management of the finances of the City is based upon the following guiding principals:

1. The City of Taylorsville exists only to serve the needs of its citizens and businesses within out City. By constantly involving citizens and property owners in the planning processes, city leaders learn of the changing short-term and long-term needs and the vision of our constituents. Since these needs are continuing and changing, the city will consistently receive citizen feedback based on current and long-term needs.
2. The City of Taylorsville will balance all budgets annually, in accordance with the requirements of Utah law, which states the following:
 - a. The total of the anticipated revenues shall equal the total of appropriated expenditures (Section 10-6-110, U.C.A.).
 - b. The governing body of any city may not make any appropriation in the final budget of any fund in excess of the estimated expendable revenue for the budget period of the fund (Section 10-6-117, U.C.A.).
3. The City of Taylorsville will budget to allow for a reasonable surplus (fund balance) in anticipation of emergency needs unknown opportunities.
4. The City of Taylorsville will continue to follow the historic trend of providing conservative government, seeking non-traditional service delivery alternatives to provide effective, efficient and economical municipal services.
5. The City of Taylorsville will strive for economy, efficiency, and effectiveness in providing basic municipal services. The cost of providing municipal services should not cost more than similar private industry services.
6. The City of Taylorsville creates its budget with consideration for generational fairness. To this end, it is our belief that each generation of taxpayers should pay its fair share of the long-range cost of these city services.
7. The City of Taylorsville will strive to finance services rendered to the general public from revenues imposed on the general public using the statutorily authorized taxes and fees including but not limited to property, sales taxes and fees for services. User fees, impact fees, license and permit fees and/or special assessments will be used to finance special services rendered to specific groups of citizens.

GENERAL FUND -- General fund revenues totaled \$22,247,506 in the fiscal year ending June 30, 2013. Property Taxes, Motor Vehicle Taxes, and General Sales Taxes constitute the major sources of revenue. All tax categories in aggregate generated 76 percent of general fund revenue. The following schedule is a summary of the general fund revenues and other financing sources for the 2012-2013 fiscal year.

The unreserved General Fund Balance for the year is \$3,692,733, which is equivalent to 60.7 calendar days of operation expenditures should the City need to use these funds in an emergency. The fund balance represents about 15 percent of General Fund revenue.

DEBT ADMINISTRATION – In this accounting period the City managed total debt in the amount of \$9,345,528 in the form of Sales Tax Revenue Bonds for Storm Drain and Road infrastructure improvements and Municipal Equipment Capital Leases \$45,626 for public works equipment. Short-term debt, debt due in less than one year, payable during the 2013-2014 fiscal year totaled \$497,213.

CASH MANAGEMENT – All available cash in excess of determined operational needs is invested in compliance 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. Interest earnings for total government funds for the fiscal year 2012-2013 was \$69,936.

RISK MANAGEMENT -- The City participated in the Utah Local Government Trust for general liability coverage in the 2012-2013 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 – We 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. We express my sincere appreciation for their contributions to the citizens of our great city and to this report.

Respectfully,

John Inch Morgan, MBA
City Administrator/City Treasurer

Scott P. Harrington
Chief Financial Officer

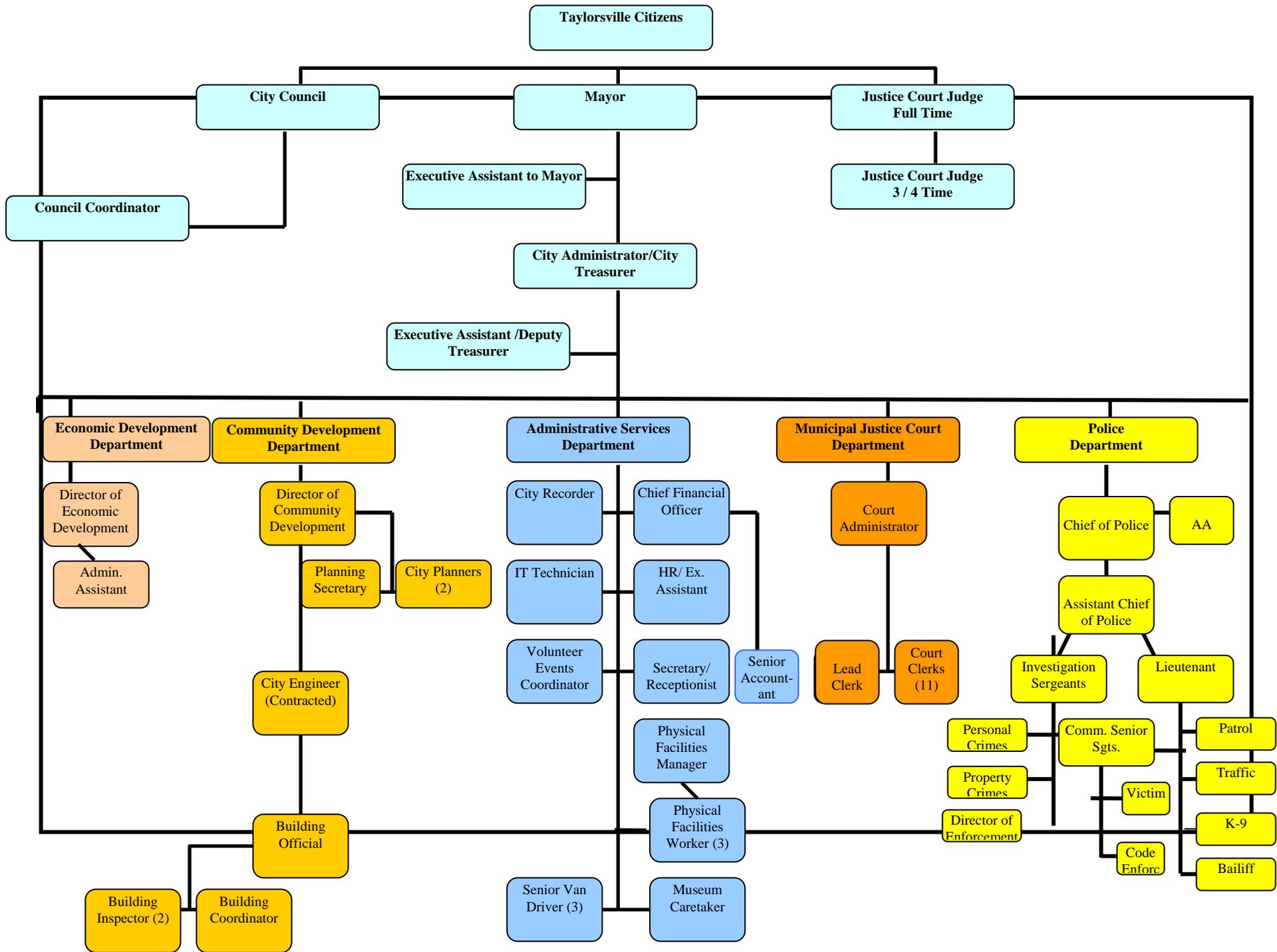
Elected Officials

Mayor	Jerry W. Rechtenbach
Council Chairman	Dama Barbour
Council Vice Chairman	Kristie S. Overson
Council Member	Larry Johnson
Council Member	Ernest Burgess
Council Member	Brad Christopherson

Appointed Officials

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

¹ 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.



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*

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylorsville, Utah ("the City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison information, combining component unit financial statements, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison information, and combining component unit financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States

of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hansen, Bradshaw, Malmrose & Erickson, P.C.
November 12, 2013

Management's Discussion and Analysis for fiscal year 2012-2013

The following discussion and analysis of the City of Taylorsville's financial performance provides a narrative overview and analysis of its financial activities for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information we have provided in our letter of transmittal, which can be found on pages i-vi of this 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 presents the reader with a broad overview of the financial condition of the City for the fiscal period.

Financial Highlights

- Primary Government total assets exceeded total liabilities at the close of 2013 by \$165,818,864 (net position). Of this amount, \$155,724,371 was invested in capital assets; \$1,927,489 was restricted for debt service, and other purposes; and \$8,167,004 was unrestricted and available for meeting the City's emergency and unexpected obligations. The City's governmental activities have unrestricted net position of 4,193,477. The City's business-type activities have unrestricted net position of \$3,973,527.
- The City's total net position decreased by \$88,289 in 2013. Net position of the governmental activities decreased by \$308,018 in 2013 compared to a net increase of \$143,423 in 2012 ending net position. The City's net position of the business-type activities increased by \$219,729 in 2013 compared to a net increase of \$208,930 in 2012.
- As of the close of 2013, the City's governmental funds reported combined ending fund balances of \$6,868,189. The restricted and assigned portion of the fund balances is \$3,269,401.
- At the end of 2013, the unrestricted fund balance for the General Fund was \$3,598,788 or 16.2% of total General Fund revenue.
- The City's total bonded indebtedness increased by \$474,000 during the current year. The increase is a result of economic development projects.
- The City's governmental component units reported net position of \$215,280 at June 30, 2013 that was an increase of \$30,430 from 2012.
- The City's business-type activities reported net position of \$8,881,672 as of the end of June 30, 2013 that was a \$219,729 increase from 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities); from other functions that are intended to recover all or a significant portion of their costs through user fees or other charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community services, and debt service. The business-type activities of the City include cemetery, storm water management and economic development.

The government-wide financial statements include not only the City itself (known as the primary government), but also the following legally separate entities for which the City is financially accountable:

- Redevelopment Agency
- Taylorsville Arts Council
- Taylorsville Dayzz

Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are summarized with the following charts and graphs.

CITY OF TYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2013

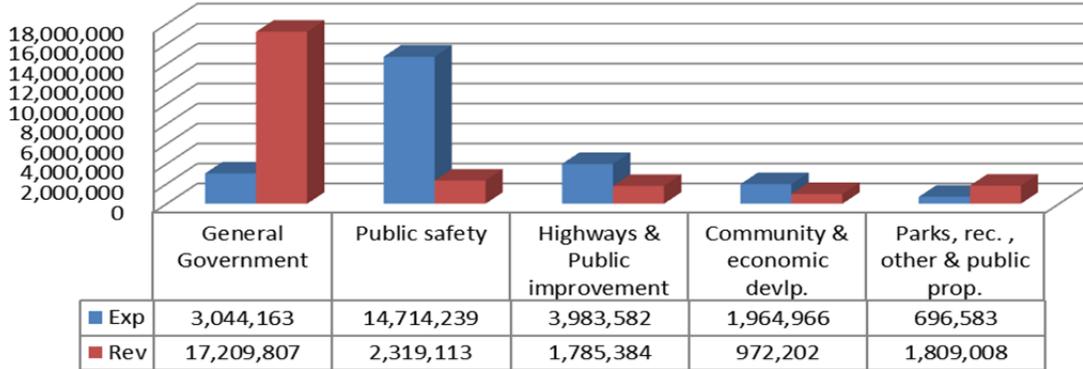
CITY OF TAYLORSVILLE'S NET POSITION

	Governmental Activities June 30, 2013	Governmental Activities June 30, 2012	Business Type Activities June 30, 2013	Business Type Activities June 30, 2012	Totals June 30, 2013	Totals June 30, 2012
Current and other assets	\$ 16,163,904	\$ 13,303,395	\$ 4,641,482	\$ 4,504,727	\$ 20,805,386	\$ 17,808,122
Capital assets	155,862,845	156,859,682	8,088,325	8,165,394	163,951,170	165,025,076
Total Assets	<u>172,026,749</u>	<u>170,163,077</u>	<u>12,729,807</u>	<u>12,670,121</u>	<u>184,756,556</u>	<u>182,833,198</u>
Long-term debt outstanding	5,754,795	5,258,104	3,640,565	3,872,960	9,395,360	9,131,064
Other liabilities	9,334,762	7,659,763	207,570	135,218	9,542,332	7,794,981
Total Liabilities	<u>15,089,557</u>	<u>12,917,867</u>	<u>3,848,135</u>	<u>4,008,178</u>	<u>18,937,692</u>	<u>16,926,045</u>
Net assets:						
Invested in capital assets, net of debt	150,816,226	151,612,671	4,908,145	4,661,974	155,724,371	156,274,645
Restricted	1,927,489	710,525	-	0	1,927,489	710,525
Unrestricted	4,193,477	4,922,014	3,973,527	3,999,969	8,167,004	8,921,983
Total Net Position	<u>\$ 156,937,192</u>	<u>\$ 157,245,210</u>	<u>\$ 8,881,672</u>	<u>\$ 8,661,943</u>	<u>\$ 165,818,864</u>	<u>\$ 165,907,153</u>

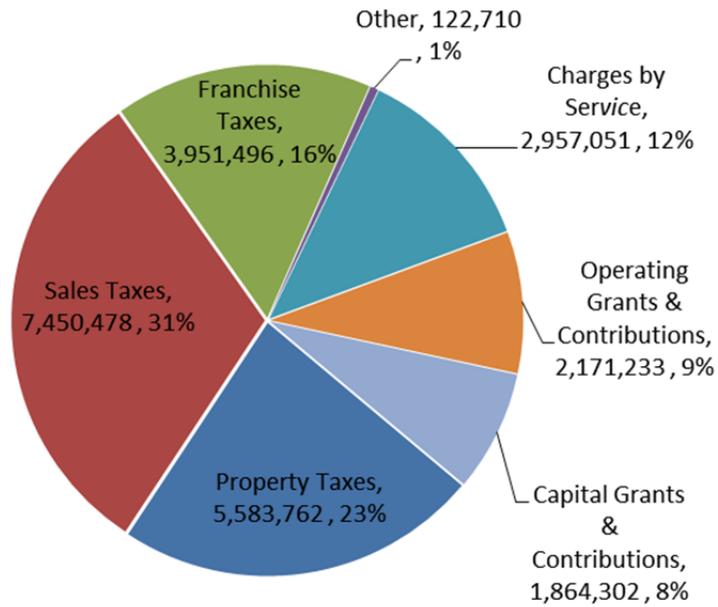
CITY OF TAYLORSVILLE'S CHANGES IN NET POSITION

	Governmental Activities June 30, 2013	Governmental Activities June 30, 2012	Business Activities June 30, 2013	Business Activities June 30, 2012	Total June 30, 2013	Total June 30, 2012
Revenues						
Program revenues:						
Charges for services	\$ 2,949,476	\$ 3,568,987	\$ 1,155,151	\$ 1,177,458	\$ 4,104,627	\$ 4,746,445
Operating grants and contributions	2,171,233	2,254,658	-	-	2,171,233	2,254,658
Capital grants and contributions	1,864,302	956,903	-	34,694	1,864,302	991,597
General revenues:						
Property taxes	5,583,762	4,727,535	-	-	5,583,762	4,727,535
Other taxes	11,401,974	10,924,608	-	-	11,401,974	10,924,608
Other revenues	124,767	557,582	2,373	5,266	127,140	562,848
Special Item	0	322,083	-	-	-	322,083
Total revenue	<u>24,095,514</u>	<u>23,312,356</u>	<u>1,157,524</u>	<u>1,217,418</u>	<u>25,253,038</u>	<u>24,529,774</u>
Program expenses:						
General government	3,044,163	2,730,107	937,795	1,008,488	3,981,958	3,738,595
Public safety	14,714,239	14,561,260	-	-	14,714,239	14,561,260
Highway and public improvements	3,983,582	4,544,190	-	-	3,983,582	4,544,190
Community and economic development	1,964,965	1,771,002	-	-	1,964,965	1,771,002
Parks and public property	442,595	373,821	-	-	442,595	373,821
Interest on long term debt	253,988	210,498	-	-	253,988	210,498
Total expenses	<u>24,403,532</u>	<u>24,190,878</u>	<u>937,795</u>	<u>1,008,488</u>	<u>25,341,327</u>	<u>25,199,366</u>
Increase (decrease) in net position	(308,018)	(878,522)	219,729	208,930	(88,289)	(669,592)
Net Position Beginning of Year	157,245,210	158,123,732	8,661,943	8,453,013	165,907,153	166,576,745
Net Position End of year	<u>\$ 156,937,192</u>	<u>\$ 157,245,210</u>	<u>\$ 8,881,672</u>	<u>\$ 8,661,943</u>	<u>\$ 165,818,864</u>	<u>\$ 165,907,153</u>

Expenses and Program Revenue FY 2013



Revenues by Source Governmental Activities Fy 2013



Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects- Infrastructure, Capital Projects- Building, Park-Impact and the Economic Development Fund. The basic governmental fund financial statements can be found on pages 14 -17 of this report.

Enterprise Funds

The proprietary fund financial statements provide separate information for the Storm Water Management Fund.

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22-38 of this report.

Other information in addition to the basic financial statements and accompanying notes presents certain required supplementary information concerning the City's budgets and operational and long term planning for capital projects. The City adopts an annual appropriation budget for its General Fund and all special revenue and capital project funds. Budgetary comparison schedules have been provided for these to demonstrate compliance with the annual budget requirements and the City's accounting processes.

The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 40-47 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$165.8 million at the close of 2013.

The largest portion of the City's net position (90.0%) reflects its net investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure). The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.9%) represents resources that are subject to restrictions as to how they may be used. Of the total \$1.9 million restricted net position, \$93,945 is restricted for road maintenance project (Class C roads), \$270,583 is restricted for park construction projects, and \$1,562,961 is restricted for other future construction projects. The unrestricted balance is \$8.167 million.

At the end of the current fiscal year, the City is able to report positive balances in unrestricted net position for the government as a whole and for its separate governmental activities as was the case in the prior year. The business-type activities reported positive balances in unrestricted net position at the end of the current year, as was the case in the prior year.

Capital Assets and Debt Administration

The City's infrastructure is currently in good condition. The increase in infrastructure expenditures have had a positive impact on the integrity of our infrastructure assets, however, deferred maintenance to our infrastructure and delayed capital improvement projects in previous years due to the economic slow-down will require increased spending and maintenance in the future to avoid an accelerated degradation of assets.

	Governmental Activities		Business type Activities	
	2013	2012	2013	2012
Revenue bonds payable	\$ 5,482,450	\$ 5,227,701	\$ 3,640,565	\$ 3,827,334
Leases payable	15,532	30,403	0	45,626
Compensated absences	256,813	260,090	-	-
	<u>\$ 5,754,795</u>	<u>\$ 5,518,194</u>	<u>\$ 3,640,565</u>	<u>\$ 3,872,960</u>

At June 30, 2013, the City had \$8,655.035 of long-term bonds outstanding, secured solely by specified revenue sources, (i.e. sales tax revenue bonds).

	Governmental Activities		Business type Activities	
	2013	2012	2013	2012
Revenue bonds payable	\$ 5,482,450	\$ 5,227,701	\$ 3,640,565	\$ 3,827,334
Leases payable	15,532	30,403	0	45,626
Compensated absences	256,813	260,090	-	-
	<u>\$ 5,754,795</u>	<u>\$ 5,518,194</u>	<u>\$ 3,640,565</u>	<u>\$ 3,872,960</u>

The City's total bonded debt increased by \$474,000 during fiscal year 2013. The key factors in this increase were the issuances of \$474,000 in sales and use tax bonds for economic development projects. The City maintains bond ratings as follows: "AA" rating from Standard & Poor's on its storm water management and infrastructure bonds series 2007; and an "AA" rating from Standard & Poor's on its sales and use tax bonds.

The City has not issued general obligation bonds and therefore has no general obligation debt as of June 30, 2013. Sales and use tax bonds are special debt of the City and are not considered general obligation bonds by the state.

Additional information regarding the City's long-term debt can be found in Note 6 on pages 33 of this report.

Economic Factors and the Next Year's Budget and Rates

- The unemployment rate for the City and for Utah was just under 5 percent at the end of June 2013, which was lower than the 7.1 percent rate for 2012. The national was 7.6 as of the end of June 2013.
- The City expects a 1.25% increase in its tax revenue for the coming year. These factors were considered when the City prepared its 2012-2013 fiscal year budget.
- The City Council has identified economic development as one of the top priorities in the City's for the next fiscal year budget. To that end, four

redevelopment agency areas have been identified, and plans to invest in infrastructure have been developed.

- By a referendum vote in the most recent general election, the City's will become part of the Salt Lake Valley Fire District (the Fire District) a separate taxing entity. In the next fiscal year's budget, the City Council will reduce the City's ad valorem tax rate to offset at least a portion of the overall tax impact to property owners.
- One of the major goals of the Taylorsville City Council is to maintain financial stability in the General Fund by adopting a budget with a minimum fund balance of 16-18% of anticipated revenue.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to provide accountability for the money received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the John Inch Morgan, City Administrator or Scott Harrington, Chief Financial Officer, 801-963-5400, 2600 West Taylorsville Boulevard, Taylorsville, Utah 84129.

CITY OF TAYLORSVILLE
Statement of Net Position
June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,660,209	\$ 4,038,773	\$ 10,698,982	\$ 214,303
Receivables, net of allowance				
Taxes	8,256,338	-	8,256,338	-
Intergovernmental	578,240	-	578,240	-
Accounts	12,257	142,324	154,581	6,875
Restricted assets:				
Cash and cash equivalents	656,860	-	656,860	-
Capital assets not being depreciated:				
Land and water rights	126,424,161	-	126,424,161	-
Construction in progress	5,092,265	460,385	5,552,650	-
Capital assets - net of accumulated depreciation:				
Buildings and improvements	8,188,950	-	8,188,950	-
Office furniture and equipment	195,788	70,855	266,643	541
Vehicles and equipment	88,011	-	88,011	-
Infrastructure	15,873,670	8,017,470	23,891,140	-
Total assets	<u>172,026,749</u>	<u>12,729,807</u>	<u>184,756,556</u>	<u>221,719</u>
<u>LIABILITIES</u>				
Accounts payable	1,670,895	182,168	1,853,063	6,439
Accrued liabilities	1,071,135	-	1,071,135	-
Accrued interest payable	39,047	25,402	64,449	-
Noncurrent Liabilities:				
Due within one year	306,313	190,900	497,213	-
Due in more than one year	5,448,482	3,449,665	8,898,147	-
Total liabilities	<u>8,535,872</u>	<u>3,848,135</u>	<u>12,384,007</u>	<u>6,439</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property tax revenue	<u>6,553,685</u>	<u>-</u>	<u>6,553,685</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	150,816,226	4,908,145	155,724,371	541
Restricted for:				
Future construction	1,562,961	-	1,562,961	-
Class C roads	93,945	-	93,945	-
Parks	270,583	-	270,583	-
Unrestricted	4,193,477	3,973,527	8,167,004	214,739
Total net position	<u>\$ 156,937,192</u>	<u>\$ 8,881,672</u>	<u>\$ 165,818,864</u>	<u>\$ 215,280</u>

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

CITY OF TAYLORSVILLE
Statement of Activities
For the Year Ended June 30, 2013

	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Functions / Programs								
Primary Government:								
Governmental activities								
General government	\$ 3,044,163	\$ 78,060	\$ 21,244	\$ -	\$ (2,944,859)		\$ (2,944,859)	
Public safety	14,714,239	2,160,689	125,441	32,983	(12,395,126)		(12,395,126)	
Highways and public improvements	3,983,582	-	1,785,384	-	(2,198,198)		(2,198,198)	
Community and economic development	1,964,965	661,949	184,949	125,304	(992,763)		(992,763)	
Parks, recreation and public property	442,595	48,778	54,215	1,706,015	1,366,413		1,366,413	
Interest and fiscal charges on long-term debt	253,988	-	-	-	(253,988)		(253,988)	
Total governmental activities	24,403,532	2,949,476	2,171,233	1,864,302	(17,418,521)		(17,418,521)	
Business-type activities								
Storm drain	937,795	1,155,151	-	-		\$ 217,356	217,356	
Total Primary Government	\$ 25,341,327	\$ 4,104,627	\$ 2,171,233	\$ 1,864,302	(17,418,521)	217,356	(17,201,165)	
Component Unit:								
Taylorsville Dayzz, Inc.	\$ 83,007	\$ 26,243	\$ 92,295	\$ -				\$ 35,531
Taylorsville Art Council	46,866	29,129	12,368	-				(5,369)
Total component units	\$ 129,873	\$ 55,372	\$ 104,663	\$ -				30,162
General Revenues:								
Taxes								
Property taxes					5,583,762	-	5,583,762	-
Sales taxes					7,450,478	-	7,450,478	-
Franchise taxes					3,951,496	-	3,951,496	-
Investment earnings					68,936	2,373	71,309	268
Other					53,774	-	53,774	-
Gain on sale of capital assets					2,057	-	2,057	-
Total general revenues					17,110,503	2,373	17,112,876	268
Change in net position					(308,018)	219,729	(88,289)	30,430
Net position - beginning					157,245,210	8,661,943	165,907,153	184,850
Net position - ending					\$ 156,937,192	\$ 8,881,672	\$ 165,818,864	\$ 215,280

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

CITY OF TAYLORSVILLE
Balance Sheet – Governmental Funds
June 30, 2013

	<u>Governmental Fund Types</u>			Total Governmental Funds
	General	Capital Projects Infrastructure	Other Governmental Funds	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,649,861	\$ 2,239,665	\$ 770,683	\$ 6,660,209
Receivables:				
Taxes	8,150,250	-	106,088	8,256,338
Intergovernmental	570,240	-	8,000	578,240
Other	12,257	-	-	12,257
Restricted assets:				
Cash and cash equivalents	205,496	-	451,364	656,860
Total assets	\$ 12,588,104	\$ 2,239,665	\$ 1,336,135	\$ 16,163,904
<u>LIABILITIES</u>				
Accounts payable	\$ 1,376,639	\$ 99,008	\$ 195,248	\$ 1,670,895
Accrued liabilities	1,071,135	-	-	1,071,135
Total liabilities	2,447,774	99,008	195,248	2,742,030
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property tax revenue	6,447,597	-	106,088	6,553,685
Total deferred inflows of resources	6,447,597	-	106,088	6,553,685
<u>FUND BALANCES</u>				
Restricted for:				
Future construction	-	1,562,961	-	1,562,961
Class C roads	93,945	-	-	93,945
Parks	-	-	270,583	270,583
Assigned to:				
Infrastructure fund	-	577,696	-	577,696
Economic development fund	-	-	625,006	625,006
Buildings fund	-	-	139,210	139,210
Unassigned	3,598,788	-	-	3,598,788
Total fund balances	3,692,733	2,140,657	1,034,799	6,868,189
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,588,104	\$ 2,239,665	\$ 1,336,135	\$ 16,163,904

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 Position
For the Year Ended June 30, 2013**

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

Total fund balances - total governmental funds (page 14)	\$ 6,868,189
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	155,862,845
Interest payable is not due and payable in the current period and therefore is not recorded in the funds.	(39,047)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,754,795)</u>
Net position - governmental activities (page 12)	<u><u>\$ 156,937,192</u></u>

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

CITY OF TAYLORSVILLE

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Year Ended June 30, 2013

	Governmental Fund Types			Total Governmental Funds
	General	Capital Projects Infrastructure	Other Governmental Funds	
<u>REVENUES</u>				
Taxes	\$ 16,919,371	\$ -	\$ 66,365	\$ 16,985,736
Impact fees	-	-	61,754	61,754
Licenses and permits	537,720	-	-	537,720
Intergovernmental	2,611,076	1,608,329	93,000	4,312,405
Charges for services	326,751	-	-	326,751
Fines and forfeitures	1,746,381	-	-	1,746,381
Miscellaneous	39,349	7,575	6,850	53,774
Interest income	66,858	200	1,878	68,936
Total revenues	22,247,506	1,616,104	229,847	24,093,457
<u>EXPENDITURES</u>				
General government	1,989,930	-	-	1,989,930
Public safety	14,623,411	-	-	14,623,411
Highways and public improvements	2,478,531	-	-	2,478,531
Community and economic development	1,631,786	-	291,712	1,923,498
Parks, recreation, and public property	215,258	-	95,590	310,848
Non-departmental	654,785	-	-	654,785
Debt service:				
Principal	218,870	-	-	218,870
Interest	185,671	-	38,597	224,268
Bond issuance costs	-	-	32,100	32,100
Capital outlay:				
General government	16,405	-	-	16,405
Highways and public improvements	-	849,451	-	849,451
Community and economic development	155,434	-	-	155,434
Parks, recreation, and public property	19,646	-	-	19,646
Total expenditures	22,189,727	849,451	457,999	23,497,177
Excess (deficiency) of revenues over (under) expenditures	57,779	766,653	(228,152)	596,280
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from debt	-	-	474,000	474,000
Transfers in	-	745,853	120,000	865,853
Transfers out	(865,853)	-	-	(865,853)
Sale of capital assets	2,357	-	-	2,357
Total other financing sources (uses)	(863,496)	745,853	594,000	476,357
Net change in fund balances	(805,717)	1,512,506	365,848	1,072,637
Fund balances, beginning of year	4,498,450	628,151	668,951	5,795,552
Fund balances, end of year	\$ 3,692,733	\$ 2,140,657	\$ 1,034,799	\$ 6,868,189

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 Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013**

Amounts reported for governmental activities in the statement of activities (page 13)
are different because:

Net change in fund balances - total governmental funds (page 16) \$ 1,072,637

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. (2,109,559)

Governmental funds report current capital outlays as expenditures. However, these
expenditures are reported as capital assets in the statement of net position.
Governmental funds also do not report contributed capital assets as revenue. 1,113,022

Proceeds from sale of capital assets is recorded as income in the governmental funds.
However, only the gain or loss on the sale of capital assets is recorded in the
statement of activities. (300)

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 position. Also, governmental funds report
the effect of 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. (377,601)

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. (6,217)

Change in net position of governmental activities (page 13) \$ (308,018)

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

CITY OF TAYLORSVILLE
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Taxes	\$ 16,206,144	\$ 16,506,144	\$ 16,919,371	\$ 413,227
Licenses and permits	573,500	573,500	537,720	(35,780)
Intergovernmental	2,554,378	2,961,209	2,611,076	(350,133)
Charges for services	469,800	469,800	326,751	(143,049)
Fines and forfeitures	2,046,000	2,046,000	1,746,381	(299,619)
Miscellaneous	12,000	69,500	39,349	(30,151)
Interest income	55,000	55,000	66,858	11,858
Total revenues	<u>21,916,822</u>	<u>22,681,153</u>	<u>22,247,506</u>	<u>(433,647)</u>
<u>EXPENDITURES</u>				
General government				
City council	252,043	242,043	190,852	51,191
Mayor	236,219	253,619	241,092	12,527
Administrative services	1,274,275	1,274,275	1,196,637	77,638
Governmental buildings	378,737	389,537	367,980	21,557
Public safety				
Court operations	2,393,545	2,403,145	2,158,829	244,316
Animal control	453,500	453,500	422,803	30,697
Fire and VECC	2,378,262	4,311,640	4,242,184	69,456
Police	7,694,765	7,798,199	7,799,595	(1,396)
Highways and public improvements	2,592,753	2,542,753	2,478,531	64,222
Community and economic development				
Planning commission	14,100	14,100	7,249	6,851
Community activities	2,000	2,000	1,978	22
Citizens committees	113,500	116,999	111,332	5,667
CDBG programs	390,378	720,378	358,154	362,224
Community development	1,192,443	1,196,943	1,091,876	105,067
Economic development	250,526	250,526	216,631	33,895
Parks, recreation, and public property	235,000	273,000	234,904	38,096
Non-departmental	607,308	857,308	664,559	192,749
Debt service:				
Principal	217,000	217,000	218,870	(1,870)
Interest	205,200	205,200	185,671	19,529
Total expenditures	<u>20,881,554</u>	<u>23,522,165</u>	<u>22,189,727</u>	<u>1,332,438</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,035,268</u>	<u>(841,012)</u>	<u>57,779</u>	<u>898,791</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(1,055,268)	(865,853)	(865,853)	-
Sale of capital assets	20,000	20,000	2,357	(17,643)
Total other financing sources (uses)	<u>(1,035,268)</u>	<u>(845,853)</u>	<u>(863,496)</u>	<u>(17,643)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,686,865)</u>	<u>(805,717)</u>	<u>\$ 881,148</u>
Fund balance, beginning of year			4,498,450	
Fund balance, end of year			<u>\$ 3,692,733</u>	

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

CITY OF TAYLORSVILLE
Statement of Net Position – Proprietary Fund
June 30, 2013

	<u>Storm Drain</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 4,038,773
Receivables:	
Accounts	<u>142,324</u>
Total current assets	<u>4,181,097</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	254,827
Infrastructure	10,347,972
Construction in progress	460,385
Accumulated depreciation	<u>(2,514,474)</u>
Total noncurrent assets	<u>8,548,710</u>
Total assets	<u>12,729,807</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	182,168
Accrued interest payable	25,402
Long-term debt, current portion	<u>190,900</u>
Total current liabilities	<u>398,470</u>
Noncurrent liabilities:	
Revenue bonds payable, due after one year	<u>3,449,665</u>
Total noncurrent liabilities	<u>3,449,665</u>
Total liabilities	<u>3,848,135</u>
<u>NET POSITION</u>	
Net investment in capital assets	4,908,145
Unrestricted	<u>3,973,527</u>
Total net position	<u>\$ 8,881,672</u>

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

CITY OF TAYLORSVILLE
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
For the Year Ended June 30, 2013

	<u>Storm Drain</u>
<u>OPERATING REVENUES</u>	
Sales and charges for services	\$ 1,150,510
Total operating revenues	<u>1,150,510</u>
<u>OPERATING EXPENSES</u>	
Administration and general	166,885
Repairs and maintenance	269,937
Depreciation	286,909
Amortization	<u>59,791</u>
Total operating expenses	<u>783,522</u>
Operating income	<u>366,988</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest income	2,373
Interest expense	(154,273)
Impact fees	<u>4,641</u>
Total nonoperating revenues (expenses)	<u>(147,259)</u>
Change in net position	219,729
Total net position, beginning	<u>8,661,943</u>
Total net position, ending	<u><u>\$ 8,881,672</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, 2013

	Storm Drain
Cash flows from operating activities	
Receipts from customers and users	\$ 1,185,005
Payments to suppliers	<u>(361,649)</u>
Net cash provided by operating activities	<u>823,356</u>
Net cash provided by noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities	
Acquisition of property, plant, and equipment	(670,225)
Impact fees	4,641
Principal paid on capital debt	(229,626)
Interest paid on capital debt	<u>(159,863)</u>
Net cash used by capital and related financing activities	<u>(1,055,073)</u>
Cash flows from investing activities	
Interest received	<u>2,373</u>
Net cash provided by investing activities	<u>2,373</u>
Net decrease in cash and cash equivalents	(229,344)
Cash and cash equivalents, beginning of year	<u>4,268,117</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,038,773</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 366,988
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	346,700
Changes in assets and liabilities:	
Accounts receivable	34,495
Accounts payable	<u>75,173</u>
Net cash provided by operating activities	<u><u>\$ 823,356</u></u>

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

CITY OF TAYLORSVILLE
Notes to the Financial Statements
June 30, 2013

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). 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 and are discussed below.

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.

In 2012, Taylorsville Dayzz Inc. was created. This entity provides funding and operations of Taylorsville Dayzz, which is the City's birthday celebration.

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. 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 Position 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.

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. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

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

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Infrastructure – Capital Projects Fund accounts for the acquisition and construction of the City's major infrastructure projects, other than those financed by proprietary funds.

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:

- Special revenue funds: The City accounts for economic development activities and park impact fees in these respective funds. In addition, the expenditure of bond monies related to economic development is recorded here.
- Capital project funds account for the acquisition of fixed assets of the City. The City accounts for building construction in a capital project fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with 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 nonoperating revenues and expenses.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

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 Fund 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 the sum of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated categories of 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. Utah State law prohibits the accumulation of the stated fund balance categories in any amount greater than 25% of the current year's actual revenues.

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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to or due from other funds”. Advances between funds as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available financial resources.

Other receivables at June 30, 2013, consisted of property tax, sales tax, franchise tax, grants, and utility billings. The utility billings for charged services are billed to customers on a monthly basis. Unbilled service accounts receivable at June 30, 2013 were estimated based on July billings and are included in the operating revenues and accounts receivable at year end. Taxes, grants, and utility charges are deemed collectible in full, so no allowance for uncollectibles is recorded.

Restricted Assets

Certain assets are classified as restricted because their use is restricted by an independent third party, enabling legislation, or other laws and statutes. These restrictions may include future debt service payments, unexpended portions of bonds issued for capital construction, and other agreements with third parties.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities 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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

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.

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.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and is, therefore, deferred until that time. The City currently has no deferred outflows of resources.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is, therefore, deferred until that time. The City has only one type of item that qualifies for reporting in this category. Governmental funds report unavailable revenue from property taxes and special assessments as deferred inflows of resources until such time they can be recognized as revenue in the period that they become available.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

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 and discounts 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.

Fund Balance

GASB Statement No. 54 provided new reporting categories for fund balance in governmental funds. The categories and descriptions are as follows:

Nonspendable Fund Balance – Prepaid expenditures and other similar assets not in a spendable form that are contractually required to be maintained intact are classified as nonspendable fund balance.

Restricted Fund Balance – Assets that are constrained by externally imposed restrictions, or by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts formally designated by City Council through ordinance or resolution for a specific purpose that cannot be used for another purpose unless the City Council formally changes the use through a superseding ordinance or resolution.

Assigned Fund Balance – Amounts constrained by City Council or City Management for a specific purpose normally through the appropriations process in establishing and amending budgets. Furthermore, funds in special revenue, capital project, and permanent fund are by their nature assigned to the purpose for which the resources are collected.

Unassigned Fund Balance – Amounts that may be used for any governmental purpose.

When an expenditure qualifies to be used from more than one fund balance classification identified above, it is the City's policy to use resources in the following order: restricted, committed, assigned, and then unassigned.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

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.

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.

2. DEPOSITS AND INVESTMENTS

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 cost, which approximates 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.

As of June 30, 2013, the City's demand deposits and cash on hand amounted to \$814,483.

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

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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, our 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, 2013, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City has investments in the Utah State Treasurer's Investment Fund as of June 30, 2013 of \$10,541,359.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2013, \$574,268 of the City's \$824,268 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

3. RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2013:

	<u>Amount</u>
Governmental activities	
Restricted for funds held in trust for Justice Court	\$ 108,682
Restricted for funds held in trust for police seizures	2,869
Restricted for unspent bond proceeds	451,364
Restricted for "C" road funds	93,945
Total restricted cash and cash equivalents	<u>\$ 656,860</u>

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2013

4. CAPITAL ASSETS AND DEPRECIATION

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

	07/01/12	Increases	Decreases	06/30/13
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land and water rights	\$ 126,423,661	\$ 500	\$ -	\$ 126,424,161
Construction in progress	5,003,846	1,046,260	(957,841)	5,092,265
Total capital assets, not being depreciated	131,427,507	1,046,760	(957,841)	131,516,426
Capital assets, being depreciated:				
Buildings and improvements	12,616,277	328,830	-	12,945,107
Office furniture and equipment	1,286,466	44,048	-	1,330,514
Vehicles and equipment	473,406	-	(1,000)	472,406
Infrastructure	54,666,056	651,225	-	55,317,281
Total capital assets, being depreciated	69,042,205	1,024,103	(1,000)	70,065,308
Accumulated depreciation:				
Buildings and improvements	4,242,862	513,295	-	4,756,157
Office furniture and equipment	1,048,067	86,659	-	1,134,726
Vehicles and equipment	348,939	36,156	(700)	384,395
Infrastructure	37,970,162	1,473,449	-	39,443,611
Total accumulated depreciation	43,610,030	2,109,559	(700)	45,718,889
Total capital assets, net of accumulated depreciation	25,432,175	(1,085,456)	(300)	24,346,419
Governmental capital assets, net	\$ 156,859,682	\$ (38,696)	\$ (958,141)	\$ 155,862,845

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2013

4. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

	<u>07/01/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/13</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 97,510	\$ 653,330	\$ (290,455)	\$ 460,385
 Total capital assets, not being depreciated	 97,510	 653,330	 (290,455)	 460,385
Capital assets, being depreciated:				
Infrastructure	10,057,517	290,455	-	10,347,972
Equipment	237,932	16,895	-	254,827
 Total capital assets, depreciated	 10,295,449	 307,350	 -	 10,602,799
Accumulated depreciation:				
Infrastructure	2,081,630	248,872	-	2,330,502
Equipment	145,935	38,037	-	183,972
 Total accumulated depreciation	 2,227,565	 286,909	 -	 2,514,474
 Total capital assets, net of accumulated depreciation	 8,067,884	 20,441	 -	 8,088,325
 Business-type capital assets, net	 \$ 8,165,394	 \$ 673,771	 \$ (290,455)	 \$ 8,548,710

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

Governmental activities:		
General government		\$ 280,731
Public safety		91,626
Highways and public improvements		1,474,705
Community and economic development		63,875
Parks and public property		<u>198,622</u>
 Total depreciation expense - governmental activities		 <u>\$ 2,109,559</u>
Business-type activities:		
Storm drain		<u>\$ 286,909</u>

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2013

4. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Discretely presented component unit activity for the Arts Council for the year ended June 30, 2013 is as follows:

	07/01/12	Increases	Decreases	06/30/13
<u>Component Unit</u>				
Capital assets, being depreciated:				
Equipment	\$ 20,934	\$ -	\$ -	\$ 20,934
Total capital assets, depreciated	20,934	-	-	20,934
Accumulated depreciation:				
Equipment	18,775	1,618	-	20,393
Total accumulated depreciation	18,775	1,618	-	20,393
Total component unit capital assets, net	\$ 2,159	\$ (1,618)	\$ -	\$ 541

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 \$6,392,580.

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 January 1 and then are due and payable at November 30. Since the property tax levied on January 1, 2013 was not expected to be received within 60 days after year ended June 30, 2013, the City was required to record a receivable and deferred revenue of the estimated amount of the total property tax levied on January 1, 2013.

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2013

6. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term debt activity of the City for the year ended June 30, 2013, was as follow:

	<u>07/01/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/13</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Revenue bonds	\$ 5,178,942	\$ 474,000	\$ (216,000)	\$ 5,436,942	\$ 265,100
Plus: unamortized premiums	48,759	-	(3,251)	45,508	-
Total bonds payable	5,227,701	474,000	(219,251)	5,482,450	265,100
Capital leases	30,403	-	(14,871)	15,532	15,532
Compensated absences	260,090	149,803	(153,080)	256,813	25,681
Governmental activities, long-term liabilities	<u>\$ 5,518,194</u>	<u>\$ 623,803</u>	<u>\$ (387,202)</u>	<u>\$ 5,754,795</u>	<u>\$ 306,313</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds	\$ 3,785,800	\$ -	\$ (184,000)	\$ 3,601,800	\$ 190,900
Plus: unamortized premiums	41,534	-	(2,769)	38,765	-
Total bonds payable	3,827,334	-	(186,769)	3,640,565	190,900
Capital leases	45,626	-	(45,626)	-	-
Business-type activities, long-term liabilities	<u>\$ 3,872,960</u>	<u>\$ -</u>	<u>\$ (232,395)</u>	<u>\$ 3,640,565</u>	<u>\$ 190,900</u>

Revenue Bonds

During August 2011, the City authorized the Economic Development Fund to issue tax increment and sale tax revenue bonds in the amount of \$3,975,000, but as of June 30, 2013 year end only \$734,742 had been issued.

During October 2012, the City authorized the Economic Development Fund to issue tax increment and sale tax revenue bonds, Series 2012, in the amount of \$474,000. The bonds had \$32,100 of issuance costs, \$47,594 placed in a reserve account, and the remaining net proceeds were placed in a restricted cash account for future economic development projects.

6. **LONG-TERM DEBT (CONTINUED)**

Revenue Bonds (Continued)

Sales Tax Revenue Bonds, Series 2006, original issue of \$10,000,000, principal due in annual installments beginning November 2007, interest at 4.00% to 5.00% due in semi-annual installments beginning May 2007, with the final payment due November 2026. The bonds were issued to finance the costs of constructing and/or replacing infrastructure improvement, including storm drain construction, roads, curb, gutter and sidewalk improvements. Debt service payments will be made from the General Fund and Storm Drain Fund. \$ 7,830,000

Sales Tax Revenue Bonds, Series 2011 B, original issue of \$2,140,000, principal payments will be due in annual installments starting in November 2015, interest at 4.82% and due in semi-annual payments with the final payment due November 2024. These bonds were issued to finance the costs related to economic development in the West Point RDA. Debt service payments will be made from tax increment from the RDA and backed by the General Fund sales tax revenues. 39,799

Sales Tax Revenue Bonds, Series 2011 C, original issue of \$1,835,000, principal payments will be due in annual installments starting in November 2015, interest at 3.13% and due in semi-annual payments with the final payment due November 2024. These bonds were issued to finance the costs related to economic development in the West Point RDA. Debt service payments will be made from tax increment from the RDA and backed by the General Fund sales tax revenues. 694,943

Sales Tax Revenue Bonds, Series 2012, original issue of \$474,000, principal due in annual installments beginning November 2013, interest at 1.60% to 5.31% due in semi-annual installments beginning May 2013, with the final payment due November 2022. These bonds were issued to finance the costs related to economic development in the West Point RDA. Debt service payments will be made from tax increment from the RDA and backed by the General Fund sales tax revenues. 474,000

Total Tax Revenue Bonds \$ 9,038,742

CITY OF TAYLORSVILLE
Notes to the Financial Statements (Continued)
June 30, 2013

6. LONG-TERM DEBT (CONTINUED)

Capital Leases

In 2008, the City purchased a new van for the senior center using a lease which expires in 2013.	<u>\$ 15,532</u>
Total capital leases	<u><u>\$ 15,532</u></u>

Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest for the revenue bonds, as of June 30, 2013, are as follows:

Year Ending June 30,	Sales Tax Revenue Bonds		
	Principal	Interest	Totals
2014	\$ 456,000	\$ 339,541	\$ 795,541
2015	478,000	319,651	797,651
2016	504,000	296,412	800,412
2017	524,000	273,058	797,058
2018	546,000	250,975	796,975
2019-2023	3,086,000	900,554	3,986,554
2024-2027	2,710,000	251,600	2,961,600
To be determined	734,742	-	734,742
	<u>9,038,742</u>	<u>\$ 2,631,791</u>	<u>\$ 11,670,533</u>
Plus: unamortized premium	<u>84,273</u>		
Total Revenue Bonds Payable	<u><u>\$ 9,123,015</u></u>		

7. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Taylorsville contributes to the Local Government Contributory and Noncontributory Retirement System (Contributory or 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.

7. **DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Funding Policy

The City of Taylorsville is required to contribute a percent of covered salary to the respective systems, 16.04% for tier 1 (Noncontributory) and 12.74% for tier 2 (Contributory) and 30.45% for tier 1 (Noncontributory) and 19.25% for tier 2 (Contributory) to the Public Safety System. 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, 2013, 2012, and 2011 were: Noncontributory System Tier 1, \$314,030, \$269,836, and \$270,537; Contributory tier 2, for 2013 and 2012 were \$5,312 and \$1,007; Public Safety Noncontributory tier 1, \$32,796, \$681,972, and \$600,972; and Public Safety, contributory tier 2, for 2013 and 2012 were \$102 and \$1,775. The contributions were equal to the required contributions for each year.

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 Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death or emergency. The city does not contribute to this plan.

8. **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, 2013, 2012, and 2011 were \$42,732, \$196,475, and \$185,864, respectively. Plan assets are held by the Utah Retirement Systems.

9. **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, in which the City has 18.3% interest. 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.

10. CONTINGENT LIABILITIES

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.

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, 2013, there were no outstanding unpaid claims for the City. Also, the City had no claim settlements during the three years ending June 30, 2013 which exceeded its insurance coverage. The City also has fidelity bond coverage with a private carrier.

12. TRANSFERS RECONCILIATION

Transfers among the funds for the year ended June 30, 2013 are described below: Transfers are made to meet the ongoing needs of the City to complete various projects.

	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 865,853
Infrastructure - Capital Projects Fund	745,853	-
Buildings - Capital Projects Fund	120,000	-
	<u>\$ 865,853</u>	<u>\$ 865,853</u>

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Supplemental Information

CITY OF TAYLORSVILLE
Combining Balance Sheet – Non-major Governmental Funds
June 30, 2013

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Economic Development	Park Impact	Buildings	
ASSETS				
Cash and cash equivalents	\$ 288,261	\$ 343,212	\$ 139,210	\$ 770,683
Restricted cash	451,364	-	-	451,364
Receivables:				
Taxes	106,088	-	-	106,088
Intergovernmental	-	8,000	-	8,000
Total assets	\$ 845,713	\$ 351,212	\$ 139,210	\$ 1,336,135
LIABILITIES				
Accounts payable	\$ 114,619	\$ 80,629	\$ -	\$ 195,248
Total liabilities	114,619	80,629	-	195,248
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	106,088	-	-	106,088
Total liabilities	106,088	-	-	106,088
FUND BALANCES				
Restricted for parks	-	270,583	-	270,583
Assigned	625,006	-	139,210	764,216
Total fund balances	625,006	270,583	139,210	1,034,799
Total liabilities, deferred inflows of resources, and fund balances	\$ 845,713	\$ 351,212	\$ 139,210	\$ 1,336,135

CITY OF TAYLORSVILLE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-major Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Economic Development	Park Impact	Buildings	
REVENUES				
Property taxes	\$ 66,365	\$ -	\$ -	\$ 66,365
Impact fees	-	58,901	2,853	61,754
Intergovernmental	-	93,000	-	93,000
Interest income	1,878	-	-	1,878
Miscellaneous	6,850	-	-	6,850
Total revenues	75,093	151,901	2,853	229,847
EXPENDITURES				
Economic development	291,712	-	-	291,712
Parks, recreation, and public property		95,590		95,590
Debt service:				
Interest	38,597	-	-	38,597
Bond issuance costs	32,100	-	-	32,100
Total expenditures	362,409	95,590	-	457,999
Excess (deficiency) of revenues over (under) expenditures	(287,316)	56,311	2,853	(228,152)
OTHER FINANCING SOURCES				
Proceeds from debt	474,000	-	-	474,000
Transfers in	-	-	120,000	120,000
Total other financing sources	474,000	-	120,000	594,000
Net change in fund balances	186,684	56,311	122,853	365,848
Fund balances, beginning of year	438,322	214,272	16,357	668,951
Fund balances, end of year	\$ 625,006	\$ 270,583	\$ 139,210	\$ 1,034,799

CITY OF TAYLORSVILLE
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Economic Development Special Revenue Fund – Budget to Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Property taxes	\$ 90,000	\$ 90,000	\$ 66,365	\$ (23,635)
Interest income	-	-	1,878	1,878
Miscellaneous	-	-	6,850	6,850
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>75,093</u>	<u>(14,907)</u>
<u>EXPENDITURES</u>				
Economic development projects	3,330,000	3,330,000	291,712	3,038,288
Debt service:				
Interest	200,000	200,000	38,597	161,403
Bond issuance costs	-	-	32,100	(32,100)
Total expenditures	<u>3,530,000</u>	<u>3,530,000</u>	<u>362,409</u>	<u>3,167,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,440,000)</u>	<u>(3,440,000)</u>	<u>(287,316)</u>	<u>3,152,684</u>
<u>OTHER FINANCING SOURCES</u>				
Proceeds from debt	4,000,000	4,000,000	474,000	(3,526,000)
Total other financing sources	<u>4,000,000</u>	<u>4,000,000</u>	<u>474,000</u>	<u>(3,526,000)</u>
Net change in fund balance	<u>\$ 560,000</u>	<u>\$ 560,000</u>	186,684	<u>\$ (373,316)</u>
Fund balance, beginning of year			<u>438,322</u>	
Fund balance, end of year			<u>\$ 625,006</u>	

CITY OF TAYLORSVILLE
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Parks Impact Special Revenue Fund – Budget to Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Impact fees	\$ 20,000	\$ 20,000	\$ 58,901	\$ 38,901
Intergovernmental	-	-	93,000	93,000
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>151,901</u>	<u>131,901</u>
<u>EXPENDITURES</u>				
Park projects	-	100,000	95,590	4,410
Total expenditures	<u>-</u>	<u>100,000</u>	<u>95,590</u>	<u>4,410</u>
Net change in fund balance	<u>\$ 20,000</u>	<u>\$ (80,000)</u>	56,311	<u>\$ 136,311</u>
Fund balance, beginning of year			<u>214,272</u>	
Fund balance, end of year			<u>\$ 270,583</u>	

CITY OF TAYLORSVILLE
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Infrastructure Capital Projects Fund – Budget to Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 600,000	\$ 1,608,329	\$ 1,008,329
Miscellaneous	3,000	3,000	7,575	4,575
Interest income	8,000	8,000	200	(7,800)
	<u>11,000</u>	<u>611,000</u>	<u>1,616,104</u>	<u>1,005,104</u>
<u>EXPENDITURES</u>				
Capital outlay	1,145,267	1,495,853	849,451	646,402
	<u>1,145,267</u>	<u>1,495,853</u>	<u>849,451</u>	<u>646,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,134,267)</u>	<u>(884,853)</u>	<u>766,653</u>	<u>1,651,506</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,045,267	745,853	745,853	-
	<u>1,045,267</u>	<u>745,853</u>	<u>745,853</u>	<u>-</u>
Net change in fund balance	<u>\$ (89,000)</u>	<u>\$ (139,000)</u>	1,512,506	<u>\$ 1,651,506</u>
Fund balance, beginning of year			<u>628,151</u>	
Fund balance, end of year			<u>\$ 2,140,657</u>	

CITY OF TAYLORSVILLE
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Buildings Capital Projects Fund – Budget to Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Impact fees	\$ 10,000	\$ 10,000	\$ 2,853	\$ (7,147)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>2,853</u>	<u>(7,147)</u>
<u>EXPENDITURES</u>				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,000</u>	<u>10,000</u>	<u>2,853</u>	<u>(7,147)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	120,000	120,000	-
Total other financing sources	<u>-</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 10,000</u>	<u>\$ 130,000</u>	122,853	<u>\$ (7,147)</u>
Fund balance, beginning of year			<u>16,357</u>	
Fund balance, end of year			<u>\$ 139,210</u>	

CITY OF TAYLORSVILLE
Combining Statement of Net Position – Component Units
June 30, 2013

	Taylorsville Dayzz, Inc.	Taylorsville Arts Council	Total Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 155,942	\$ 58,361	\$ 214,303
Accounts receivables	6,850	25	6,875
Total current assets	162,792	58,386	221,178
Noncurrent assets:			
Machinery and equipment	-	20,934	20,934
Accumulated depreciation	-	(20,393)	(20,393)
Total noncurrent assets	-	541	541
Total assets	162,792	58,927	221,719
LIABILITIES			
Current liabilities:			
Accounts payable	3,688	2,751	6,439
Total current liabilities	3,688	2,751	6,439
Noncurrent liabilities:			
	-	-	-
Total liabilities	3,688	2,751	6,439
NET POSITION			
Net investment in capital assets	-	541	541
Unrestricted	159,104	55,635	214,739
Total net position	\$ 159,104	\$ 56,176	\$ 215,280

CITY OF TAYLORSVILLE**Combining Statement of Revenues, Expenses, and Changes in Net Position –****Component Units****For the Year Ended June 30, 2013**

	Taylorsville Dayzz, Inc.	Taylorsville Arts Council	Total Component Units
OPERATING REVENUES			
Sales and charges for services	\$ 26,243	\$ 29,129	\$ 55,372
Grants and contributions	92,295	12,368	104,663
Total operating revenues	118,538	41,497	160,035
OPERATING EXPENSES			
Community event	83,007	45,248	128,255
Depreciation	-	1,618	1,618
Total operating expenses	83,007	46,866	129,873
Operating income	35,531	(5,369)	30,162
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	249	19	268
Total nonoperating revenues	249	19	268
Change in net position	35,780	(5,350)	30,430
Total net position, beginning	123,324	61,526	184,850
Total net position, ending	\$ 159,104	\$ 56,176	\$ 215,280

Statistical Section

CITY OF TAYLORSVILLE
Net Position by Component
Last Ten Fiscal Years
Accrual Basis of Accounting
Amounts Expressed In Thousands

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Invested in capital assets, net of related debt	\$ 150,816	\$ 151,613	\$ 152,071	\$ 152,275	\$ 150,727	\$ 151,204	\$ 149,286	\$ 159,299	\$ 157,622	\$ 158,288
Restricted	1,928	711	1,396	3,518	2,171	2,823	11,047	857	1,994	992
Unrestricted	<u>4,193</u>	<u>4,922</u>	<u>4,657</u>	<u>2,993</u>	<u>3,089</u>	<u>3,264</u>	<u>2,938</u>	<u>1,728</u>	<u>3,824</u>	<u>4,254</u>
Total governmental activities net position	<u>156,937</u>	<u>157,246</u>	<u>158,124</u>	<u>158,786</u>	<u>155,987</u>	<u>157,291</u>	<u>163,271</u>	<u>161,884</u>	<u>163,440</u>	<u>163,534</u>
Business type activities										
Invested in capital assets, net of related debt	4,908	4,662	4,952	3,434	766	(24)	-	-	-	-
Restricted	0	0	394	730	3,483	4,392	-	-	-	-
Unrestricted	<u>3,974</u>	<u>4,000</u>	<u>3,107</u>	<u>3,945</u>	<u>3,486</u>	<u>2,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business type activities	<u>8,882</u>	<u>8,662</u>	<u>8,453</u>	<u>8,109</u>	<u>7,735</u>	<u>7,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary Government										
Invested in capital assets, net of related debt	155,724	156,275	157,023	155,710	151,493	151,180	149,286	159,299	157,622	158,288
Restricted	1,928	711	1,790	4,248	5,654	7,215	11,047	857	1,994	992
Unrestricted	<u>8,167</u>	<u>8,922</u>	<u>7,764</u>	<u>6,938</u>	<u>6,575</u>	<u>6,236</u>	<u>2,938</u>	<u>1,728</u>	<u>3,824</u>	<u>4,254</u>
Total Primary Government	<u>165,819</u>	<u>165,908</u>	<u>166,577</u>	<u>166,896</u>	<u>163,722</u>	<u>164,631</u>	<u>163,271</u>	<u>161,884</u>	<u>163,440</u>	<u>163,534</u>

CITY OF TAYLORSVILLE
Change In Net Position
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities										
General government	\$ 3,044	\$ 2,730	\$ 2,662	\$ 2,755	\$ 2,813	\$ 2,500	\$ 1,899	\$ 1,414	\$ 2,065	\$ 1,771
Public safety	14,714	14,561	13,847	13,519	13,066	12,918	11,410	12,124	11,080	8,304
Highways and streets	3,984	4,544	3,843	4,563	4,755	5,083	5,470	3,075	2,947	5,242
Community development	1,965	1,771	2,031	1,726	1,867	1,616	1,586	1,497	1,597	1,004
Parks and recreation	443	374	315	-	466	102	245	64	47	250
Other	-	-	-	311	0	-	-	276	243	-
Interest on debt service	254	210	203	216	222	218	313	16	21	-
Total governmental expenses	24,404	24,191	22,901	23,090	23,189	22,437	20,923	18,466	18,000	16,571
Business type expenses										
Storm drain expenses	938	1,008	826	844	935	403	-	-	-	-
Total business expenses	938	1,008	826	844	935	403	-	-	-	-
Total primary government expenses	\$ 25,341	\$ 25,199	\$ 23,727	\$ 23,934	\$ 24,124	\$ 22,840	\$ 20,923	\$ 18,466	\$ 18,000	\$ 16,571
Program Revenues										
Governmental activities										
Charges for service										
General government	\$ 78	\$ 129	\$ 79	\$ 104	\$ 68	\$ 2	\$ 9	\$ 262	\$ 221	\$ 23
Public safety	2,161	2,684	2,567	2,437	1,565	1,517	2,033	-	-	1,402
Community development	662	715	759	664	880	734	978	236	178	860
Parks, recreation and public prop.	49	41	90	109	-	-	-	-	-	-
Operating grants and contributions	2,171	2,255	2,568	2,328	1,899	2,178	2,695	2,584	2,331	2,227
Capital grants and contributions	1,864	957	904	5,296	1,500	1,200	1,042	13	1,308	1,348
Total governmental program revenues	6,985	6,781	6,967	10,938	5,912	5,631	6,757	3,095	4,038	5,860
Business type revenue										
Storm drain revenue	1,155	1,212	1,161	1,201	1,257	1,146	-	-	-	-
Total business revenue	1,155	1,212	1,161	1,201	1,257	1,146	-	-	-	-
Total primary government program revenues	8,140	7,993	8,128	12,139	7,169	6,777	6,757	3,095	4,038	5,860
Net (expenses)/ Revenue										
Total primary government net expense	\$ (17,201)	\$ (17,207)	\$ (15,599)	\$ (11,795)	\$ (16,955)	\$ (16,063)	\$ (14,166)	\$ (15,371)	\$ (13,962)	\$ (10,711)

CITY OF TAYLORSVILLE
Change In Net Position
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Position										
General revenues:										
Property taxes	\$ 5,584	\$ 4,728	\$ 4,693	\$ 4,717	\$ 4,755	\$ 4,777	\$ 4,863	\$ 4,084	\$ 4,028	\$ 4,075
Sales taxes	7,450	7,277	6,778	6,717	7,377	8,440	8,353	-	-	-
Franchise taxes	3,951	3,648	3,588	3,391	3,588	3,633	1,646	-	-	-
Other taxes	-	0	-	-	-	-	-	7,466	6,701	6,543
Unrestricted investment earnings	71	79	63	81	189	366	452	148	121	67
Gain (loss) on sale of capital assets	2	483	18	21	4	(63)	(5)	33	880	101
Other revenues	54	0	139	41	59	35	244	2,415	2,198	80
Special item	-	322	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	(6,360)	-	-	-	-
Total primary government	17,113	16,537	15,279	14,968	15,972	10,828	15,553	14,146	13,928	10,866
Changes in Net Position										
Governmental activities	(308)	(879)	(663)	2,800	(1,304)	(5,980)	1,387	(1,556)	(34)	155
Business activities	220	209	344	374	396	7,340	-	-	-	-
Prior Period adjustment	-	0	-	-	-	-	-	-	-	(21,022)
Net position beginning	165,907	166,577	166,896	163,722	164,631	163,271	161,884	163,440	163,474	184,341
Net position ending	\$ 165,819	\$165,907	\$ 166,577	\$ 166,896	\$ 163,723	\$ 164,631	\$ 163,271	\$ 161,884	\$ 163,440	\$ 163,474

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund			
Restricted for:			
Class C roads	\$ 94	\$ 493	\$ 410
Unassigned	\$ 3,599	\$ 4,006	\$ 3,945
Total general fund	<u>\$ 3,693</u>	<u>\$ 4,498</u>	<u>\$ 4,355</u>
All other governmental funds			
Restricted for:			
Future construction	1,563	4	879
Parks	271	214	107
Assigned to:			
Infrastructure fund	578	625	974
Economic development	625	438	585
Buildings fund	139	16	13
Unassigned			(10)
Total all other governmental funds	<u>\$ 3,176</u>	<u>\$ 1,297</u>	<u>\$ 2,548</u>

Note: Implementation of GASB 54 changed fund balance category presentation.
The years from 2004 through 2010 are displayed below under the former GAAP categories.
The presentations are not comparable and are therefore displayed separately.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General fund							
Reserved	\$ -	\$ -	\$ 1,723	10,253	-	-	20
Unreserved	3,742	3,731	1,641	1,116	1,323	2,338	2,394
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>
All other governmental funds							
Reserved	\$ 3,518	\$ 2,172	\$ 2,823	791	857	1,198	972
Unreserved, reported in:							
Special revenue	-	47	571	2,341	174	2,113	1,838
Capital projects	87	-	-	11	231	170	21
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>

CITY OF TAYLORSVILLE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years-Expressed in Thousands

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 16,986	\$ 15,652	\$ 15,058	\$ 14,825	\$ 15,721	\$ 16,850	\$ 14,862	\$ 11,550	\$ 10,729	\$ 10,618
Licenses and Permits	537	571	589	513	650	581	649	649	663	645
Intergovernmental	4,313	2,844	3,818	7,830	3,336	3,246	2,958	2,598	2,331	2,623
Charges for Services	334	426	447	431	376	267	396	262	221	283
Fines and Forfeitures	1,746	2,260	2,087	1,980	1,527	1,476	2,005	1,588	1,439	1,401
Interest Income	69	74	55	64	189	394	474	148	121	80
Impact Fees	62	47	26	99	23	60	215	236	178	398
Miscellaneous Revenue	46	483	139	41	59	34	244	171	30	61
Rental Income	-	-	-	-	-	-	6	6	66	-
Total Revenues	<u>24,093</u>	<u>22,357</u>	<u>22,219</u>	<u>25,783</u>	<u>21,881</u>	<u>22,908</u>	<u>21,809</u>	<u>17,208</u>	<u>15,778</u>	<u>16,109</u>
Expenditures										
General Government	1,990	2,277	2,008	2,035	2,043	2,006	1,467	1,631	1,393	1,331
Public Safety	14,623	14,004	13,495	13,017	12,528	11,835	10,737	9,764	8,969	8,188
Highways and Public Improvements	2,479	2,485	1,802	2,102	2,388	2,518	2,665	2,476	2,386	2,466
Community and Economic Development	1,923	3,338	1,776	1,667	1,845	1,547	1,565	1,206	1,293	991
Parks, Recreation, and Public Property	311	183	150	149	77	47	71	51	38	36
Non-Departmental	655	522	508	443	507	294	254	222	196	223
Capital outlay	1,041	1,018	2,534	4,525	2,792	4,808	2,524	5,186	3,168	2,419
Debt service:										
Principal	219	218	201	316	357	515	342	-	-	-
Interest	224	212	205	217	228	248	229	-	-	-
Bond Issuance costs	32	82								
Total Expenditures	<u>23,497</u>	<u>24,339</u>	<u>22,679</u>	<u>24,471</u>	<u>22,765</u>	<u>23,818</u>	<u>19,854</u>	<u>20,536</u>	<u>17,443</u>	<u>15,654</u>
Excess of Revenues over (under) Expenditures	596	(1,982)	(460)	1,312	(884)	(910)	1,955	(3,328)	(1,665)	455
Other financing sources (uses)										
Transfers in	865	803	650	400	474		3,050	1,870	2,192	2,167
Transfer out	(865)	(803)	(650)	(400)	(474)	(6,933)	(3,050)	(1,870)	(2,192)	(2,167)
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-
Proceeds on the Sale of Assets	2	130	18	92	5	88	27	33	880	101
Proceeds of Issuance of Debt	474	735	-	-	71	-	9,944	-	1,308	-
Total other financing sources (uses)	<u>476</u>	<u>865</u>	<u>18</u>	<u>92</u>	<u>76</u>	<u>(6,845)</u>	<u>9,971</u>	<u>33</u>	<u>2,188</u>	<u>101</u>
Net changes in fund balances	<u>1,072</u>	<u>(1,117)</u>	<u>(442)</u>	<u>1,405</u>	<u>(\$808)</u>	<u>(\$7,755)</u>	<u>\$11,926</u>	<u>(3,295)</u>	<u>523</u>	<u>556</u>
Debt service as a percentage of noncapital expenditures	2.0%	1.8%	2.0%	2.7%	2.9%	4.0%	3.3%	0.0%	0.0%	0.0%

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 Assessed Value to Total Estimated Actual Value
	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	
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%
2011	\$2,229,882	\$3,567,811	\$165,123	\$165,123	\$2,395,005	\$3,732,934	64.16%
2012	\$2,108,998	\$3,268,947	\$128,684	\$128,684	\$2,237,682	\$3,397,631	65.86%
2013	\$2,218,299	\$3,438,363	\$129,459	\$129,459	\$2,347,758	\$3,567,822	65.80%

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 And Overlapping Governments
 (Per \$1,000 of Assessed Value)
 Last Ten Years

Fiscal Year	Taylorsville City	Salt Lake County	So. Salt Lake County	Jordan Valley Water	Central Utah	Other District Range(1)		Total Tax Rate Range (2)	
			Mosquito Abatement	Conservancy District	Conservancy District	Low	High	Low	High
2004	1.932	3.683	0.017	0.392	0.358	6.666	8.550	11.116	14.932
2005	1.881	3.427	0.034	0.397	0.400	6.950	9.082	11.208	15.221
2006	1.801	3.378	0.030	0.400	0.357	8.383	10.593	12.548	16.559
2007	1.858	2.988	0.027	0.352	0.302	7.544	10.554	11.213	16.081
2008	1.554	2.301	0.023	0.400	0.286	5.767	8.038	8.777	12.602
2009	1.514	1.934	0.022	0.384	0.400	6.054	6.679	8.794	10.933
2010	1.690	2.278	0.025	0.400	0.421	6.047	7.955	9.171	12.769
2011	1.739	2.593	0.050	0.410	0.436	7.166	8.305	10.655	13.533
2012	1.794	2.517	0.052	0.424	0.436	6.796	8.761	10.225	13.984
2013	2.202	2.865	0.021	0.443	0.455	7.166	8.676	10.950	14.662

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 (0.007166), taylorsville Bennion Imp. Dist.(0.000181), Graniger-Hunter Imp. Dist.(0.000771), Kearns Imp. Dist.(0.000845), and Jordan School District(0.007360). 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, 2013
(Per \$1,000 of Assessed Value)

TAX YEAR. Taxpayer	2013			2012		
	Taxable Assessed Value	Rank-2013	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank-2012	% of Total Taxable Assessed Value
Hermes Associates, LTD	\$ 43,549	1	1.98%	\$ 42,517	1	1.93%
Inland American Taylorsville	\$ 34,104	2	1.55%	\$ 33,061	2	1.50%
Arden Realty Limited	\$ 32,172	3	1.46%	\$ 32,101	3	1.46%
SLC Riverboat, LLC	\$ 22,675	4	1.03%	\$ 22,401	4	1.02%
PCCP JSP Fairway LLC	\$ 20,009	5	0.91%	\$ 18,691	5	0.85%
Summerwood Associates	\$ 18,450	6	0.84%	\$ 17,933	7	0.83%
Wal-Mart Real Estate	\$ 18,368	7	0.83%	\$ 18,368	6	0.81%
Hermes Associates, LTD	\$ 17,015	8	0.77%	\$ 17,009	8	0.77%
BC-GFS Settler's Point	\$ 14,698	9	0.67%	\$ 14,173	9	0.64%
ICU Medical Inc.	\$ 13,223	10	0.60%	\$ 12,622	11	0.60%
Rural Enterprises	\$ 12,400	11	0.56%	\$ 13,156	10	0.57%
The Mark Twain Limited	\$ 12,224	12	0.55%	\$ 11,774	12	0.53%
Mikami Brothers	\$ 11,883	13	0.54%	\$ 10,700	14	0.49%
DDR Family Centers LP	\$ 11,806	14	0.54%	\$ 11,166	13	0.51%
SRP Building IX, LLC	\$ 10,842	15	0.49%	\$ 10,700	15	0.49%
	<u>\$ 293,418</u>		<u>13.32%</u>	<u>\$286,372</u>		<u>13.00%</u>

CITY OF TAYLORSVILLE
Property Tax Levies and Collections
June 30, 2013
(Per \$1,000 of Assessed Value)

<u>Fiscal</u>	<u>Total Tax</u>	<u>Current Tax</u>	<u>Percent of Taxes</u>	<u>Delinquent Tax</u>	<u>Total Tax</u>	<u>Collected as a Percentage of Total Tax</u>
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%
2011	\$ 4,328,397	\$ 4,181,078	96.60%	\$ 85,736	\$ 4,266,814	98.58%
2012	\$ 4,299,666	\$ 4,169,257	96.97%	\$ 130,931	\$ 4,300,188	100.01%
2013	\$ 5,011,821	\$ 4,853,499	96.84%	\$ 92,428	\$ 4,945,927	98.69%

CITY OF TAYLORSVILLE
 Ratios Of Outstanding Debt By Type
 Last Ten Fiscal Years
 (Amounts Expressed In Thousands, Except Per Capita Amount)

<u>Fiscal Year</u>	<u>Capital Lease (000's)</u>	<u>Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
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
2011	133	8,630	0.39%	\$ 37.90
2012	76	12,205	0.64%	\$ 32.47
2013	15	11,879	0.90%	\$ 22.39

CITY OF TAYLORSVILLE
 Computation of Direct And Overlapping Bonded Debt-
 General Obligation Bonds
 June 30, 2013

Name of Governmental Units	Net Debt Outstanding	Percentage Amount Applicable to City of Taylorsville	
Direct Debt- City of Taylorsville	-	100.00%	-
Overlapping Debt:			
State of Utah:	\$ 3,225,435,000	2.05%	\$ 66,255,400
Salt Lake County:	242,555,000	5.51%	13,372,602
			<u>\$ 79,628,002</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt Limit	\$ 92,177	\$ 88,115	\$ 99,932	102,112	112,474	108,886	89,606	79,147	75,358	73,456
Total net debt applicable to limit	\$ 9,038	\$ 8,965	\$ 8,630	\$ 9,000	\$ 9,355	\$ 9,700	\$ 10,000			
Legal debt margin	83,139	79,150	91,302	93,112	103,119	99,186	79,606	79,147	75,358	73,456
Total net debt applicable to the limit as a percentage of debt limit	11%	11%	9%	10%	9%	10%	13%	0.00%		

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 2,304,415	\$ 2,202,882	\$ 2,498,307	2,552,788	2,811,852	2,722,154	2,240,142	1,978,687
Add back: Exempt real property								
Total assessed value	2,304,415	2,202,882	2,498,307	2,552,788	2,811,852	2,722,154	2,240,142	1,978,687
Debt limit (4% of total assets, value)	\$ 92,177	\$ 88,115	\$ 99,932	\$ 102,112	\$ 112,474	\$ 108,886	\$ 89,606	79,147
Debt applicable to limit								
General obligation bonds								
Less: Amount set aside for repayment on G.O Debt								
Total net debt applicable to limit								
Total debt margin	\$ 92,177	\$ 88,115	\$ 99,932	102,112	112,474	108,886	89,606	79,147

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)
2004	57,925	10.7	287	20,098	1,107,584	19.121	4.60%
2005	58,048	10.7	97	20,195	1,191,551	20.527	5.00%
2006	58,170	10.7	245	20,440	1,281,776	22.035	3.40%
2007	58,293	10.7	121	20,561	1,378,921	23.655	2.80%
2008	58,416	10.7	127	20,688	1,423,247	24.364	3.20%
2009	58,539	10.7	29	20,717	1,236,110	21.116	5.70%
2010	58,652	10.7	14	20,731	1,285,300	21.914	7.20%
2011	58,945	10.7	7	20,738	1,301,276	22.076	7.30%
2012	59,240	10.7	93	20,831	1,317,497	22.240	6.00%
2013	59,536	10.7	28	20,859	1,327,657	22.399	4.70%

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>
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
2011	\$ 4,693,030	\$ 6,777,649	\$ 3,587,733	\$ 15,058,412
2012	\$ 4,727,535	\$ 7,276,810	\$ 3,647,798	\$ 15,652,143
2013	\$ 5,583,762	\$ 7,450,478	\$ 3,951,495	\$ 16,985,735

CITY OF TAYLORSVILLE
Principal Employers
June 30, 2013

Employer	Employees
Convergys	2696
American Express	2058
Salt Lake Community College	1300
Granite School District	858
ICU Medical	500
Wal-Mart	450
Utah Department of Transportation	450
Nelson Laboratories, Inc.	385
Utah Department of Public Safety	270
Sorenson Communications, Inc.	200
RBS Securities	181
Harmons	157
24 Hour Fitness USA, Inc.	150
Legacy Village	118
RC Willey Home Furnishings	108
Fresh Market	102
IHC Taylorsville Health Center	102
Texas Roadhouse	100
Delta Health Systems	100
Unified State Labs-Public Health Lab	95
Old Spaghetti Factory of Utah	94
ITT Technical Institute	92
Avalon West Health/Rehabilitation	86
Ream's	84
Applebee's Neighborhood Grill	70
Telenotes	70
AT&T Mobility	67
ALS Laboratory Group	67
Jo-Ann	65
Magpie Systems	63

CITY OF TAYLORSVILLE
 Miscellaneous Statistics
 June 30, 2013

Date of Incorporation	July 1, 1996
Form of Government	Mayor/Council
Number of employees	158 (106 FTE)
Appointed	8
Elected	6
Area in square miles	10.7
Registered voters	27,636

City of Taylorsville facilities and services:

Culture and Recreation:

Swimming Pools	2
Parks	16 (including County owned)
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*

* City of Taylorsville residents attended two additional elementary schools, one additional secondary

COMPLIANCE REPORTS

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*

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 12, 2013.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

November 12, 2013

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
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Jeffrey B. Miles, CPA

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

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

Report on Compliance

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

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

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

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

B & C Road Funds (UDOT)

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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

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

November 12, 2013

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To the Honorable Mayor and City Council
City of Taylorsville

We have audited the financial statements of the City of Taylorsville as of and for the year ended June 30, 2013, and have issued our report thereon dated November 12, 2013. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 26, 2013, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Taylorsville solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Taylorsville is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the City changed its method of accounting for deferred inflows and outflows of resources recognition by adopting Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and also early adopting GASB No. 65, "Items Previously Reported as Assets and Liabilities." Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities and Statement of Revenues, Expenses, and Changes in Net Position. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We noted no accounting estimates that we considered to be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Financial Statement Disclosures

The financial statement disclosures are considered neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Taylorsville's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated November 12, 2013.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Taylorsville, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Taylorsville's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City of Taylorsville's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards and with respect to the supplementary information

accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Mayor, City Council, and management of the City of Taylorsville and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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