



Comprehensive Annual Financial Report



Year Ended June 30, 2012

CITY OF TAYLORSVILLE

Taylorsville, Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by:

John Inch Morgan, MBA

City Administrator / City Treasurer

Scott P. Harrington

Chief Financial Officer

CITY OF TAYLORSVILLE
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November 20, 2012

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Taylorsville.

Submitted with this transmittal letter is *The Comprehensive Annual Financial Report (CAFR)* of The City of Taylorsville for the Fiscal Year ended June 30, 2012. This CAFR fulfills the requirements of Utah Code Annotated Section 10-6-150 to publish within six months of the close of each fiscal year, a complete set of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards by a firm of licensed certified public accountants.

We are pleased to report that the City of Taylorsville concluded the 2011-2012 Fiscal Year ended June 30, 2012 in sound financial condition.

This report presents the reader with a comprehensive financial account covering all funds and financial transactions for the Fiscal Year that began on July 1, 2011 and ended June 30, 2012. In addition to the fund financial information presented in the City's financial statements, this report includes government-wide financial statements comprised of the Statement of Net Assets, a report that provides the total net assets of the City including all capital assets and infrastructure; and the Statement of Activities which shows the cost of providing government services.

We believe that the information in this document is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds of the City. The city management assumes full responsibility for the accuracy of the presented data and the completeness of the presentation, including all disclosures. We encourage the reader to review the Notes to the Financial Statements as an integral part of this report for a more complete understanding of the financial statements and information presented in this report and the annual audit of the City.

Management of the City is also responsible for the establishment and maintenance of the internal control structure and financial policies designed to ensure the assets of the City are protected from loss, theft, or misuses and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The City's internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The City of Taylorsville's financial statements have been audited by Hansen, Bradshaw, Malmrose & Erickson, P.C., a firm of licensed Certified Public Accountants. The purpose of the independent audit is to provide reasonable assurance that the financial statements of the City of Taylorsville 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 presentation. The independent auditor has concluded, based upon their audit examination, that there was a reasonable basis for rendering an unqualified opinion that the City of Taylorsville's financial statements for the Fiscal Year ended June 31, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this Report.

ORGANIZATION OF THE CAFR

There are four sections of this report including 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:
 - a. The Management's Discussion and Analysis (MD&A);
 - b. Basic Financial Statements (BFS);
 - c. The Independent Auditors' Report.
3. **The Statistical Section**, which is unaudited and includes:
 - a. Notes to the financial statements and
 - b. Supplemental statements and schedules. The BFS provide an overview for readers who do not require detailed information about the City's finances.
4. **The Compliance Section**, which includes necessary reports for the City to comply with Government Auditing Standards and State of Utah requirements.

The City's financial reports include all of the funds of the municipal government. The City provides a full spectrum of municipal services through a combination of contracts with private firms, with other governmental agencies and through the direct employment of City employees. These services include law enforcement and municipal court services; fire protection and emergency medical services through a contract with the Unified Fire Authority; roadway, storm drain, street lighting and other infrastructure construction and maintenance through contracts with private contractors and Salt Lake County Public Works; engineering services through contracts with several private engineering firms, the primary firm being Forsgren and Associates; building inspection, planning and zoning services; park construction and maintenance; economic development and community cultural events.

Financial reporting includes all primary government funds and all component units. Component units are legally separate entities for which the primary government is financially accountable. Included in this category are the Redevelopment Agency of Taylorsville City and all enterprise funds.

BUDGETING CONTROLS

Comprehensive budgets are essential in governmental accounting and in maintaining financial control. The City's budget for all funds is adopted by the City Council each year. Utah State Law requires a

balanced budget for each individual fund, and also requires department expenditures to conform to departmental appropriation. Finally, the law recognizes declared emergencies (natural disasters) as the only circumstance where individual fund appropriations may be overspent.

The City of Taylorsville is located in the very center of the Salt Lake Valley. The City is governed by the Council-Mayor form of municipal government where a five-member council, each representing a geographical area of the City, serves as the legislative branch of the City's government. The Mayor is elected to serve as the full-time Chief Executive and Budget Officer of the City. The Mayor does not have a vote on City Council matters, but does have various administrative and veto powers. The City Council establishes City Policy and Code of Ordinances, approves the annual budget and ratifies the appointment of statutory City Officials. The Council is authorized by State Law to issue bonds, incur short-term debt, and levy property taxes. The Mayor, the City Administrator, the Department Directors and the Chief Financial Officer comprise the Management Team that conducts the City's daily operations, and collaborates with the City Council and the citizen committees.

The Mayor and the Management Team craft a tentative budget each year based upon an updated Ten Year Strategic Plan, municipal service delivery goals and objectives and emerging needs of the City. The City Council receives the tentative budget in the spring of each year and is required to adopt a final budget for the next fiscal year by the 22nd of June of the current year.

PROFILE OF THE GOVERNMENT

The City of Taylorsville was incorporated in 1996, one hundred years after the creation of the State of Utah. The City operates under the council-mayor form of government where the City Council, comprised of five council members each elected from council districts, functions as the legislative branch of government, and the elected full-time Mayor, with no voting rights on the Council, is the Chief Executive Officer with veto powers and administrative duties. The Council is responsible for establishing City Ordinances, approving the annual budget and along with the City Administration developing the City's long-term strategic plan.

The City of Taylorsville is the tenth largest city by population in the state of Utah. The U.S. Census Bureau's 2011 estimate identifies the Taylorsville Population at 59,767 with an annual growth rate of 1.9 percent, ranking the City of Taylorsville as Utah's the tenth largest city by population. The census estimates that approximately 36.0 percent of the population is under 19 years of age and that 9.1% of the Taylorsville population is 65 years of age or older. The median age of the Taylorsville resident is 30.6 years old and the inflation adjusted (2011) median family income is \$57,337¹, compared to the median family income for the state at \$56,330.

The Taylorsville area was settled in 1847 as a pioneer farming community. In 1860 the area's population was 178 and remained predominately agricultural through the 1940's. From 1960 to 1987 the population increased from about 4,000 residents, occupying 600 housing units to 49,600 residents with about 16,000 housing units.

As identified in the financial statements, the City provides a full range of municipal services including police and fire protection, emergency preparation and response, street construction and maintenance, public infrastructure improvements, traffic signal and street light installation and maintenance, storm drain system construction and maintenance, engineering services, building inspection, planning and zoning services, administrative services, park construction and maintenance, and recreation services.

GUIDING FINANCIAL PRINCIPLES

¹ U.S. Census Bureau Fact Sheet, 2012, Taylorsville City, Utah

While the city's long-term goals, objectives, initiatives and projects guide what the budget accomplishes, how that is accomplished is based on the following guiding principals:

1. The City of Taylorsville exists only to serve the needs of its citizens. By constantly involving citizens in the planning processes, city leaders learn of the changing short-term and long-term needs and vision of our citizens. Since these needs are continuing and changing, the city will consistently receive citizen feedback based on both long-term and current 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).
4. The City of Taylorsville will continue to follow the historic trend of providing conservative government, seeking non-traditional service delivery alternatives for providing 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 crafts 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 and sales taxes. 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.

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

If you should have questions regarding the Comprehensive Financial Report, please contact Chief Financial Officer Scott Harrington or me.

Sincerely,

John Inch Morgan
City Administrator/City Treasurer

Scott P. Harrington
Chief Financial Officer

Elected Officials

Mayor

Russ Wall

Council Chairman

Jerry W. Rechtenbach

Council Vice Chairman

Dama Barbour

Council Member

Larry Johnson

Council Member

Kristie S. Overson

Council Member

Ernest Burgess

Appointed Officials

City Administrator / Treasurer

John Inch Morgan

Police Chief

Del Craig

Community Development Director

Mark McGrath

Justice Court Judge

Michael W. Kwan

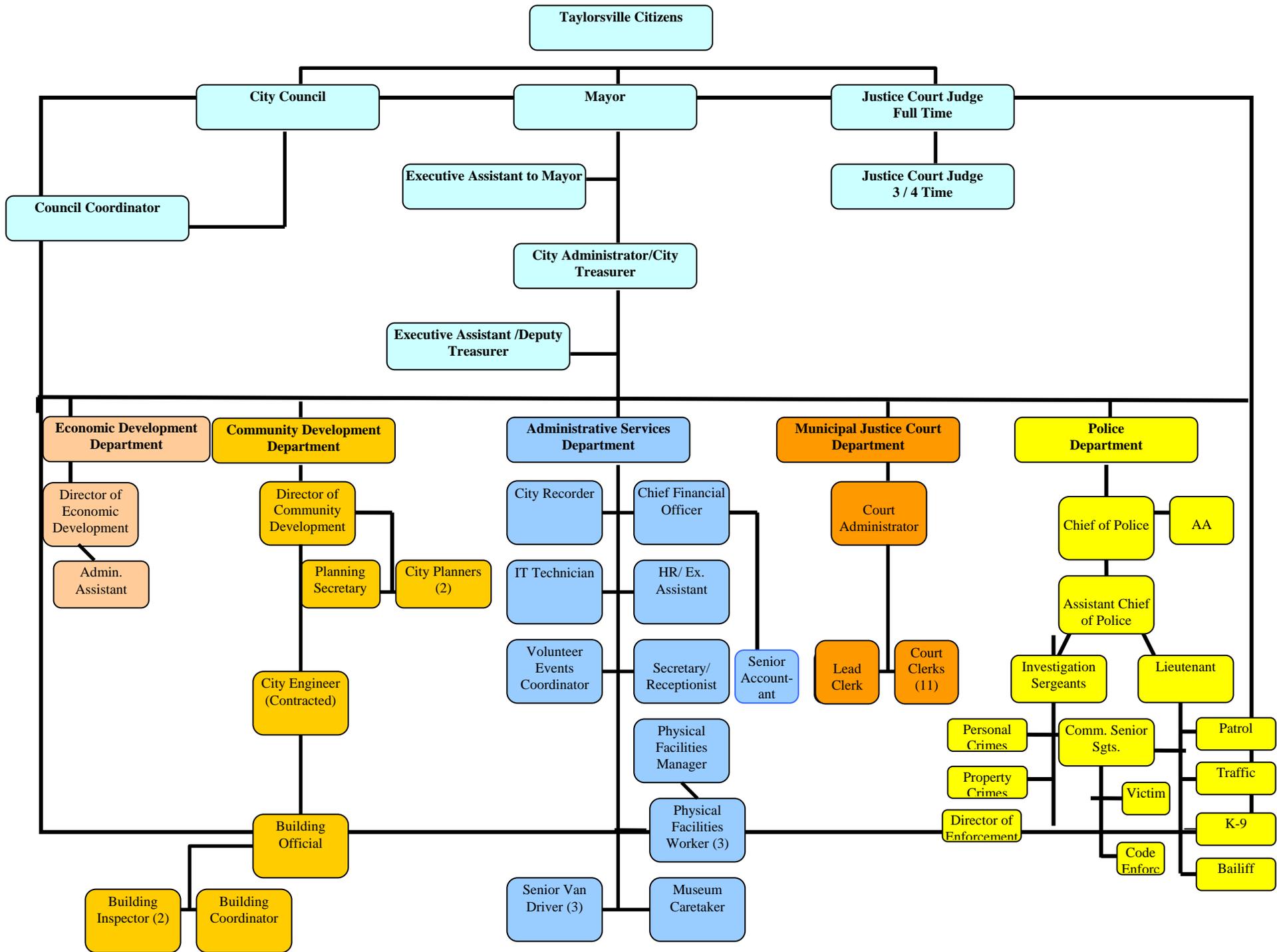
Justice Court Judge

Marsha Thomas

Recorder

Cheryl Peacock-Cottle

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

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 assurance on them.

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

November 20, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the Management's Discussion and Analysis. This narrative is designed to complement the financial documents and annual audit; and to provide the reader with context and essential background information about the City of Taylorsville's demographics, community character, municipal needs and operations, and the supporting financial activities required to support quality municipal services.

FINANCIAL HIGHLIGHTS

The assets of the City of Taylorsville, not including component units, exceeded its liabilities as of June 30, 2012 by \$165,907,153. Of this amount, unrestricted net assets of \$8,921,983 may be used to meet the City's ongoing operations and obligations to the citizens of Taylorsville and creditors.

When assessing the financial health of an organization, one will often compare the changes in net assets from one accounting period to another. The Government Activities' net assets decreased by \$878,522 from the prior year, while the Business-Type Activities' net assets increased by \$208,930 over the previous year. Total Capital assets for the fiscal year 2012 are \$156,859,682 for Government Activities and \$8,165,394 for Business-Type Activities. These changes reflect the use of assets in the delivery of municipal services, and the improvements that bring additional value to the City. Taking all of the changes into consideration the health of the City of Taylorsville is very secure.

As of June 30, 2012, the close of the 2011-2012 Fiscal Year, the unreserved fund balance for the General Fund reported a combined ending fund balance of \$4,498,450, an increase of \$143,423 after netting all general fund revenues against operational expenditures for the fiscal year. Of this amount \$4,005,704 is unassigned and available to provide goods and services to the citizens of Taylorsville. The remaining \$492,746 has been reserved due to legal restrictions and obligations of the City.

The City has arranged to invest cash in excess of determined operational needs in the Utah Public Treasurer's Investment Fund (PTIF). All available cash is pooled for investment and money management purposes. Interest income is allocated to all funds based on the percentage each fund has allocated to the investment pool.

The City participates in the Utah Local Government Trust for general liability coverage and worker's compensation coverage in the 2011-2012 Fiscal Year. The City purchases health benefits from commercial insurance companies.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis has been organized to serve as an introduction to the City's Basic Financial Statement. The City's Basic Financial Statements comprise three components groups: government-wide financial statements, fund financials statements and notes to the

CITY OF TAYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2012

financial statements. We have also included in this report other supplementary information in addition to the Basic Financial Statements that we believe may be of interest to the reader.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A year-to-year comparison of the Statement of Net Assets is often a useful indicator of an organization's financial strength. Comparing the change in assets to liabilities over time can indicate whether an organization is properly maintaining its assets, and offer an indication of how the maintenance and operations are being financed. For Taylorsville, as is the case for most local governments, the largest portion of total net assets, \$156,274,645, is the valuation and investment in capital assets, net of related debt. Total liabilities and outstanding debt equaling \$16,926,045, result in total net assets for the City of \$165,907,153 at the end of the financial period. The City's capital assets are used to provide municipal services to the Citizens of Taylorsville, and are not generally assets available for future spending. Examples of a capital assets include, but are not limited to, city roads, street lights, bridges, storm drains and capitalized equipment. In as much as these assets are not available for liquidation, the payment of debt used to acquire these assets must be allocated from other sources.

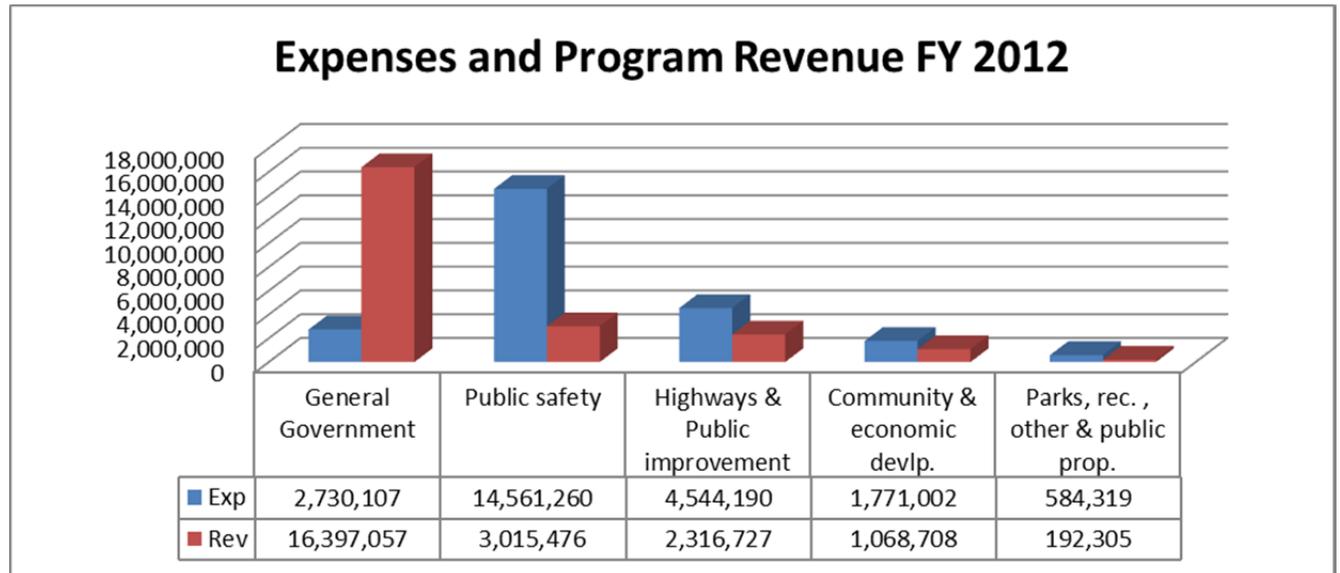
A much smaller portion of the total net assets \$710,525 reported in this statement represents resources that are subject to external restrictions on how they can be used. The remaining portion of the total net assets \$8,921,983, may be used to meet the government's ongoing obligations and operations.

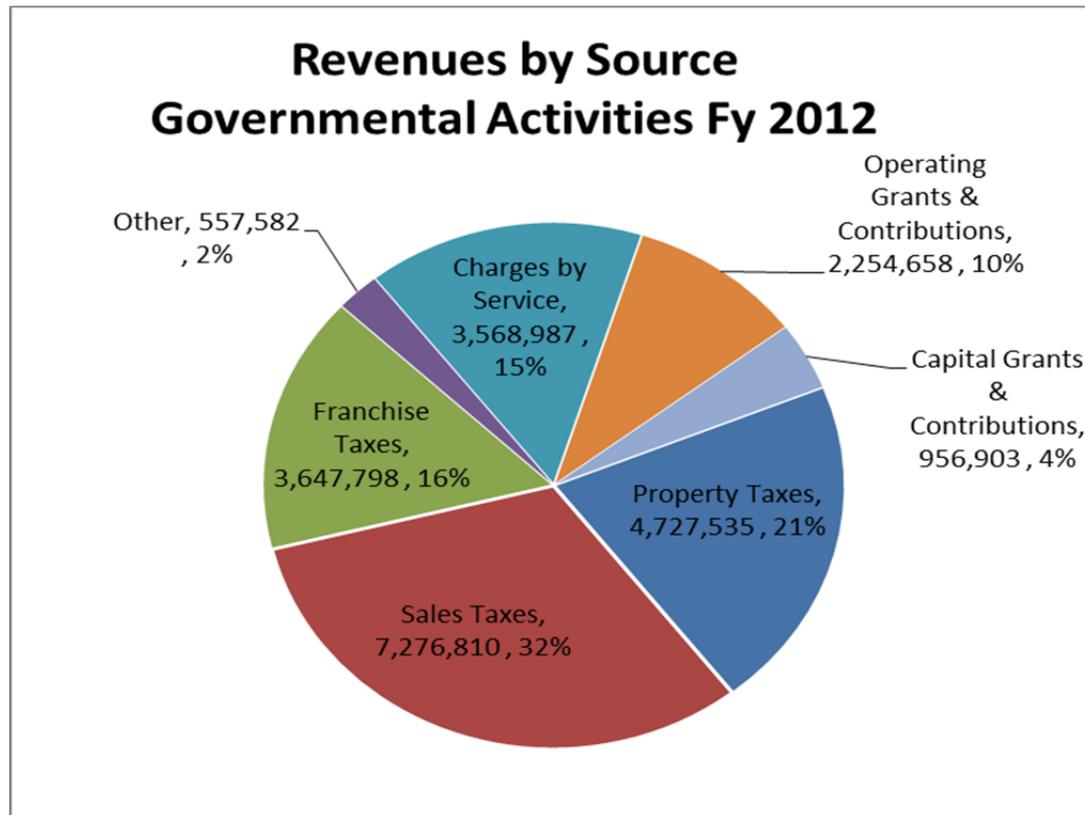
	Governmental Activities June 30, 2012	Governmental Activities June 30, 2011	Business Type Activities June 30, 2012	Business Type Activities June 30, 2011	Totals June 30, 2012	Totals June 30, 2011
Current and other assets	\$ 13,303,395	\$ 12,858,867	\$ 4,504,727	\$ 6,184,099	\$ 17,808,122	\$ 19,042,966
Capital assets	156,859,682	156,586,897	8,165,394	6,872,006	165,025,076	163,458,903
Total Assets	170,163,077	169,445,764	12,670,121	13,056,105	182,833,198	182,501,869
Long-term debt outstanding	5,258,104	4,756,850	3,872,960	4,102,644	9,131,064	8,859,494
Other liabilities	7,659,763	6,565,182	135,218	500,448	7,794,981	7,065,630
Total Liabilities	12,917,867	11,322,032	4,008,178	4,603,092	16,926,045	15,925,124
Net assets:						
Invested in						
capital assets, net of debt	151,612,671	152,070,500	4,661,974	4,951,580	156,274,645	157,022,080
Restricted	710,525	1,395,663	-	393,994	710,525	1,789,657
Unrestricted	4,922,014	4,657,569	3,999,969	3,107,439	8,921,983	7,765,008
Total Net Assets	\$ 157,245,210	\$ 158,123,732	\$ 8,661,943	\$ 8,453,013	\$ 165,907,153	\$ 166,576,745

CITY OF TAYLORSVILLE
 Management's Discussion and Analysis
 For the year ended June 30, 2012

CITY OF TAYLORSVILLE'S CHANGES IN NET ASSETS

	Governmental Activities June 30, 2012	Governmental Activities June 30, 2011	Business Activities June 30, 2012	Business Activities June 30, 2011	Total June 30, 2012	Total June 30, 2011
Revenues						
Program revenues:						
Charges for services	\$ 3,568,987	\$ 3,495,385	\$ 1,177,458	\$ 1,161,034	\$ 4,746,445	\$ 4,656,419
Operating grants and contributions	2,254,658	2,567,552	-	-	2,254,658	2,567,552
Capital grants and contributions	956,903	904,292	34,694	-	991,597	904,292
General revenues:						
Property taxes	4,727,535	4,693,030	-	-	4,727,535	4,693,030
Other taxes	10,924,608	10,365,382	-	-	10,924,608	10,365,382
Other revenues	557,582	211,919	5,266	8,410	562,848	220,329
Special Item	322,083	-	-	-	322,083	-
Total revenue	23,312,356	22,237,560	1,217,418	1,169,444	24,529,774	23,407,004
Program expenses:						
General government	2,730,107	2,661,562	1,008,488	825,531	3,738,595	3,487,093
Public safety	14,561,260	13,846,828	-	-	14,561,260	13,846,828
Highway and public improvements	4,544,190	3,842,868	-	-	4,544,190	3,842,868
Community and economic development	1,771,002	2,030,691	-	-	1,771,002	2,030,691
Parks and public property	373,821	315,424	-	-	373,821	315,424
Interest on long term debt	210,498	203,125	-	-	210,498	203,125
Total expenses	24,190,878	22,900,498	1,008,488	825,531	25,199,366	23,726,029
Increase (decrease) in net assets	(878,522)	(662,938)	208,930	343,913	(669,592)	(319,025)
Net Assets Beginning of Year	158,123,732	158,786,670	8,453,013	8,109,100	166,576,745	166,895,770
Net Assets End of year	\$ 157,245,210	\$ 158,123,732	\$ 8,661,943	\$ 8,453,013	\$165,907,153	\$166,576,745





GENERAL FUND

REVENUE -- General fund revenues totaled \$ 22,142,873 in the Fiscal Year ending June 30, 2012. Property Taxes, Motor Vehicle Taxes, General Sales Taxes and Franchise Tax constitute the major sources of revenue totaling \$15,559,648. All tax categories in aggregate generated 70.91 percent of general fund revenue. Sales tax revenue is the most volatile revenue source for the City, we closely following the business cycles and has experienced an upward trend in the economy. In the City's CAFR for Fiscal Year 2011, we reported that City's sales tax revenue had fallen by approximately \$1.66 million dollars when comparing Fiscal Year 2008 to that collected in Fiscal Year 2011. During the current fiscal year, the City increased sales tax collections by approximately \$560,000. Monthly sales tax revenue receipts have followed a positive trend through most of the fiscal year, indicating a slow, but steady economic recovery in the City of Taylorsville. Still, given the broader national and world economic indicators showing signs of uncertainty, the management team has cautiously managed spending to the highest priorities and ended the fiscal year with expenditures below the approved budget.

EXPENDITURES – General fund expenditures for Fiscal Year 2012 were \$21,999,450 representing total expenditures including transfers to other funds were less than actual general fund revenue by \$143,423. Major expenditure categories for the maintenance of municipal services include: Public Safety, \$14,314,130; Highway and Public Improvements, \$2,485,200;

CITY OF TAYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2012

Community and Economic Development, \$1,672,842; General Government, 2,290,006. Public Property and Parks, \$299,074, and Debt Service \$416,650.

CAPITAL ASSETS AND DEBT ADMINISTRATION

	Governmental Activities		Business type Activities	
	2012	2011	2012	2011
Land and water rights	\$ 126,423,661	\$ 12,522,039	\$ -	\$ -
Construction in progress	5,003,846	5,040,572	97,510	756,636
Building and improvements	8,373,415	8,347,346	-	-
Office furniture and equipment	238,399	398,612	91,997	6,765
Vehicles and equipment	124,467	324,649	-	125,639
Infrastructure	16,695,894	129,953,679	7,975,887	5,982,966
	<u>\$ 156,859,682</u>	<u>\$ 156,586,897</u>	<u>\$ 8,165,394</u>	<u>\$ 6,872,006</u>

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	
	2012	2011	2012	2011
Revenue bonds payable	\$ 5,227,701	\$ 4,712,210	\$ 3,827,334	\$ 4,014,103
Leases payable	30,403	44,640	45,626	88,541
Compensated absences	260,090	656,086	-	-
	<u>\$ 5,518,194</u>	<u>\$ 5,412,936</u>	<u>\$ 3,872,960</u>	<u>\$ 4,102,644</u>

In this accounting period the City managed debt in the amount of \$9,131,064 in the form of Sales Tax Revenue Bonds for Storm Drain, Road infrastructure improvements, Economic Development projects, and municipal Equipment Leases.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and transfers was amended from \$22,085,501 to a final budget of \$23,338,419: the majority of which was to account for grants received during the year. Actual expenditures and transfers were \$21,999,450 and were \$143,423 less than actual revenues for the year.

GENERAL INFORMATION

ECONOMIC CONDITION AND OUTLOOK

The City's Fiscal Year 2011-2012, which is covered by this report and audit, provided a number of positive economic events and signs. Historically, the "Great Recession" as many economists have identified the recent economic downturn, manifested the largest decline in production since 1939 and the fastest decline in values since the 1920's, all of which have changed the way that we as consumers participate in the economic markets. Officially² the recession lasted for 18 months, running from December 2007 through June of 2009, however, the lasting effects of a slow recovery continue to impact the operations of the City. City officials have worked together in each of the intervening years with priority budgeting measures that matched expenditures to the reduced revenue. Fiscal Year 2010-2012, which is reported in these documents, was another year where conservative budgeting provided essential services to residents and businesses while postponing or reducing other services.

Highlights of Taylorsville's economic development and growth include:

- Building permits for major projects were valued at \$18,709,638.
- Permits for 131 housing units in the Silver Crest development by Perry Homes.
- Positive Tax Increment generated from the 6200 South Redevelopment Agency area.
- Completion of the Senior Housing Complex at 4800 South and Redwood Road providing 61 new housing units.
- Unemployment rate of 5.6%

MAJOR INITIATIVES

Because of the prevailing economic conditions and limited resources, the City's major initiatives in this budget period were focused on the delivery of quality basic services and maintenance of the City's infrastructure.

Over the past several years, the City of Taylorsville has seen more major intersection and road projects under construction than most other cities in Utah. Continuous flow intersections; reversible lane roads and Michigan turns have negatively impacted the traffic flow and business access to commercial sites. During the past year, as these projects have been completed, our primary focus has been on business access, business development and recovery in our commercial centers.

FINANCIAL INFORMATION

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

LONG-TERM FINANCIAL PLANNING

The City of Taylorsville takes pride in conservative financial management and responsible

² Business Cycle Dating Committee, National Bureau of Economic Research

CITY OF TAYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2012

financial planning. The City has maintained a pay-as-you-go financing mechanism for all general government operations and for the majority of capital infrastructure and capital equipment needs. The City does use the debt financial markets when the cost to benefit analysis and market conditions is favorable. Taylorsville enjoys one of the lowest debt to revenue, and overall debt among Utah cities.

REQUEST FOR INFORMATION

This report has been designed to provide a general overview of the City of Taylorsville's finances. Those who are interest in additional information or greater detail of the finances of the City should address requests to the City of Taylorsville Finance Department, 200 West Taylorsville Boulevard, Taylorsville UT 84129.

CITY OF TAYLORSVILLE
Statement of Net Assets
June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,952,908	\$ 4,268,117	\$ 9,221,025	\$ 195,070
Receivables, net of allowance				
Taxes	6,783,465	-	6,783,465	-
Intergovernmental	669,710	-	669,710	-
Accounts	26,986	176,819	203,805	2,650
Restricted assets:				
Cash and cash equivalents	723,980	-	723,980	-
Capital assets not being depreciated:				
Land and water rights	126,423,661	-	126,423,661	-
Construction in progress	5,003,846	97,510	5,101,356	-
Capital assets - net of accumulated depreciation:				
Buildings and improvements	8,373,415	-	8,373,415	-
Office furniture and equipment	238,399	91,997	330,396	2,159
Vehicles and equipment	124,467	-	124,467	-
Infrastructure	16,695,894	7,975,887	24,671,781	-
Unamortized bond issue costs	146,346	59,791	206,137	-
Total assets	<u>\$ 170,163,077</u>	<u>\$ 12,670,121</u>	<u>\$ 182,833,198</u>	<u>\$ 199,879</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 1,543,321	\$ 106,995	\$ 1,650,316	\$ 15,029
Accrued liabilities	750,162	-	750,162	-
Accrued interest payable	38,176	28,223	66,399	-
Deferred revenue	5,068,014	-	5,068,014	-
Accrued liabilities - compensated absences	260,090	-	260,090	-
Bonds payable:				
Due within one year	216,000	184,000	400,000	-
Due in more than one year	5,011,701	3,643,334	8,655,035	-
Capital leases:				
Due within one year	14,871	45,626	60,497	-
Due in more than one year	15,532	-	15,532	-
Total liabilities	<u>12,917,867</u>	<u>4,008,178</u>	<u>16,926,045</u>	<u>15,029</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	151,612,671	4,661,974	156,274,645	2,159
Restricted for:				
Future construction	3,507	-	3,507	-
Class C roads	492,746	-	492,746	-
Parks	214,272	-	214,272	-
Unrestricted	4,922,014	3,999,969	8,921,983	182,691
Total net assets	<u>157,245,210</u>	<u>8,661,943</u>	<u>165,907,153</u>	<u>184,850</u>
Total liabilities and net assets	<u>\$ 170,163,077</u>	<u>\$ 12,670,121</u>	<u>\$ 182,833,198</u>	<u>\$ 199,879</u>

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

CITY OF TAYLORSVILLE
Statement of Activities
For the year ended June 30, 2012

	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			
	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	\$ 2,730,107	\$ 129,274	\$ 58,058	\$ -	\$ (2,542,775)		\$ (2,542,775)	
Public safety	14,561,260	2,684,032	328,346	3,098	(11,545,784)		(11,545,784)	
Highways and public improvements	4,544,190	-	1,727,077	589,650	(2,227,463)		(2,227,463)	
Community and economic development	1,771,002	714,711	141,177	212,820	(702,294)		(702,294)	
Parks, recreation and public property	373,821	40,970	-	151,335	(181,516)		(181,516)	
Interest on long-term debt	210,498	-	-	-	(210,498)		(210,498)	
Total governmental activities	24,190,878	3,568,987	2,254,658	956,903	(17,410,330)		(17,410,330)	
Business-type activities								
Storm drain	1,008,488	1,177,458	-	34,694		\$ 203,664	203,664	
Total Primary Government	\$ 25,199,366	\$ 4,746,445	\$ 2,254,658	\$ 991,597	(17,410,330)	203,664	(17,206,666)	
Component Unit:								
Taylorsville Dayzz, Inc.	\$ 46,992	\$ 2,350	\$ 92,435	\$ -				\$ 47,793
Taylorsville Art Council	33,282	21,666	10,641	-				(975)
Total component units	\$ 80,274	\$ 24,016	\$ 103,076	\$ -				46,818
General Revenues:								
Taxes								
Property taxes					4,727,535	-	4,727,535	-
Sales taxes					7,276,810	-	7,276,810	-
Franchise taxes					3,647,798	-	3,647,798	-
Investment earnings					74,162	5,266	79,428	113
Other					483,420	-	483,420	-
Special item - transfer of police to other government					322,083	-	322,083	-
Total general revenues					16,531,808	5,266	16,537,074	113
Change in net assets					(878,522)	208,930	(669,592)	46,931
Net assets - beginning					158,123,732	8,453,013	166,576,745	137,919
Net assets - ending					\$157,245,210	\$8,661,943	\$165,907,153	\$ 184,850

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

CITY OF TAYLORSVILLE
 Balance Sheet – Governmental Funds
 June 30, 2012

	Governmental Fund Types			Total Governmental Funds
	General	Special Revenue	Other Governmental	
		Infrastructure	Funds	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,461,036	\$ 885,281	\$ 606,591	\$ 4,952,908
Receivables:				
Taxes	6,693,465	-	90,000	6,783,465
Intergovernmental	605,710	-	64,000	669,710
Other	20,984	6,002	-	26,986
Restricted assets:				
Cash and cash equivalents	712,887	3,507	7,586	723,980
Total assets	\$ 11,494,082	\$ 894,790	\$ 768,177	\$ 13,157,049
<u>LIABILITIES</u>				
Accounts payable	\$ 1,267,456	\$ 266,639	\$ 9,226	\$ 1,543,321
Accrued liabilities	750,162	-	-	750,162
Deferred revenue	4,978,014	-	90,000	5,068,014
Total liabilities	6,995,632	266,639	99,226	7,361,497
<u>FUND BALANCES</u>				
Restricted for:				
Future construction	-	3,507	-	3,507
Class C roads	492,746	-	-	492,746
Parks	-	-	214,272	214,272
Assigned to:				
Infrastructure fund	-	624,644	-	624,644
Economic development fund	-	-	438,322	438,322
Buildings fund	-	-	16,357	16,357
Unassigned	4,005,704	-	-	4,005,704
Total fund balances	4,498,450	628,151	668,951	5,795,552
Total liabilities and fund balances	\$ 11,494,082	\$ 894,790	\$ 768,177	\$ 13,157,049

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

CITY OF TAYLORSVILLE

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
For the year ended June 30, 2012

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

Total Fund Balances - Total Governmental Funds (page 12)	\$ 5,795,552
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	156,859,682
Interest payable is not due and payable in the current period and therefore is not recorded in the funds.	(38,176)
Bond issue costs are not recorded in the funds.	146,346
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,518,194)</u>
Net Assets - Governmental Activities (page 10)	<u><u>\$ 157,245,210</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 of
 Governmental Funds
 For the year ended June 30, 2012

	Governmental Fund Types			Total Governmental Funds
	General	Special Revenue	Other Governmental	
		Infrastructure	Funds	
<u>REVENUES</u>				
Taxes	\$ 15,559,648	\$ -	\$ 92,495	\$ 15,652,143
Impact fees	-	-	46,863	46,863
Licenses and permits	571,026	-	-	571,026
Intergovernmental	2,779,919	-	64,000	2,843,919
Charges for services	418,196	7,625	-	425,821
Fines and forfeitures	2,259,699	-	-	2,259,699
Miscellaneous	483,420	-	-	483,420
Interest income	70,965	2,910	287	74,162
Total revenues	22,142,873	10,535	203,645	22,357,053
<u>EXPENDITURES</u>				
General government	2,276,701	-	-	2,276,701
Public safety	14,003,853	-	-	14,003,853
Highways and public improvements	2,485,200	-	-	2,485,200
Community and economic development	1,657,856	-	1,679,911	3,337,767
Parks, recreation, and public property	182,686	-	-	182,686
Non-departmental	521,548	-	-	521,548
Debt service:				
Principal	218,237	-	-	218,237
Interest	198,413	-	14,923	213,336
Bond issuance costs	-	-	82,500	82,500
Capital outlay:				
General government	13,305	-	-	13,305
Public safety	310,277	-	-	310,277
Highways and public improvements	-	562,624	-	562,624
Community and economic development	14,986	-	-	14,986
Parks, recreation, and public property	116,388	-	-	116,388
Total expenditures	21,999,450	562,624	1,777,334	24,339,408
Excess (deficiency) of revenues over (under) expenditures	143,423	(552,089)	(1,573,689)	(1,982,355)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from debt	-	-	734,742	734,742
Transfers in	-	-	803,442	803,442
Transfers out	-	(803,442)	-	(803,442)
Sale of capital assets	-	130,502	-	130,502
Total other financing sources (uses)	-	(672,940)	1,538,184	865,244
Net change in fund balances	143,423	(1,225,029)	(35,505)	(1,117,111)
Fund balances, beginning of year	4,355,027	1,853,180	704,456	6,912,663
Fund balances, end of year	\$ 4,498,450	\$ 628,151	\$ 668,951	\$ 5,795,552

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

CITY OF TAYLORSVILLE

Reconciliation of The Statement of Revenues, Expenditures and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the year ended June 30, 2012

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

Net change in fund balances - total governmental funds (page 15) \$ (1,117,111)

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. (2,805,903)

Governmental funds report current capital outlays as expenditures. However, these
expenditures are reported as capital assets in the statement of net assets.
Governmental funds also do not report contributed capital assets as revenue. 3,426,794

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. (348,106)

The issuance of long-term debt (e.g., bonds, leases) provides current financial
resources to governmental funds, while the payment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets. Also, governmental funds report
the effect of issuance costs, premiums, discounts, and similar items when debt is
first issued, whereas, these amounts are deferred and amortized in the statement of
activities. This amount is the net effect of these differences in the treatment of long-
term debt and related items. (5,935)

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. (28,261)

Change in net assets of governmental activities (page 12) \$ (878,522)

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

CITY OF TAYLORSVILLE
Statement of Revenues, Expenditures and Change in Fund Balance
Budget to Actual- General Fund
For the year ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Taxes	\$14,995,882	\$15,351,116	\$15,559,648	\$ 208,532
Licenses and permits	666,000	666,000	571,026	(94,974)
Intergovernmental	2,573,100	3,259,562	2,779,919	(479,643)
Charges for services	495,800	495,800	418,196	(77,604)
Fines and forfeitures	2,095,000	2,020,000	2,259,699	239,699
Miscellaneous	514,400	618,400	483,420	(134,980)
Interest income	40,000	45,000	70,965	25,965
Total revenues	<u>21,380,182</u>	<u>22,455,878</u>	<u>22,142,873</u>	<u>(313,005)</u>
<u>EXPENDITURES</u>				
General government				
City council	345,678	349,178	292,728	56,450
Mayor	225,818	225,817	200,966	24,851
Administrative services	1,213,552	1,249,052	1,152,172	96,880
Governmental buildings	473,247	664,939	636,125	28,814
Public safety				
Court operations	2,307,081	2,308,081	2,242,854	65,227
Animal control	400,650	400,650	394,302	6,348
Fire and VECC	4,171,524	4,171,524	4,132,799	38,725
Police	7,468,730	7,766,381	7,544,175	222,206
Highways and public improvements	2,435,459	2,485,459	2,485,200	259
Community and economic development				
Planning commission	14,100	14,100	5,668	8,432
Community activities	2,000	2,000	794	1,206
Citizens committees	111,000	135,377	130,087	5,290
CDBG programs	424,100	788,089	273,507	514,582
Community development	1,122,233	1,149,555	1,027,490	122,065
Economic development	259,605	299,605	235,296	64,309
Parks, recreation, and public property	199,000	351,686	299,074	52,612
Non-departmental	497,524	560,025	529,563	30,462
Debt service:				
Principal	216,000	216,000	218,237	(2,237)
Interest	198,200	200,901	198,413	2,488
Total expenditures	<u>22,085,501</u>	<u>23,338,419</u>	<u>21,999,450</u>	<u>1,338,969</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(705,319)</u>	<u>(882,541)</u>	<u>143,423</u>	<u>1,025,964</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	85,000	85,000	-	(85,000)
Total other financing sources (uses)	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>(85,000)</u>
Net change in fund balance	<u>\$ (620,319)</u>	<u>\$ (797,541)</u>	<u>143,423</u>	<u>\$ 940,964</u>
Fund balance, beginning of year			<u>4,355,027</u>	
Fund balance, end of year			<u>\$ 4,498,450</u>	

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

CITY OF TAYLORSVILLE
Statement of Revenues, Expenditures And Changes in Fund Balances
Budget and Actual –Infrastructure Special Revenue Fund
For the year ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Intergovernmental	\$ 3,000,000	\$ 3,000,000	\$ -	\$ (3,000,000)
Charges for services	10,000	10,000	7,625	(2,375)
Interest income	6,000	6,000	2,910	(3,090)
Total revenues	<u>3,016,000</u>	<u>3,016,000</u>	<u>10,535</u>	<u>(3,005,465)</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>3,066,000</u>	<u>3,683,200</u>	<u>562,624</u>	<u>3,120,576</u>
Total expenditures	<u>3,066,000</u>	<u>3,683,200</u>	<u>562,624</u>	<u>3,120,576</u>
Deficiency of revenues under expenditures	<u>(50,000)</u>	<u>(667,200)</u>	<u>(552,089)</u>	<u>115,111</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	(803,442)	(803,442)	-
Sale of capital assets	-	-	130,502	130,502
Total other financing sources (uses)	<u>-</u>	<u>(803,442)</u>	<u>(672,940)</u>	<u>130,502</u>
Net change in fund balance	<u>\$ (50,000)</u>	<u>\$ (1,470,642)</u>	<u>(1,225,029)</u>	<u>\$ 245,613</u>
Fund balance, beginning of year			<u>1,853,180</u>	
Fund balance, end of year			<u>\$ 628,151</u>	

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

CITY OF TAYLORSVILLE
Statement of Net Assets-Proprietary Fund
June 30, 2012

	<u>Storm Drain</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents, unrestricted	\$ 4,268,117
Receivables:	
Accounts	176,819
Total current assets	<u>4,444,936</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	237,932
Infrastructure	10,057,517
Construction in progress	97,510
Accumulated depreciation	<u>(2,227,565)</u>
Net capital assets	<u>8,165,394</u>
Other assets:	
Unamortized bond issuance costs	<u>59,791</u>
Total other assets	<u>59,791</u>
Total noncurrent assets	<u>8,225,185</u>
Total assets	<u><u>\$ 12,670,121</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 106,995
Accrued interest payable	28,223
Long-term debt, current portion, net	<u>229,626</u>
Total current liabilities	<u>364,844</u>
Noncurrent liabilities:	
Revenue bonds payable, due after one year, net	<u>3,643,334</u>
Total noncurrent liabilities	<u>3,643,334</u>
Total liabilities	<u>4,008,178</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	4,661,974
Unrestricted	<u>3,999,969</u>
Total net assets	<u>8,661,943</u>
Total liabilities and net assets	<u><u>\$ 12,670,121</u></u>

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

CITY OF TAYLORSVILLE
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund
For the year ended June 30, 2012

	<u>Storm Drain</u>
<u>OPERATING REVENUES</u>	
Sales and charges for services	\$ 1,156,375
Miscellaneous	<u>34,694</u>
Total operating revenues	<u>1,191,069</u>
<u>OPERATING EXPENSES</u>	
Administration and general	234,979
Repairs and maintenance	342,320
Depreciation	264,209
Amortization	<u>3,986</u>
Total operating expenses	<u>845,494</u>
Operating income	<u>345,575</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest income	5,266
Interest expense	(162,994)
Impact fees	<u>21,083</u>
Total nonoperating revenues (expenses)	<u>(136,645)</u>
Change in net assets	208,930
Total net assets, beginning	<u>8,453,013</u>
Total net assets, ending	<u>\$ 8,661,943</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, 2012

	<u>Storm Drain</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 1,162,962
Payments to suppliers	<u>(939,802)</u>
Net cash provided by operating activities	<u>223,160</u>
Net cash provided by noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities	
Acquisition of property, plant, and equipment	(1,557,596)
Impact fees	21,083
Principal paid on capital debt	(226,915)
Interest paid on capital debt	<u>(168,490)</u>
Net cash used by capital and related financing activities	<u>(1,931,918)</u>
Cash flows from investing activities	
Interest received	<u>5,266</u>
Net cash provided by investing activities	<u>5,266</u>
Net decrease in cash and cash equivalents	(1,703,492)
Cash and cash equivalents, beginning of year	<u>5,971,609</u>
Cash and cash equivalents, end of year	<u>\$ 4,268,117</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 345,575
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	268,195
Changes in assets and liabilities:	
Accounts receivable	(28,107)
Accounts payable	<u>(362,503)</u>
Net cash provided by operating activities	<u>\$ 223,160</u>

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) The Reporting Entity

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

Discretely Presented Component Units

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

been presented as a governmental fund and has been combined with the Arts Council on the Statement of Net Assets and the Statement of Activities.

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

(B) Government-Wide and Fund Financial Statements

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments are recorded only when payment is due.

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary fund:

The storm drain fund accounts for the operation and maintenance of the storm drain system and capital projects for the storm system.

Additionally, the City reports the following fund types:

Economic Development Fund: The City accounts for economic development expenditures here and also tracks the expenditure of bond monies related to economic development.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project funds account for the acquisition of fixed assets of the City and account for park impact fees and expenditures in a special revenue fund and major capital projects. The City accounts for building construction in a capital project fund as well.

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) Budgets

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund and Special Revenue Funds. Annual budgets are also adopted for capital projects which may include activities that overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year-end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

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

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

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

(E) Taxes

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessed and collected by Salt Lake County. Taxes are levied as of January 1 and due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

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

(F) Cash and cash equivalents

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

(G) Compensated absences

Accumulated unpaid time off with pay is accrued as incurred based on the years of service for each employee. Time off with pay is accumulated on a monthly basis and is fully vested when earned. Accumulated vacation cannot exceed 320 hours at the end of the fiscal year and any paid leave time in excess of this amount is forfeited. No payments will be made in lieu of taking time off, except for accrued time off with pay at the time of termination or in extenuating circumstances, which payment must be approved by the Mayor or Mayor's designee. The amount of accumulated time off with pay is accrued when incurred in the government-wide financial statements.

(H) Fund equity

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

Non-spendable Fund Balance – Prepaid expenditures and other similar assets not in a spendable form that are contractually required to be maintained intact are classified as non-spendable 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(I) Inter-fund transactions

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

(J) Estimates and assumptions

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

(K) Long-term Obligations

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

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

NOTE 2 CASH AND CASH EQUIVALENTS

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

NOTE 2 CASH AND CASH EQUIVALENTS (continued)

Deposits – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act.

Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

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

The City invests in the Public Treasurer's Investment Fund (PTIF), which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for the public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasurers' Office.

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

NOTE 2 CASH AND CASH EQUIVALENTS (continued)

Components of cash and investments (including interest earning deposits) at June 30, 2012 are as follows:

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on hand and deposit:				
Cash on Hand	\$ 1,500	\$ 1,500	N/A	N/A
Cash on Deposit	854,798	862,383	N/A	N/A
Total cash on hand and deposit	<u>\$ 856,298</u>	<u>\$ 863,883</u>		
Investments (3):				
Utah State Treasurer's Investment Pool	\$ 9,086,117	\$ 9,081,122	N/A	NA
Total investments	<u>\$ 9,086,117</u>	<u>\$ 9,081,122</u>		
Total cash and cash equivalents	<u>\$ 9,942,415</u>	<u>\$ 9,945,005</u>		
Portfolio weighted average maturity				NA

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

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

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing in short term investments, 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, 2012, 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's investments are in the Utah State Treasurer's Investment Fund as of year end.

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, 2012, \$857,875 of the City's \$1,107,875 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

CITY OF TAYLORSVILLE
Notes to Financial Statements
June 30, 2012

NOTE 3 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2012:

Restricted for funds held in trust for Justice Court	\$	211,814
Restricted for funds held in trust for police seizures		8,327
Restricted for capital construction		11,093
Restricted for Class "C" Roads		492,746
		<hr/>
Total	\$	<u>723,980</u>

NOTE 4 CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land and water rights	\$ 12,522,039	\$ 2,249,497	\$ -	\$ 111,652,125	\$ 126,423,661
Construction in progress	5,040,572	775,445	812,171	-	5,003,846
					<hr/>
Total capital assets, not being depreciated	17,562,611	3,024,942	812,171	111,652,125	131,427,507
					<hr/>
Capital assets, being depreciated:					
Buildings and improvements	12,106,299	509,978	-	-	12,616,277
Office furniture and equipment	1,606,376	64,154	384,064	-	1,286,466
Vehicles and equipment	1,956,570	40,303	1,523,467	-	473,406
Infrastructure	165,960,142	358,039	-	(111,652,125)	54,666,056
					<hr/>
Total capital assets being depreciated	181,629,387	972,474	1,907,531	(111,652,125)	69,042,205
					<hr/>
Less accumulated depreciation for:					
Buildings and improvements	3,758,953	483,909	-	-	4,242,862
Office furniture and equipment	1,207,764	188,154	347,851	-	1,048,067
Vehicles and equipment	1,631,921	170,141	1,453,123	-	348,939
Infrastructure	36,006,463	1,963,699	-	-	37,970,162
					<hr/>
Total accumulated depreciation	42,605,101	2,805,903	1,800,974	-	43,610,030
					<hr/>
Total capital assets, being depreciated, net	139,024,286	(1,833,429)	106,557	(111,652,125)	25,432,175
					<hr/>
Governmental activities capital assets, net	\$ 156,586,897	\$ 1,191,513	\$ 918,728	\$ -	\$ 156,859,682
					<hr/>

NOTE 4 CAPITAL ASSETS AND DEPRECIATION (Continued)

	Beginning Balance	Business type Activities		Ending Balance
		Additions	Deletions	
Business type activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 756,636	\$ 1,557,598	\$ 2,216,724	\$ 97,510
Total capital assets, not being depreciated	<u>756,636</u>	<u>1,557,598</u>	<u>2,216,724</u>	<u>97,510</u>
Infrastructure	7,840,794	2,216,723	-	10,057,517
Equipment	<u>237,932</u>	<u>-</u>	<u>-</u>	<u>237,932</u>
Total capital assets being depreciated	<u>8,078,726</u>	<u>2,216,723</u>	<u>-</u>	<u>10,295,449</u>
Less accumulated depreciation for:				
Infrastructure	1,857,828	223,802	-	2,081,630
Equipment	<u>105,528</u>	<u>40,407</u>	<u>-</u>	<u>145,935</u>
Total accumulated depreciation	<u>1,963,356</u>	<u>264,209</u>	<u>-</u>	<u>2,227,565</u>
Total capital assets, being depreciated, net	<u>6,115,370</u>	<u>1,952,514</u>	<u>-</u>	<u>8,067,884</u>
Business activities capital assets, net	<u>\$ 6,872,006</u>	<u>\$ 3,510,112</u>	<u>\$ 2,216,724</u>	<u>\$ 8,165,394</u>

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

<u>Governmental activities:</u>	
General government	\$ 299,876
Public safety	283,676
Highways and public improvements	1,964,327
Community and economic development	66,889
Parks and public property	<u>191,135</u>
Total depreciation expense - Governmental activities	<u>\$ 2,805,903</u>

NOTE 4 CAPITAL ASSETS AND DEPRECIATION (Continued)

Discretely presented component unit activity for the Arts Council for the year ended June 30, 2012 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated:				
Equipment	\$ 20,934	\$ -	\$ -	\$ 20,934
Total capital assets being depreciated	20,934	-	-	20,934
Less accumulated depreciation for:				
Equipment	16,838	1,937	-	18,775
Total accumulated depreciation	16,838	1,937	-	18,775
Component unit capital assets, net	\$ 4,096	\$ (1,937)	\$ -	\$ 2,159

NOTE 5 DEFERRED PROPERTY TAXES

In conjunction with the implementation of GASB pronouncement 33 "Accounting and Financial Reporting for Non-exchange Transactions" the City has accrued a property tax receivable and a deferred property tax revenue of \$4,851,144.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1 and then are due and payable at November 30. Since the property tax levied on October 1, 2012 was not expected to be received within 60 days after year ended June 30, 2012, the City was required to record a receivable and deferred revenue of the estimated amount of the total property tax to be levied on October 1, 2012.

CITY OF TAYLORSVILLE
Notes to Financial Statements
June 30, 2012

NOTE 6 LONG-TERM DEBT;

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2012:

	June 30, 2011	Additions	Retirements	June 30, 2012	Due Within One Year
Governmental Activities:					
Bonds payable					
Revenue bonds	\$ 4,660,200	\$ 734,742	\$ (216,000)	\$ 5,178,942	\$ 216,000
Plus: unamortized premiums	52,010	-	(3,251)	48,759	-
Total bonds payable	<u>4,712,210</u>	<u>734,742</u>	<u>(219,251)</u>	<u>5,227,701</u>	<u>216,000</u>
Capital leases	<u>44,640</u>	<u>-</u>	<u>(14,237)</u>	<u>30,403</u>	<u>14,871</u>
Total capital leases	<u>44,640</u>	<u>-</u>	<u>(14,237)</u>	<u>30,403</u>	<u>14,871</u>
Other liabilities					
Compensated absences	<u>656,086</u>	<u>29,091</u>	<u>(425,087)</u>	<u>260,090</u>	<u>26,008</u>
Total other liabilities	<u>656,086</u>	<u>29,091</u>	<u>(425,087)</u>	<u>260,090</u>	<u>26,008</u>
Total Governmental activities long-term liabilities	<u>\$ 5,412,936</u>	<u>\$ 29,091</u>	<u>\$ (233,488)</u>	<u>\$ 5,518,194</u>	<u>\$ 256,879</u>
Business-type Activities:					
Bonds payable					
Revenue bonds	\$ 3,969,800	\$ -	\$ (184,000)	\$ 3,785,800	\$ 184,000
Plus: unamortized premiums	44,303	-	(2,769)	41,534	-
Total bonds payable	<u>4,014,103</u>	<u>-</u>	<u>(186,769)</u>	<u>3,827,334</u>	<u>184,000</u>
Capital leases	<u>88,541</u>	<u>-</u>	<u>(42,915)</u>	<u>45,626</u>	<u>45,626</u>
Total capital leases	<u>88,541</u>	<u>-</u>	<u>(42,915)</u>	<u>45,626</u>	<u>45,626</u>
Total Business-type activities long-term liabilities	<u>4,102,644</u>	<u>-</u>	<u>(229,684)</u>	<u>3,872,960</u>	<u>229,626</u>
Total Liabilities	<u>\$ 9,515,580</u>	<u>\$ 29,091</u>	<u>\$ (463,172)</u>	<u>\$ 9,391,154</u>	<u>\$ 486,505</u>

NOTE 6 LONG-TERM DEBT (continued)

During August 2011, the City authorized the Economic Development Fund to issue sale tax revenue bonds in the amount of \$3,975,000, but as of June 30, 2012 year end only \$734,742 had been issued.

Revenue Bonds

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

\$ 8,230,000

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 rate 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 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 rate 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 General Fund Sales tax revenues.

694,943

Total Revenue Bonds	\$ 8,964,742
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Capital Leases

The City purchased a street sweeper in December 2008 for street sweeping using a capital lease which expires in December 2012.

\$ 45,626

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

30,403

Total Capital Leases	\$ 76,029
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NOTE 6 LONG-TERM DEBT (continued)

The annual debt service requirements to maturity, including principal and interest for the revenue bonds, as of June 30, 2012, are as follows:

Year Ending June 30, 2012	Revenue Bonds	
	Principal	Interest
2013	\$ 400,000	\$ 339,325
2014	415,000	323,025
2015	435,000	303,850
2016	460,000	281,475
2017	480,000	259,175
2018-2022	2,720,000	978,875
2023-2027	3,320,000	363,675
To be determined	<u>734,742</u>	<u>-</u>
	8,964,742	<u>\$ 2,849,401</u>
Plus: unamortized premium	<u>90,293</u>	
Total	<u>\$ 9,055,035</u>	

NOTE 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.

NOTE 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, 13.77% for tier 1 (Noncontributory) and 10.33% for tier 2 (Contributory) and 27.07% for tier 1 (Noncontributory) and 16.27% for tier 2 (Contributory) to the Public Safety System. The contribution rates are the actuarially determined rates. The contribution requirements of 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, 2012, 2011, and 2010 were: Noncontributory System Tier 1, \$269,836, \$270,537 and \$239,048; Contributory tier 2, for 2012 \$1,007; Public Safety Noncontributory tier 1, \$681,972, \$600,972 and \$553,287; and Public Safety, contributory tier 2, for 2012 \$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.

NOTE 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, 2012, 2011, and 2010 were \$159,470, \$185,864 and \$176,261, respectively. Plan assets are held by the Utah Retirement Systems.

NOTE 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.

NOTE 9 COMMITMENTS (continued)

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

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

NOTE 10 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, 2012, there were no outstanding unpaid claims for the City. Also, the City had no claim settlements during the three years ending June 30, 2012 which exceeded its insurance coverage. The City also has fidelity bond coverage with a private carrier.

NOTE 11 TRANSFERS RECONCILIATION

Transfers among the funds for the year ended June 30, 2012 are described below: Transfers are made to meet the ongoing needs of the City to complete various projects.

	<u>Out</u>	<u>In</u>
General Fund	\$ 803,442	\$ -
Economic Development Fund	-	803,442
	<u>\$ 803,442</u>	<u>\$ 803,442</u>

NOTE 12 SPECIAL ITEM

In June 2012, the City chose to join the Unified Police Department of Greater Salt Lake (UPD) as a full member. This will be a cost saving in excess of \$500,000 to the City because of economies of scale and other efficiencies, provided by UPD through the pooling of resources. In order to accomplish this, the City contributed capital assets with the net book value of \$106,557 to UPD. UPD assumed the City's obligation for compensated absences for employees that were transferred in the amount of \$428,640.

Supplemental Information

CITY OF TAYLORSVILLE
Combining Balance Sheet- Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue		Capital	Total
	Economic Development	Park Impact	Projects Buildings	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 439,962	\$ 150,272	\$ 16,357	\$ 606,591
Restricted cash	7,586	-	-	7,586
Receivables:				
Taxes	90,000	-	-	90,000
Intergovernmental	-	64,000	-	64,000
Total assets	<u>\$ 537,548</u>	<u>\$ 214,272</u>	<u>\$ 16,357</u>	<u>\$ 768,177</u>
LIABILITIES				
Accounts payable	\$ 9,226	\$ -	\$ -	\$ 9,226
Deferred revenue	90,000	-	-	90,000
Total liabilities	<u>99,226</u>	<u>-</u>	<u>-</u>	<u>99,226</u>
FUND BALANCES				
Restricted for parks	-	214,272	-	214,272
Assigned	438,322	-	16,357	454,679
Total fund balances	<u>438,322</u>	<u>214,272</u>	<u>16,357</u>	<u>668,951</u>
Total liabilities and fund balances	<u>\$ 537,548</u>	<u>\$ 214,272</u>	<u>\$ 16,357</u>	<u>\$ 768,177</u>

CITY OF TAYLORSVILLE
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
Non Major Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Economic Development	Park Impact	Buildings	
REVENUES				
Property taxes	\$ 92,495	\$ -	\$ -	\$ 92,495
Impact fees	-	43,765	3,098	46,863
Intergovernmental	-	64,000	-	64,000
Interest income	287	-	-	287
Total revenues	<u>92,782</u>	<u>107,765</u>	<u>3,098</u>	<u>203,645</u>
EXPENDITURES				
Economic development	1,679,911	-	-	1,679,911
Debt service:				
Interest	14,923	-	-	14,923
Bond issuance costs	82,500	-	-	82,500
Total expenditures	<u>1,777,334</u>	<u>-</u>	<u>-</u>	<u>1,777,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,684,552)</u>	<u>107,765</u>	<u>3,098</u>	<u>(1,573,689)</u>
OTHER FINANCING SOURCES				
Proceeds from debt	734,742	-	-	734,742
Transfers in	803,442	-	-	803,442
Total other financing sources	<u>1,538,184</u>	<u>-</u>	<u>-</u>	<u>1,538,184</u>
Net change in fund balances	(146,368)	107,765	3,098	(35,505)
Fund balances, beginning of year	<u>584,690</u>	<u>106,507</u>	<u>13,259</u>	<u>704,456</u>
Fund balances, end of year	<u>\$ 438,322</u>	<u>\$ 214,272</u>	<u>\$ 16,357</u>	<u>\$ 668,951</u>

CITY OF TAYLORSVILLE
 Schedule of Revenues, Expenditures and Changes In Fund Balance
 Economic Development Fund -Budget and Actual
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Property taxes	\$ -	\$ 92,495	\$ 92,495	\$ -
Interest income	-	-	287	287
Total revenues	-	92,495	92,782	287
<u>EXPENDITURES</u>				
Economic development projects	5,091,000	5,091,000	1,679,911	3,411,089
Debt service:				
Interest	200,000	200,000	14,923	185,077
Bond issuance costs	-	-	82,500	(82,500)
Total expenditures	5,291,000	5,291,000	1,777,334	3,513,666
Excess (deficiency) of revenues over (under) expenditures	(5,291,000)	(5,198,505)	(1,684,552)	3,513,953
<u>OTHER FINANCING SOURCES</u>				
Proceeds from debt	5,000,000	5,000,000	734,742	(4,265,258)
Transfers in	-	803,442	803,442	-
Total other financing sources (uses)	5,000,000	5,803,442	1,538,184	(4,265,258)
Net change in fund balance	<u>\$ (291,000)</u>	<u>\$ 604,937</u>	(146,368)	<u>\$ (751,305)</u>
Fund balance, beginning of year			<u>584,690</u>	
Fund balance, end of year			<u>\$ 438,322</u>	

CITY OF TAYLORSVILLE
 Schedule of Revenues, Expenditures and Changes In Fund Balance
 Parks Impact Special Revenue Fund -Budget and Actual-
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Impact fees	\$ 40,000	\$ 50,000	\$ 43,765	\$ (6,235)
Intergovernmental	-	-	64,000	64,000
Total revenues	<u>40,000</u>	<u>50,000</u>	<u>107,765</u>	<u>57,765</u>
<u>EXPENDITURES</u>				
Miscellaneous	<u>10,000</u>	<u>10,000</u>	-	<u>10,000</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	-	<u>10,000</u>
Net change in fund balance	<u>\$ 30,000</u>	<u>\$ 40,000</u>	107,765	<u>\$ 67,765</u>
Fund balance, beginning of year			<u>106,507</u>	
Fund balance, end of year			<u>\$ 214,272</u>	

CITY OF TAYLORSVILLE
 Schedule of Revenues, Expenditures and Changes In Fund Balance
 Buildings Capital Projects Fund -Budget and Actual-
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Impact fees	\$ 10,000	\$ 10,000	\$ 3,098	\$ (6,902)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>3,098</u>	<u>(6,902)</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 10,000</u>	<u>\$ 10,000</u>	3,098	<u>\$ (6,902)</u>
Fund balance, beginning of year			<u>13,259</u>	
Fund balance, end of year			<u>\$ 16,357</u>	

CITY OF TAYLORSVILLE
Combining Statement of Net Assets-Component Units
For the Fiscal Year Ended June 30, 2012

	Taylorsville Dayzz, Inc.	Taylorsville Arts Council	Total Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 135,644	\$ 59,426	\$ 195,070
Accounts receivables	2,500	150	2,650
Total current assets	<u>138,144</u>	<u>59,576</u>	<u>197,720</u>
Noncurrent assets:			
Machinery and equipment	-	20,934	20,934
Accumulated depreciation	-	(18,775)	(18,775)
Total noncurrent assets	<u>-</u>	<u>2,159</u>	<u>2,159</u>
Total assets	<u>\$ 138,144</u>	<u>\$ 61,735</u>	<u>\$ 199,879</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 14,820	\$ 209	\$ 15,029
Total current liabilities	<u>14,820</u>	<u>209</u>	<u>15,029</u>
Noncurrent liabilities:	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>14,820</u>	<u>209</u>	<u>15,029</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	2,159	2,159
Unrestricted	123,324	59,367	182,691
Total net assets	<u>123,324</u>	<u>61,526</u>	<u>184,850</u>
Total liabilities and net assets	<u>\$ 138,144</u>	<u>\$ 61,735</u>	<u>\$ 199,879</u>

CITY OF TAYLORSVILLE

Combining Statement of Revenues and Expenses and Change in Net Assets-Component Units
For the Fiscal Year Ended June 30, 2012

	Taylorsville Dayzz, Inc.	Taylorsville Arts Council	Total Component Units
OPERATING REVENUES			
Sales and charges for services	\$ 2,350	\$ 21,666	\$ 24,016
Grants and contributions	92,435	10,641	103,076
Total operating revenues	94,785	32,307	127,092
OPERATING EXPENSES			
Community event	46,992	31,345	78,337
Depreciation	-	1,937	1,937
Total operating expenses	46,992	33,282	80,274
Operating income	47,793	(975)	46,818
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	84	29	113
Total nonoperating revenues	84	29	113
Change in net assets	47,877	(946)	46,931
Total net assets, beginning	75,447	62,472	137,919
Total net assets, ending	\$ 123,324	\$ 61,526	\$ 184,850

Statistical Section

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Invested in capital assets, net of related debt	\$ 151,613	\$ 152,071	\$ 152,275	\$ 150,727	\$ 151,204	\$ 149,286	\$ 159,299	\$ 157,622	\$ 158,288	\$ 179,651
Restricted	711	1,396	3,518	2,171	2,823	11,047	857	1,994	992	923
Unrestricted	4,922	4,657	2,993	3,089	3,264	2,938	1,728	3,824	4,254	3,767
Total governmental activities net assets	<u>157,245</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>	<u>184,341</u>
Business type activities										
Invested in capital assets, net of related debt	4,662	4,952	3,434	766	(24)	-	-	-	-	-
Restricted	0	394	730	3,483	4,392	-	-	-	-	-
Unrestricted	4,000	3,107	3,945	3,486	2,972	-	-	-	-	-
Total business type activities	<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>	<u>-</u>
Primary Government activities										
Invested in capital assets, net of related debt	156,275	157,023	155,710	151,493	151,180	149,286	159,299	157,622	158,288	179,651
Restricted	711	1,790	4,248	5,654	7,215	11,047	857	1,994	992	923
Unrestricted	8,922	7,764	6,938	6,575	6,236	2,938	1,728	3,824	4,254	3,767
Total Primary Government activities	<u>165,907</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>	<u>184,341</u>

CITY OF TAYLORSVILLE
Change In Net Assets
Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities										
General government	\$ 2,730	\$ 2,662	\$ 2,755	\$ 2,813	\$ 2,500	\$ 1,899	\$ 1,414	\$ 2,065	\$ 1,771	\$ 1,752
Public safety	14,561	13,847	13,519	13,066	12,918	11,410	12,124	11,080	8,304	7,225
Highways and streets	4,544	3,843	4,563	4,755	5,083	5,470	3,075	2,947	5,242	4,885
Community development	1,771	2,031	1,726	1,867	1,616	1,586	1,497	1,597	1,004	1,197
Parks and recreation	374	315	-	466	102	245	64	47	250	161
Other	-	-	311	0	-	-	276	243	-	-
Interest on debt service	210	203	216	222	218	313	16	21	-	-
Total governmental expenses	24,191	22,901	23,090	23,189	22,437	20,923	18,466	18,000	16,571	15,220
Business type expenses										
Storm drain expenses	1,008	826	844	935	403	-	-	-	-	-
Total business expenses	1,008	826	844	935	403	-	-	-	-	-
Total primary government expenses	\$ 25,199	\$ 23,727	\$ 23,934	\$ 24,124	\$ 22,840	\$ 20,923	\$ 18,466	\$ 18,000	\$ 16,571	\$ 15,220
Program Revenues										
Governmental activities										
Charges for service										
General government	\$ 129	\$ 79	\$ 104	\$ 68	\$ 2	\$ 9	\$ 262	\$ 221	\$ 23	\$ -
Public safety	2,684	2,567	2,437	1,565	1,517	2,033	-	-	1,402	1,175
Community development	715	759	664	880	734	978	236	178	860	791
Parks, recreation and public prop.	41	90	109	-	-	-	-	-	-	-
Operating grants and contributions	2,255	2,568	2,328	1,899	2,178	2,695	2,584	2,331	2,227	2,391
Capital grants and contributions	957	904	5,296	1,500	1,200	1,042	13	1,308	1,348	742
Total governmental program revenues	6,781	6,967	10,938	5,912	5,631	6,757	3,095	4,038	5,860	5,099
Business type revenue										
Storm drain revenue	1,212	1,161	1,201	1,257	1,146	-	-	-	-	-
Total business revenue	1,212	1,161	1,201	1,257	1,146	-	-	-	-	-
Total primary government program revenues	7,993	8,128	12,139	7,169	6,777	6,757	3,095	4,038	5,860	5,099
Net (expenses)/ Revenue										
Total primary government net expense	\$ (17,207)	\$ (15,599)	\$ (11,795)	\$ (16,955)	\$ (16,063)	\$ (14,166)	\$ (15,371)	\$ (13,962)	\$ (10,711)	\$ (10,121)

CITY OF TAYLORSVILLE
Change In Net Assets
Last Ten Fiscal Years

	<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>	<u>2003</u>
General Revenues and Other Changes in Net Assets										
General revenues:										
Property taxes	\$ 4,728	\$ 4,693	\$ 4,717	\$ 4,755	\$ 4,777	\$ 4,863	\$ 4,084	\$ 4,028	\$ 4,075	\$ 4,059
Sales taxes	7,277	6,778	6,717	7,377	8,440	8,353	-	-	-	-
Franchise taxes	3,648	3,588	3,391	3,588	3,633	1,646	-	-	-	-
Other taxes	-	-	-	-	-	-	7,466	6,701	6,543	6,359
Unrestricted investment earnings	79	63	81	189	366	452	148	121	67	118
Gain (loss) on sale of capital assets	483	18	21	4	(63)	(5)	33	880	101	146
Other revenues	-	139	41	59	35	244	2,415	2,198	80	29
Special item	322	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	(6,360)	-	-	-	-	-
Total primary government	<u>16,537</u>	<u>15,279</u>	<u>14,968</u>	<u>15,972</u>	<u>10,828</u>	<u>15,553</u>	<u>14,146</u>	<u>13,928</u>	<u>10,866</u>	<u>10,711</u>
Changes in Net Assets										
Governmental activities	(879)	(663)	2,800	(1,304)	(5,980)	1,387	(1,556)	(34)	155	590
Business activities	209	344	374	396	7,340	-	-	-	-	-
Prior Period adjustment	-	-	-	-	-	-	-	-	(21,022)	(40)
Net assets beginning	<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>163,474</u>	<u>184,341</u>	<u>183,791</u>
Net assets ending	<u>\$ 165,907</u>	<u>\$ 166,577</u>	<u>\$ 166,896</u>	<u>\$ 163,723</u>	<u>\$ 164,631</u>	<u>\$ 163,271</u>	<u>\$ 161,884</u>	<u>\$ 163,440</u>	<u>\$ 163,474</u>	<u>\$ 184,341</u>

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

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

Note: Implementation of GASB 54 changed fund balance category presentation.
The years from 2003 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>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General fund										
Reserved	\$ -	\$ -	\$ 1,723	10,253	-	-	20	-	-	-
Unreserved	<u>3,742</u>	<u>3,731</u>	<u>1,641</u>	<u>1,116</u>	<u>1,323</u>	<u>2,338</u>	<u>2,394</u>	<u>2,294</u>	<u>2,498</u>	<u>2,552</u>
Total general fund	<u>\$ 3,742</u>	<u>\$ 3,731</u>	<u>\$ 3,364</u>	<u>\$ 11,369</u>	<u>\$ 1,323</u>	<u>\$ 2,338</u>	<u>\$ 2,414</u>	<u>\$ 2,294</u>	<u>\$ 2,498</u>	<u>\$ 2,552</u>
All other governmental funds										
Reserved	\$ 3,518	\$ 2,172	\$ 2,823	791	857	1,198	972	823	602	608
Unreserved, reported in:										
Special revenue	-	47	571	2,341	174	2,113	1,838	1,553	2,218	3,266
Capital projects	87	-	-	11	231	170	21	20	3,128	1,324
Permanent	<u>8</u>									
Total all other governmental funds	<u>\$ 3,613</u>	<u>\$ 2,219</u>	<u>\$ 3,394</u>	<u>\$ 3,143</u>	<u>\$ 1,262</u>	<u>\$ 3,481</u>	<u>\$ 2,831</u>	<u>\$ 2,396</u>	<u>\$ 5,948</u>	<u>\$ 5,198</u>

CITY OF TAYLORSVILLE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years-Expressed in Thousands

	<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>	<u>2003</u>
Revenues										
Taxes	\$ 15,652	\$ 15,058	\$ 14,825	\$ 15,721	\$ 16,850	\$ 14,862	\$ 11,550	\$ 10,729	\$ 10,618	\$ 10,443
Licenses and Permits	571	589	513	650	581	649	649	663	645	633
Intergovernmental	2,844	3,818	7,830	3,336	3,246	2,958	2,598	2,331	2,623	2,811
Charges for Services	426	447	431	376	267	396	262	221	283	158
Fines and Forfeitures	2,260	2,087	1,980	1,527	1,476	2,005	1,588	1,439	1,401	1,175
Interest Income	74	55	64	189	394	474	148	121	80	133
Impact Fees	47	26	99	23	60	215	236	178	398	241
Miscellaneous Revenue	483	139	41	59	34	244	171	30	61	69
Rental Income	-	-	-	-	-	6	6	66	-	-
Total Revenues	<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>	<u>15,663</u>
Expenditures										
General Government	2,277	2,008	2,035	2,043	2,006	1,467	1,631	1,393	1,331	1,470
Public Safety	14,004	13,495	13,017	12,528	11,835	10,737	9,764	8,969	8,188	7,107
Highways and Public Improvements	2,485	1,802	2,102	2,388	2,518	2,665	2,476	2,386	2,466	2,095
Community and Economic Development	3,338	1,776	1,667	1,845	1,547	1,565	1,206	1,293	991	1,044
Parks, Recreation, and Public Property	183	150	149	77	47	71	51	38	36	20
Non-Departmental	522	508	443	507	294	254	222	196	223	530
Capital outlay	1,018	2,534	4,525	2,792	4,808	2,524	5,186	3,168	2,419	7,496
Debt service:										
Principal	218	201	316	357	515	342	-	-	-	-
Interest	212	205	217	228	248	229	-	-	-	-
Bond Issuance costs	82									
Total Expenditures	<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>	<u>19,762</u>
Excess of Revenues over (under) Expenditures	(1,982)	(460)	1,312	(884)	(910)	1,955	(3,328)	(1,665)	455	(4,099)
Other financing sources (uses)										
Transfers in	803	650	400	474		3,050	1,870	2,192	2,167	4,879
Transfer out	(803)	(650)	(400)	(474)	(6,933)	(3,050)	(1,870)	(2,192)	(2,167)	(4,879)
Prior Period Adjustments	-					-	-	-	-	(40)
Proceeds on the Sale of Assets	130	18	92	5	88	27	33	880	101	382
Proceeds of Issuance of Debt	<u>735</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>-</u>	<u>9,944</u>	<u>-</u>	<u>1,308</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<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>	<u>342</u>
Net changes in fund balances	<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>	<u>(3,757)</u>
Debt service as a percentage of noncapital expenditures	1.8%	2.0%	2.7%	2.9%	4.0%	3.3%	0.0%	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 Assed Value to Total Est. Actual Value
	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	
2003	\$1,717,749	\$2,744,979	\$124,131	\$124,131	\$1,841,880	\$2,869,110	64.20%
2004	\$1,718,979	\$2,750,689	\$117,424	\$117,424	\$1,836,403	\$2,868,113	64.03%
2005	\$1,842,680	\$2,948,634	\$93,857	\$93,857	\$1,936,537	\$3,042,491	63.65%
2006	\$2,102,847	\$3,037,093	\$96,129	\$96,129	\$2,198,976	\$3,133,222	70.18%
2007	\$2,099,895	\$3,399,115	\$96,841	\$96,841	\$2,196,736	\$3,495,956	62.84%
2008	\$2,632,094	\$4,211,350	\$135,418	\$135,418	\$2,767,512	\$4,346,768	63.67%
2009	\$2,353,900	\$3,766,240	\$154,522	\$154,522	\$2,508,422	\$3,920,762	63.98%
2010	\$2,298,769	\$3,678,030	\$154,938	\$154,938	\$2,453,707	\$3,832,968	64.02%
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%

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

CITY OF TAYLORSVILLE
Property Tax Rates – All Direct Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Years

Fiscal Year	Taylorsville City	Salt Lake County	So. Salt Lake County	Jordan Valley Water	Central Utah	Other District Range(1)		Total Tax Rate Range (2)	
			Mosquito Abatement	Conservancy District	Conservancy District	Low	High	Low	High
2003	1.895	3.789	0.014	0.400	0.358	6.711	8.648	11.272	15.104
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	0.029	6.054	6.679	8.423	10.562
2010	1.690	2.278	0.025	0.040	0.040	6.047	7.955	8.430	12.028
2011	1.739	2.593	0.050	0.041	0.042	6.796	8.305	9.522	12.770
2012	1.794	2.000	0.052	0.042	0.436	6.796	8.761	9.326	13.085

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 (0.006796), taylorsville Bennion Imp. Dist.(0.000168), Graniger-Hunter Imp. Dist.(0.000712), Kearns Imp. Dist.(0.000772), and Jordan School District(0.007319). 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, 2012
(Per \$1,000 of Assessed Value)

TAX YEAR. Taxpayer	2012			2011		
	Taxable Assessed Value	Rank-2012	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank-2011	% of Total Taxable Assessed Value
Hermes Associates, LTD	\$ 42,517	1	1.74%	\$ 43,077	1	1.73%
Inland Western Taylorsville	\$ 33,061	2	1.36%	\$ 36,322	2	1.46%
Arden Realty Limited	\$ 32,101	3	1.32%	\$ 33,561	3	1.35%
Fairstone Cascade LLC	\$ 22,401	4	0.92%	\$ 21,112	4	0.85%
PCCP JSP Fairway LLC	\$ 18,691	5	0.77%	\$ 18,026	6	0.72%
Wal-Mart Real Estate	\$ 18,368	6	0.75%	\$ 18,368	5	0.74%
Summerwood Associates	\$ 17,933	7	0.74%	\$ 17,589	7	0.71%
Hermes Associates, LTD	\$ 17,009	8	0.70%	\$ 16,297	8	0.65%
BC-GFS Settler's Point	\$ 14,173	9	0.58%	\$ 13,279	10	0.53%
Rural Enterprises	\$ 13,156	10	0.54%	\$ 12,907	11	0.52%
ICU Medical Inc.	\$ 12,622	11	0.52%	\$ 13,794	9	0.55%
The Mark Twain Limited	\$ 11,774	12	0.48%	\$ 10,984	14	0.44%
DDR Family Centers LP	\$ 11,766	13	0.48%	\$ 11,766	13	0.47%
SRP Building IX, LLC	\$ 11,166	14	0.46%	\$ 10,948	15	0.44%
Mikami Brothers	\$ 10,700	15	0.44%	\$ 12,076	12	0.48%
	<u>\$ 287,438</u>		<u>11.79%</u>	<u>\$290,106</u>		<u>11.64%</u>

CITY OF TAYLORSVILLE
 Property Tax Levies and Collections
 June 30, 2012
 (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%

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>Notes Payable</u>	<u>Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2003	-	-	-	0.00%	\$ 28.92
2004	-	-	-	0.00%	\$ 29.35
2005	1,308	-	-	0.07%	\$ 29.84
2006	977	-	-	0.05%	\$ 31.37
2007	635	-	10,000	0.52%	\$ 32.98
2008	282	-	9,700	0.46%	\$ 34.93
2009	350	-	9,355	0.44%	\$ 35.69
2010	186	-	9,000	0.41%	\$ 35.98
2011	133	-	8,630	0.39%	\$ 37.90
2012	76	-	12,205	0.64%	\$ 32.47

CITY OF TAYLORSVILLE
 Computation of Direct And Overlapping Bonded Debt-
 General Obligation Bonds
 June 30, 2012

Name of Governmental Units	Net Debt Outstanding	Percentage Amount Applicable to City of Tayl Applicable to City of Taylorsville	
Direct Debt- City of Taylorsville	-	100.00%	-
Overlapping Debt:			
State of Utah:	\$ 3,520,905,000	2.12%	\$ 74,716,611
Salt Lake County:	253,860,000	5.43%	13,790,577
			<u>\$ 88,507,188</u>

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

	<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>	<u>2003</u>
Debt Limit	\$ 88,115	\$ 99,932	102,112	112,474	108,886	89,606	79,147	75,358	73,456	73,675
Total net debt applicable to limit	\$ 8,965	\$ 8,630	\$ 9,000	\$ 9,355	\$ 9,700	\$ 10,000				
Legal debt margin	79,150	91,302	93,112	103,119	99,186	79,606	79,147	75,358	73,456	73,675
Total net debt applicable to the limit as a percentage of debt limit	11%	9%	10%	9%	10%	13%	0.00%			

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 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	2,202,882	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)	\$ 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	\$ 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)
2002	58,805	11.0	104	18,128	378,194	6,431	5.00%
2003	59,887	10.9	120	20,005	403,009	6,729	5.40%
2004	60,174	10.7	287	20,098	389,087	6,466	4.60%
2005	60,988	10.7	97	20,195	441,026	7,231	5.00%
2006	61,532	10.7	245	20,440	462,037	7,509	3.40%
2007	61,637	10.7	121	20,561	471,278	7,646	2.80%
2008	61,818	10.7	127	20,688	480,704	7,776	3.20%
2009	61,835	10.7	29	20,717	481,200	7,782	5.70%
2010	61,840	10.7	14	20,730	481,800	7,791	7.20%
2011	58,652	10.7	7	20,737	444,289	7,575	7.30%
2012	58,945	10.7	93	20,830	417,632	7,085	6.00%

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

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>
2003	\$ 4,059,152	\$ 6,150,980	\$ 233,458	\$ 10,443,590
2004	\$ 4,074,852	\$ 6,336,038	\$ 207,566	\$ 10,618,456
2005	\$ 4,028,194	\$ 6,478,319	\$ 222,774	\$ 10,729,287
2006	\$ 4,084,327	\$ 7,232,232	\$ 233,583	\$ 11,550,142
2007	\$ 4,863,825	\$ 8,352,652	\$ 1,645,565	\$ 14,862,042
2008	\$ 4,777,115	\$ 8,440,299	\$ 3,632,579	\$ 16,849,993
2009	\$ 4,755,101	\$ 7,377,454	\$ 3,588,153	\$ 15,720,708
2010	\$ 4,717,352	\$ 6,716,524	\$ 3,391,262	\$ 14,825,138
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

CITY OF TAYLORSVILLE
Principal Employers
June 30, 2012

Employer	Employees
American Express	2000
Salt Lake Community College	1300
Convergys (3)	1396
Granite School District	858
Wal-Mart	450
Utah Department of Transportation	450
ICU Medical	440
Sorenson Communications, Inc.	364
Nelson Laboratories, Inc.	324
Utah Department of Public Safety	270
Harmons (Taylorsville)	157
24 Hour Fitness USA, Inc.	150
RBS Securities	150
Legacy Village	118
RC Willey Home Furnishings	108
Fresh Market	102
Texas Roadhouse	100
Unified State Labs-Public Health Lab	95
Old Spaghetti Factory of Utah	94
IHC Taylorsville Health Center	94
ITT Technical Institute	92
Heritage Bennion Care Center	86
Ream's #6	84
AT&T Mobility	80
Applebee's Neighborhood Grill	70
Telenotes	70
Shopko Stores Operating Co., LLC	68
ALS Laboratory Group	67
Jo-Ann	65
Magpie Systems	63

CITY OF TAYLORSVILLE
 Miscellaneous Statistics
 June 30, 2012

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	28,442

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

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Hansen, Bradshaw, Malmrose & Erickson

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely component units, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*. However, we noted immaterial instances of noncompliance which are described in the accompanying Schedule of Findings and Responses.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

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

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

November 20, 2012

Hansen, Bradshaw, Malmrose & Erickson

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

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

We have audited the City of Taylorsville's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2012. The general compliance requirements applicable to the City are identified as follows:

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

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

Liquor Law Enforcement (State Tax Commission)
B & C Road Funds (Department of Transportation)

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An

audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, City of Taylorsville, Utah, 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, 2012. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying Schedule of Findings and Responses as item 12-1 and 12-2.

Management's responses to the findings identified in our audit is described in the Schedule of Findings and Responses. We did not audit management's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, Office of the Utah State Auditor, awarding and pass-through entities, and other specified parties as applicable and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

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

November 20, 2012

CITY OF TAYLORSVILLE, UTAH
Schedule of Findings and Responses
For the Year Ended June 30, 2012

State Legal Compliance Finding

Requirement/Program

Current Year Findings

12-1 Fund Balance

Finding: State law, *Utah Code 10-6-116*, stipulates that the general fund unrestricted fund balance should be between 5% and 18% of the total estimated revenue of the general fund for the next year's budgeted revenues minus any beginning fund balances appropriated. For the year ended June 30, 2012, the City's general fund unrestricted fund balance was 18.26% of the 2012-2013 budgeted revenues.

Recommendation: The City should amend the current year budget as necessary and appropriate the applicable excess fund balance.

Management's Response: Management recognizes the fund balance exceeding the upper limit as prescribed by UCA 10-6-116 by 0.26% due primarily to conservative spending of the allocated budget, and the improving economy generating additional revenues above the budgeted amounts. Management has recommended that the City Council reallocate money from the General Fund fund balance for necessary Public Safety expenditures in the Mid-year Budget Adjustments currently under consideration by the Taylorsville City Council. The use of fund balance for this purpose will result in the fund balance equaling approximately 13%.

12-2 Impact Fee Reporting

Finding: State law, *Utah Code 11-36a-601*, stipulates that when impact fees are charged and collected, an annual impact fee report shall be certified by a designated officer of the entity and submitted to the state auditor. This report should identify the following: the impact fee funds received by year, the project from which the funds were collected, the capital projects for which the funds were budgeted, and the projected schedule for expenditure in a format that has been developed by the state auditor. We noted that the City's submission for the year ended June 30, 2011, did not contain the requirements listed above in that only interest earned from impact fees was reported and the revenues and expenditures were not properly reported.

Recommendation: The City should follow the format developed by the state auditor's office and properly report its impact fees in accordance with the state law requirements identified above.

Management's Response: Management agrees with the recommendation and will submit the impact fee report in the prescribed format.