

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



Year Ended June 30, 2011

CITY OF TAYLORSVILLE

Taylorsville, Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by:

John Inch Morgan, MBA

City Administrator / City Treasurer

Scott P. Harrington

Chief Financial Officer

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November 22, 2011

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, 2011. This CAFR fulfills the requirements in Utah State Law 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 (GAAS) by a firm of licensed certified public accountants.

We are pleased to report that the City of Taylorsville concluded the Fiscal Year ended June 30, 2011 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, 2010 and ended June 30, 2011. 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.

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 auditors have 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, 2011, 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, the Single Audit Section and the Continuing Disclosure Section:

1. **The Introductory Section** is a narrative abstract of the financial statements.
2. **The Financial Section** includes:
 - a. The Independent Auditors' Report;
 - b. The Management's Discussion and Analysis (MD&A);
 - c. Basic Financial Statements (BFS);
 - d. Notes to the financial statements.
3. **Statistical and Supplemental Sections** is unaudited information statements and schedules. The Basic Financial Statements provide an overview for readers who do not require detailed information about the City's finances.
4. **The Compliance Section**, which includes all reports and schedules necessary in order for the City to comply with the Single Audit Act and the U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments and required reports by the State of Utah.

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.

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

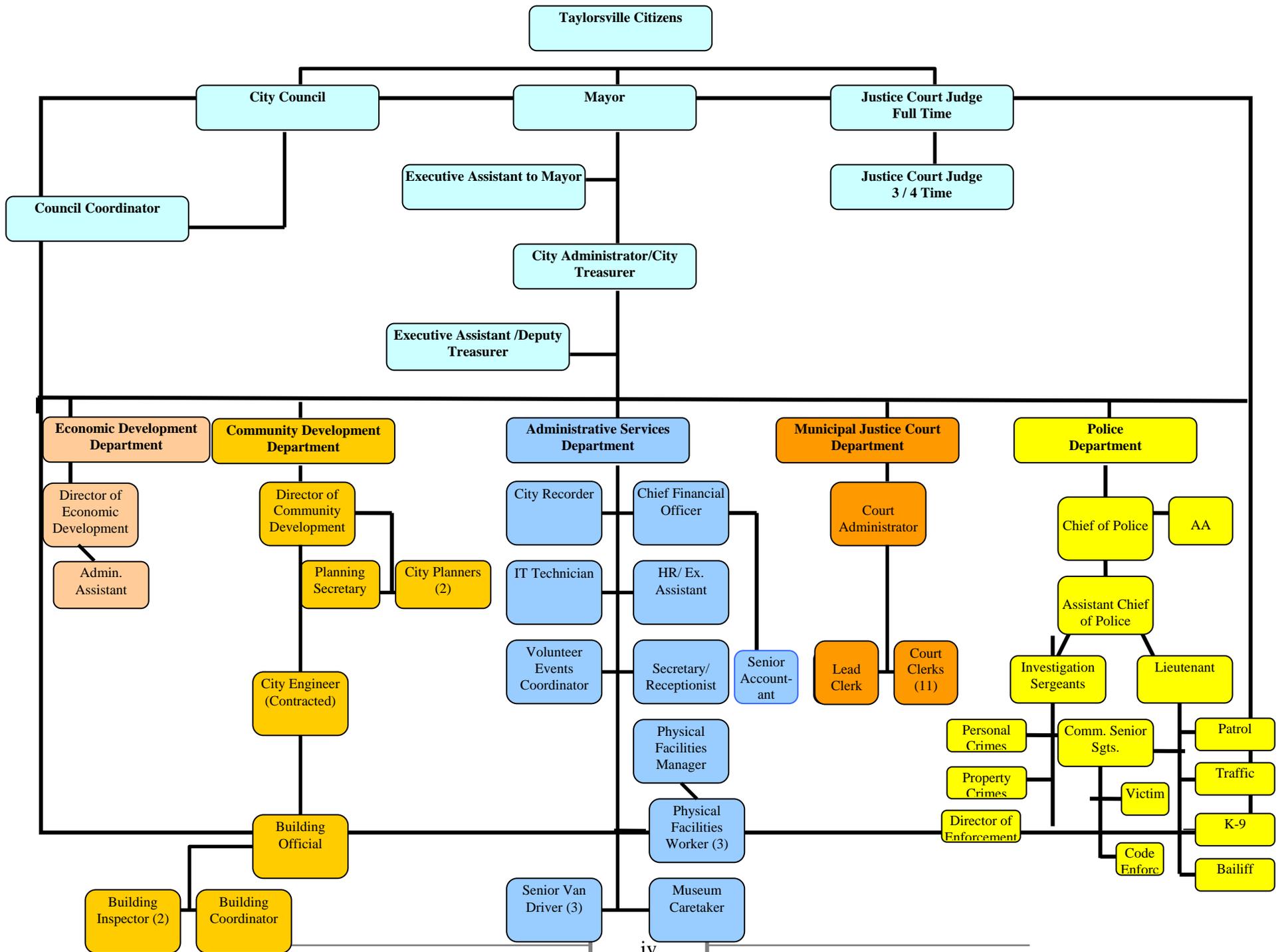
Elected Officials

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

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.



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah (the City), as of and for the year ended June 30, 2011, 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 unit, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah, as of June 30, 2011, 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 21, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison information, and the schedule of expenditures of federal awards 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 section and statistical section 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.

November 21, 2011

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 exceeded its liabilities as of June 30, 2011 by \$166,576,745. Of this amount, unrestricted net assets of \$7,765,008 may be used to meet the City's ongoing operations and obligations to the citizens of Taylorsville and creditors.

The total net assets decreased by \$319,025 from the prior year. Of this amount \$158,123,732 was associated with the governmental operations and \$8,453,013 with business-type activities.

As of June 30, 2011, the close of the 2010-2011 Fiscal Year, the unreserved fund balance for the General Fund reported a combined ending fund balance of \$4,355,027, an increase of \$203,308 after netting all general fund revenues against operational expenditures for the fiscal year. Of this amount \$3,945,303 is unassigned and available for spending. The remaining \$409,724 has been reserved due to legal restrictions and obligations of the City.

In this accounting period the City managed debt in the amount of \$8,859,494 in the form of Sales Tax Revenue Bonds for Storm Drain and Road infrastructure improvements and Municipal Equipment Leases.

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

The City participates in the Utah Local Government Trust for general liability coverage in the 2010-2011 Fiscal Year. The City purchases health benefits and worker's compensation coverage 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 Statements. The City's Basic Financial Statements comprise three component groups: government-wide financial statements, fund financial statements, and notes to the 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.

Fund Financial Statements

Our analysis of the City's major funds begins on page 4 and provides detailed information about the most significant funds. State law requires the establishment of certain funds, while other funds are

CITY OF TAYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2011

created to help the City Council track the allocation money for a particular purpose or a classification of certain projects. The City has also established funds to show that it is meeting its legal responsibilities in using certain taxes, grants and other money received from outside sources such as the Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development for low-income areas of the City.

Governmental Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets and the Statement of Activities

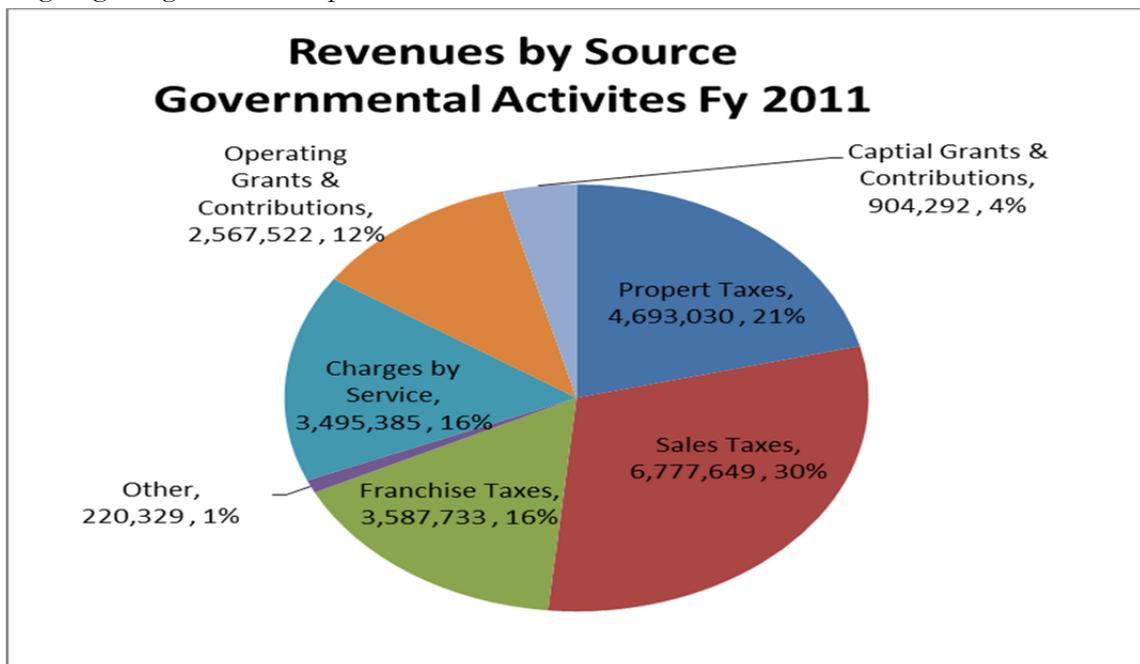
A year-to-year comparison of the Statement of Net Assets is often a useful indicator of an organization's financial strength. Comparing the change in assets to liabilities over time can indicate whether an organization is properly maintaining its assets, and offers an indication of how the maintenance and operations are being financed. Government-wide invested in capital assets at the end of the year was \$157,022,080, which is the largest portion of total net assets. The Governmental activities invested in capital assets of \$152,070,500, is the valuation and investment in capital assets, less any related debt that is outstanding 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 available for future spending. 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. This statement is displayed below:

CITY OF TAYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2011

CITY OF TAYLORSVILLE'S NET ASSETS

	Governmental Activities June 30, 2011	Governmental Activities June 30, 2010	Business Type Activities June 30, 2011	Business Type Activities June 30, 2010
Current and other assets	\$ 12,858,867	\$ 13,868,603	\$ 6,184,099	\$ 7,046,934
Capital assets	156,586,897	157,015,552	6,872,006	5,573,894
Total Assets	169,445,764	170,884,155	13,056,105	12,620,828
Long-term debt outstanding	4,756,850	4,973,531	4,102,644	4,315,979
Other liabilities	6,565,182	7,123,954	500,448	195,749
Total Liabilities	11,322,032	12,097,485	4,603,092	4,511,728
Net assets:				
Invested in capital assets, net of de	152,070,500	152,275,488	4,951,580	3,434,182
Restricted	1,395,663	3,518,149	393,994	729,579
Unrestricted	4,657,569	2,993,033	3,107,439	3,945,339
Total Net Assets	\$ 158,123,732	\$ 158,786,670	\$ 8,453,013	\$ 8,109,100

A much smaller portion of the total net assets, \$1,789,657, 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 \$7,765,008, may be used to meet the government's ongoing obligations and operations.



CITY OF TAYLORSVILLE
Management's Discussion and Analysis
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The government-wide financial statements distinguish the functions of the City that are primarily supported by taxes and intergovernmental revenue and known as Governmental Activities; from the other functions, known as Business-type Activities, that derive funding from activities where all or a significant portion of their costs are recovered from user fees and charges for services. The Government Activities include general government, public safety, public works, parks, recreation and cultural events, economic and community development, the City Cemetery and court operations. The Business-type Activities include operation of the city storm water system.

CITY OF TAYLORSVILLE'S CHANGES IN NET ASSETS

	Governmental Activities <u>June 30, 2011</u>	Governmental Activities <u>June 30, 2010</u>	Business Activities <u>June 30, 2011</u>	Business Activities <u>June 30, 2010</u>
Revenues				
Program revenues:				
Charges for services	\$ 3,495,385	\$ 3,314,030	\$ 1,161,034	\$ 1,200,972
Operating grants and contributions	2,567,552	2,327,900		
Capital grants and contributions	904,292	5,296,052		
General revenues:				
Property taxes	4,693,030	4,717,352		
Other taxes	10,365,382	10,107,786		
Other revenues	211,919	126,204	8,410	16,909
	<u>22,237,560</u>	<u>25,889,324</u>	<u>1,169,444</u>	<u>1,217,881</u>
Total revenue				
Program expenses:				
General government	2,661,562	2,754,504	825,531	843,922
Public safety	13,846,828	13,519,448		
Highway and public improvements	3,842,868	4,562,937		
Community and economic development	2,030,691	1,725,628		
Parks and public property	315,424	311,370		
Interest on long term debt	203,125	215,878		
	<u>22,900,498</u>	<u>23,089,765</u>	<u>825,531</u>	<u>843,922</u>
Total expenses				
Increase (decrease) in net assets	(662,938)	2,799,559	343,913	373,959
Net Assets Beginning of Year	158,786,670	155,987,111	8,109,100	7,735,141
Net Assets End of year	<u>\$ 158,123,732</u>	<u>\$ 158,786,670</u>	<u>\$8,453,013</u>	<u>\$ 8,109,100</u>

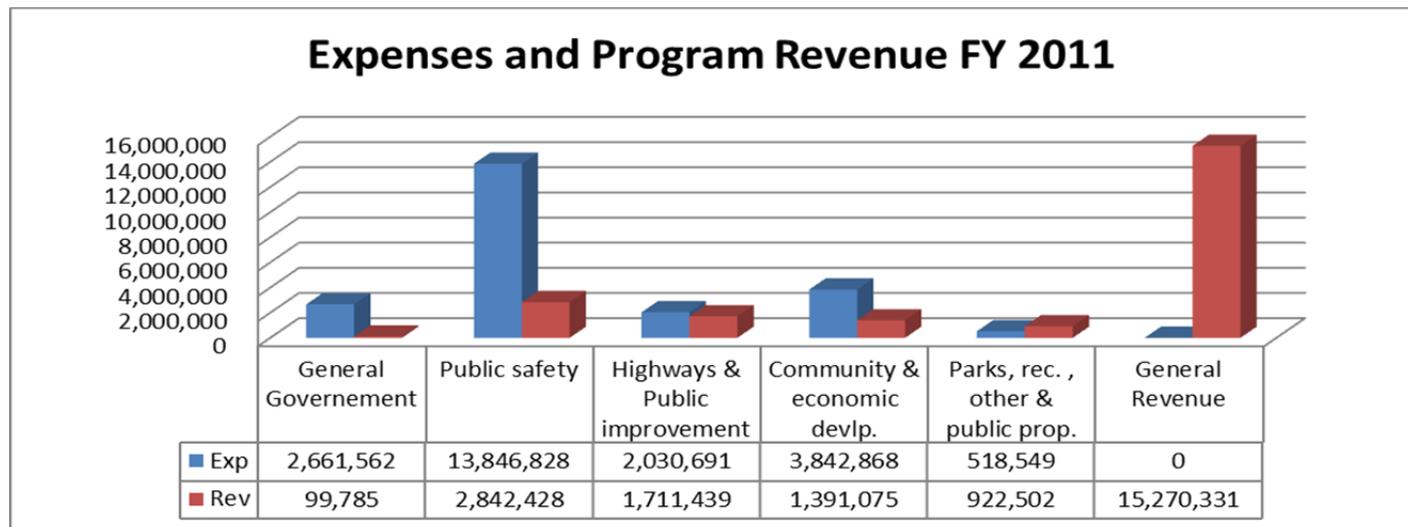
GENERAL GOVERNMENT FUNCTIONS

THE GENERAL FUND

REVENUE -- General fund revenues totaled \$21,282,962 in the Fiscal Year ending June 30, 2011. Property Taxes, Motor Vehicle Taxes, General Sales Taxes and Franchise Tax constitute the major sources of revenue totaling \$15,058,411. All tax categories in aggregate generated 67.77 percent of general fund revenue. Sales tax revenue is the most volatile revenue source for the City, closely following and the business cycles we have experienced in the economy. Since the recession began, the City's sales tax revenue has fallen by approximately \$1.66 million dollars compared to that collected in Fiscal Year 2008. Monthly revenue receipts followed no predictable pattern as in past years; several months showed promises of an economic recovery, while other months manifested the lingering concerns of consumers of a struggling economy and the fear of a double dip recession. Given these radical swings, the management team curtailed spending below the approved budget in order to bring the year-end expenditures in below actual revenues. The last quarter of the fiscal year presented positive sales tax gains over the previous year providing some promise of economic recovery in the future.

EXPENDITURES – To balance the budget given the decreased revenue mentioned above, expenditures were continually monitored and reduced based on matching the of municipal service delivery needs with the revenue yields. Total General Fund expenditures for Fiscal Year 2011 were \$20,423,170 plus transfers of \$255,073. Major expenditure categories for the maintenance of municipal services include: Public Safety, \$13,495,026; Highway and Public Improvements, \$1,802,007; Community and Economic Development, \$1,735,181; General Government, Government Buildings and Parks, \$2,6219,919, Capital Outlay of \$365,060 and Debt Service \$406,019.

The largest expenditure reductions, both in the formal budget adoption, and in the on-going management of the budget were in the area of infrastructure maintenance and improvements. The City's infrastructure is currently in good condition, however, reductions in this expenditure category in the 2010-2011 period has impacted the integrity of our infrastructure assets. It is only because of maintenance levels and capital improvement projects in previous years that have delayed significant degradation to the City's infrastructure. Continued postponement of maintenance and capital replacement in future budget periods will bring a cost significantly greater than the cost of consistent annual maintenance.



CAPITAL ASSETS AND DEBT ADMINISTRATION

The City's investment in Capital Assets for both Governmental and Business-type activities as of the end of the Fiscal Year 2010-2011 include buildings, land, vehicles, machinery and equipment, road systems (infrastructure), street light system, recreation facilities and storm water systems. The changes in Capital Assets of the City are \$1,312,410. The most recent additions to these assets are road improvements and two new pedestrian bridges on 6200 South serving public schools. Given the general economic condition over the past several years, funding allocated to the Capital Fund has been greatly curtailed and limited to essential road projects and improvements to project where funding is dedicated to a certain project by outside sources.

	2011	2010	2011	2010
Land and water rights	\$ 12,522,039	\$ 12,522,039	\$ -	\$ -
Buildings and improvements	8,347,346	8,601,676	-	-
Office furniture and equipment	398,612	397,817	6,765	11,275
Vehicles and equipment	324,649	510,230	125,639	161,536
Infrastructure	129,953,679	129,286,915	5,982,966	5,195,537
Construction in Progress	5,040,572	5,696,875	756,636	205,546
	<u>\$ 156,586,897</u>	<u>\$ 157,015,552</u>	<u>\$ 6,872,006</u>	<u>\$ 5,573,894</u>

LONG-TERM DEBT

At the end of Fiscal Year 2010-2011, the City had total long-term debt obligations outstanding of \$9,515,580. This amount represents bonds that are secured solely by specific revenue sources including sales tax revenue bonds. Also included in the debt are amounts for compensated absences. The City maintains a AA+ rating from Standard and Poor on its Sales Tax Revenue Bonds.

	Governmental Activities		Business type Activities	
	2011	2010	2011	2010
Revenue bonds payable	\$ 4,712,210	\$ 4,915,260	\$ 4,014,103	\$ 4,187,072
Leases payable	44,640	58,271	88,541	128,907
Compensated absences	656,086	653,738	-	-
	<u>\$ 5,412,936</u>	<u>\$ 5,627,269</u>	<u>\$ 4,102,644</u>	<u>\$ 4,315,979</u>

SPECIAL REVENUE FUNDS

Revenue included in these funds report all impact fees received from developers where the additional cost of providing municipal services such as Parks, Fire Station construction and Storm Drain systems due to new construction, is offset with one-time fees. Park impact fees are assessed and then allocated to park projects that are required due to increasing demands from new development. Storm Drain impact fees are divided into

CITY OF TAYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2011

two storm drain systems covering the City of Taylorsville's boundaries. These funds are restricted to storm drain projects within the respective areas.

STORM DRAIN FUND

This fund includes revenue from the Storm Drain impact fees from new development projects; and the Storm Water utility fee assessed on all properties throughout the City. The major activity in this fund represents a number of improvements and replacement to the City's Storm Drain system that have shown signs of aging and in some cases failure. During the 2010-2011 fiscal period, several heavy rainstorms revealed additional vulnerabilities of the system, requiring immediate remediation. The main funding source for this work is derived from the proceeds of the 2006 sales tax revenue bonds, and the Storm Water Utility fees. The projects funded by proceeds from the 2006 bonds were completed in the 2010-2011 Fiscal Year. Future projects and maintenance of the system will be funded from the Storm Water Utility fees or from a special allocation and transfer from the General Fund adopted by the Council as projects needs are determined.

ECONOMIC CONDITION AND OUTLOOK

The City's Fiscal Year 2010-2011, which is covered by this report and audit, provided a number of positive economic events and signs that the recovery from the 2007 recession is starting to gain momentum. The national economic recession that began in 2007 and became the longest historic economic downturn since the Great Depression continues to have lasting effect on businesses, individuals and the delivery of municipal services both here in Taylorsville and throughout the nation. Historically, the "Great Recession" as many economists have identified this era, has seen the largest decline in production since 1939 and the fastest decline in housing values since the 1920's, all of which have changed the way that we as consumers participate in the economic markets. Officially¹ the recession lasted for 18 months, running from December 2007 through June of 2009, however, the lasting effects of a slow recovery impacted the operations of the City with revenues that were \$ 3,564,127 less than the previous year. City officials have worked together in each of the intervening years with priority budgeting measures that matched expenditures to the reduced revenue. Fiscal Year 2010-2011, 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.

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.

Highlights of Taylorsville's economic development and growth include: Building permits for major projects valued at \$18,903,741 were issued. Permits for 186 housing units in the Silver Crest development by Perry Homes. Positive Tax Increment generated from the 6200 South Redevelopment Agency area. The Senior Housing Complex at 4800 South and Redwood Road providing 61 new housing units was completed. Approximately 550 new jobs were added to business within to the City.

Over the past few years, the City of Taylorsville has participated with UDOT in the reconstruction of five major intersection and several road improvement projects designed to improve traffic flow, create safer roadways, and create better access to commercial centers. Continuous flow intersections; reversible lane roads and Michigan turns have negatively impacted the traffic flow and business access to commercial sites. During

¹ Business Cycle Dating Committee, National Bureau of Economic Research

CITY OF TAYLORSVILLE
Management's Discussion and Analysis
For the year ended June 30, 2011

the past year, as these projects have been completed, our primary focus is on business development and recovery in our commercial centers. Significant infrastructure projects the construction of the Babe Ruth and Little League Baseball Complex at 5000 South 2200 West, and the construction of two pedestrian bridges linking residential neighborhoods to an elementary and junior high school on 6200 South. The Utah Department of Transportation, along with the City will began six major intersection improvement projects within the City as well as improvements to the east-west transportation corridors.

LONG-TERM FINANCIAL PLANNING

The City of Taylorsville takes pride in conservative financial management and responsible 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 interested in additional information or greater detail of the finances of the City should address requests to the City of Taylorsville Finance Department, 2600 West Taylorsville Boulevard, Taylorsville, Utah 84129.

CITY OF TAYLORSVILLE
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Taylorsville Arts Council
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,535,830	\$ 3,395,397	\$ 8,931,227	\$ 58,327
Receivables, net of allowance				
Taxes	5,967,184	-	5,967,184	-
Intergovernmental	614,713	-	614,713	-
Accounts	40,390	148,712	189,102	775
Restricted assets:				
Cash and cash equivalents	625,879	2,576,212	3,202,091	-
Capital assets not being depreciated:				
Land and water rights	12,522,039	-	12,522,039	-
Construction in progress	5,040,572	756,636	5,797,208	-
Capital assets - net of accumulated depreciation:				
Buildings and improvements	8,347,346	-	8,347,346	-
Office furniture and equipment	398,612	132,404	531,016	4,096
Vehicles and equipment	324,649	-	324,649	-
Infrastructure	129,953,679	5,982,966	135,936,645	-
Unamortized bond issue costs	74,871	63,778	138,649	-
Total assets	<u>\$169,445,764</u>	<u>\$ 13,056,105</u>	<u>\$182,501,869</u>	<u>\$ 63,198</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 674,374	\$ 469,498	\$ 1,143,872	\$ 726
Accrued liabilities	825,242	-	825,242	-
Accrued interest payable	37,763	30,950	68,713	-
Deferred revenue	4,371,717	-	4,371,717	-
Accrued liabilities - compensated absences	656,086	-	656,086	-
Bonds payable:				
Due within one year	216,000	184,000	400,000	-
Due in more than one year	4,496,210	3,830,103	8,326,313	-
Capital leases:				
Due within one year	14,237	42,915	57,152	-
Due in more than one year	30,403	45,626	76,029	-
Total liabilities	<u>11,322,032</u>	<u>4,603,092</u>	<u>15,925,124</u>	<u>726</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	152,070,500	4,951,580	157,022,080	4,096
Restricted for:				
Storm drain development	-	393,994	393,994	-
Future construction	879,432	-	879,432	-
Class C roads	409,724	-	409,724	-
Parks	106,507	-	106,507	-
Unrestricted	4,657,569	3,107,439	7,765,008	58,376
Total net assets	<u>158,123,732</u>	<u>8,453,013</u>	<u>166,576,745</u>	<u>62,472</u>
Total liabilities and net assets	<u>\$169,445,764</u>	<u>\$ 13,056,105</u>	<u>\$182,501,869</u>	<u>\$ 63,198</u>

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

CITY OF TAYLORSVILLE
Statement of Activities
For the year ended June 30, 2011

	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 Unit
					Governmental Activities	Business-type Activities	Total	Taylorsville Arts Council
Functions / Programs								
Primary Government:								
Governmental activities								
General government	\$ 2,661,562	\$ 79,032	\$ 20,753	\$ -	\$ (2,561,777)		\$ (2,561,777)	
Public safety	13,846,828	2,567,446	268,179	6,803	(11,004,400)		(11,004,400)	
Highways and public improvements	3,842,868	-	1,711,439	-	(2,131,429)		(2,131,429)	
Community and economic development	2,030,691	759,097	567,181	64,797	(639,616)		(639,616)	
Parks, recreation and public property	315,424	89,810	-	832,692	607,078		607,078	
Interest on long-term debt	203,125	-	-	-	(203,125)		(203,125)	
Total governmental activities	22,900,498	3,495,385	2,567,552	904,292	(15,933,269)		(15,933,269)	
Business-type activities								
Storm drain	825,531	1,161,034	-	-		\$ 335,503	335,503	
Total Primary Government	\$ 23,726,029	\$ 4,656,419	\$ 2,567,552	\$ 904,292	(15,933,269)	335,503	(15,597,766)	
Component Unit:								
Taylorsville Art Council	\$ 15,942	\$ 18,880	\$ 9,260	-				\$ 12,198
General Revenues:								
Taxes								
Property taxes					4,693,030	-	4,693,030	-
Sales taxes					6,777,649	-	6,777,649	-
Franchise taxes					3,587,733	-	3,587,733	-
Investment earnings					55,043	8,410	63,453	45
Other					138,568	-	138,568	-
Gain on sale of capital assets					18,308	-	18,308	-
Total general revenues					15,270,331	8,410	15,278,741	45
Change in net assets					(662,938)	343,913	(319,025)	12,243
Net assets - beginning					158,786,670	8,109,100	166,895,770	50,229
Net assets - ending					\$ 158,123,732	\$ 8,453,013	\$ 166,576,745	\$ 62,472

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

CITY OF TAYLORSVILLE
 Balance Sheet – Governmental Funds
 June 30, 2011

	Governmental Fund Types			
	General	Special	Other	Total
		Infrastructure	Revenue	Governmental
			Funds	Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,165,044	\$ 1,663,480	\$ 707,306	\$ 5,535,830
Receivables:				
Taxes	5,967,184	-	-	5,967,184
Intergovernmental	614,713	-	-	614,713
Other	38,357	2,033	-	40,390
Due from other funds	5,405	-	-	5,405
Restricted assets:				
Cash and cash equivalents	385,426	240,453	-	625,879
Total assets	<u>\$10,176,129</u>	<u>\$ 1,905,966</u>	<u>\$ 707,306</u>	<u>\$ 12,789,401</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 618,738	\$ 52,786	\$ 2,850	\$ 674,374
Accrued liabilities	825,242	-	-	825,242
Deferred revenue	4,371,717	-	-	4,371,717
Due to other funds	5,405	-	-	5,405
Total liabilities	<u>5,821,102</u>	<u>52,786</u>	<u>2,850</u>	<u>5,876,738</u>
<u>FUND BALANCE</u>				
Restricted for:				
Future construction	-	879,432	-	879,432
Class C roads	409,724	-	-	409,724
Parks	-	-	106,507	106,507
Assigned to:				
Infrastructure fund	-	973,748	-	973,748
Economic development fund	-	-	584,690	584,690
Buildings fund	-	-	13,259	13,259
Unassigned	3,945,303	-	-	3,945,303
Total fund balances	<u>4,355,027</u>	<u>1,853,180</u>	<u>704,456</u>	<u>6,912,663</u>
Total liabilities and fund balances	<u>\$10,176,129</u>	<u>\$ 1,905,966</u>	<u>\$ 707,306</u>	<u>\$ 12,789,401</u>

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

CITY OF TAYLORSVILLE

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
For the year ended June 30, 2011

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

Total Fund Balances - Total Governmental Funds (page 13)	\$ 6,912,663
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	156,586,897
Interest payable is not due and payable in the current period and therefore is not recorded in the funds.	(37,763)
Bond issue costs are not recorded in the funds.	74,871
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,412,936)</u>
Net Assets - Governmental Activities (page 11)	<u><u>\$ 158,123,732</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, 2011

	Governmental Fund Types			Total Governmental Funds
	General	Special Revenue Infrastructure	Other Governmental Funds	
<u>REVENUES</u>				
Taxes	\$15,058,412	\$ -	\$ -	\$ 15,058,412
Impact fees	-	-	26,153	26,153
Licenses and permits	589,341	-	-	589,341
Intergovernmental	3,004,587	813,342	-	3,817,929
Charges for services	395,952	50,700	-	446,652
Fines and forfeitures	2,087,154	-	-	2,087,154
Miscellaneous	138,568	-	-	138,568
Interest income	48,058	6,985	-	55,043
Total revenues	21,322,072	871,027	26,153	22,219,252
<u>EXPENDITURES</u>				
General government	2,008,389	-	-	2,008,389
Public safety	13,495,026	-	-	13,495,026
Highways and public improvements	1,802,007	-	-	1,802,007
Community and economic development	1,735,181	-	40,673	1,775,854
Parks, recreation, and public property	150,478	-	-	150,478
Non-departmental	507,613	-	-	507,613
Debt service:				
Principal	201,431	-	-	201,431
Interest	204,588	-	-	204,588
Capital outlay:				
General government	5,042	-	-	5,042
Public safety	56,842	-	-	56,842
Highways and public improvements	-	2,159,250	-	2,159,250
Community and economic development	303,176	-	-	303,176
Parks, recreation, and public property	10,014	-	-	10,014
Total expenditures	20,479,787	2,159,250	40,673	22,679,710
Excess (deficiency) of revenues over (under) expenditures	842,285	(1,288,223)	(14,520)	(460,458)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	7,512	10,749	631,819	650,080
Transfers out	(255,073)	(387,495)	(7,512)	(650,080)
Sale of capital assets	18,308	-	-	18,308
Total other financing sources (uses)	(229,253)	(376,746)	624,307	18,308
Net change in fund balance	613,032	(1,664,969)	609,787	(442,150)
Fund balance at beginning of year	3,741,995	3,518,149	94,669	7,354,813
Fund balance at end of year	\$ 4,355,027	\$ 1,853,180	\$ 704,456	\$ 6,912,663

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, 2011

Amounts reported for governmental activities in the statement of activities
(page 11) are different because:

Net change in fund balances - total governmental funds (page 15)	\$ (442,150)
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.	(2,768,616)
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.	2,339,961
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.	223,754
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(15,887)</u>
Change in net assets of governmental activities (page 11)	<u>\$ (662,938)</u>

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

CITY OF TAYLORSVILLE
Statement of Revenues, Expenditures and Change in Fund Balance
Budget to Actual- General Fund
For the year ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Taxes	\$ 14,936,773	\$ 15,083,332	\$ 15,058,412	\$ (24,920)
Licenses and permits	673,400	673,400	589,341	(84,059)
Intergovernmental	2,963,627	3,508,429	3,004,587	(503,842)
Charges for services	398,800	507,721	395,952	(111,769)
Fines and forfeitures	2,071,710	2,085,710	2,087,154	1,444
Miscellaneous	272,751	358,133	138,568	(219,565)
Interest income	50,000	50,000	48,058	(1,942)
Total revenues	<u>21,367,061</u>	<u>22,266,725</u>	<u>21,322,072</u>	<u>(944,653)</u>
<u>EXPENDITURES</u>				
General government				
City council	488,481	350,463	297,666	52,797
Mayor	226,359	226,359	198,651	27,708
Administrative services	1,134,535	1,230,535	1,185,831	44,704
Governmental buildings	533,945	742,145	326,241	415,904
Public safety				
Court operations	2,177,262	2,207,262	2,055,940	151,322
Public safety	4,553,792	4,568,249	4,509,182	59,067
Police	6,904,642	7,138,491	6,986,746	151,745
Highways and public improvements	1,802,218	1,863,718	1,802,007	61,711
Community and economic development				
Planning commission	14,100	14,100	8,621	5,479
Community activities	6,000	6,000	2,288	3,712
Citizens committees	122,000	137,456	125,512	11,944
CDBG programs	840,010	1,201,781	631,977	569,804
Community development	1,122,509	1,119,509	1,030,893	88,616
Economic development	285,516	286,517	239,066	47,451
Parks, recreation, and public property	206,488	206,488	160,492	45,996
Non-departmental	568,499	673,664	512,655	161,009
Debt service:				
Principal	186,300	201,431	201,431	-
Interest	227,200	216,504	204,588	11,916
Total expenditures	<u>21,399,856</u>	<u>22,390,672</u>	<u>20,479,787</u>	<u>1,910,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,795)</u>	<u>(123,947)</u>	<u>842,285</u>	<u>966,232</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(17,205)	(255,073)	(255,073)	-
Sale of capital assets	50,000	50,000	18,308	(31,692)
Total other financing sources (uses)	<u>32,795</u>	<u>(205,073)</u>	<u>(229,253)</u>	<u>(24,180)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (329,020)</u>	<u>613,032</u>	<u>\$ 942,052</u>
Fund balance at beginning of year			3,741,995	
Fund balance at end of year			<u>\$ 4,355,027</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, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Intergovernmental	\$ 2,264,122	\$ 2,328,122	\$ 813,342	\$ (1,514,780)
Charges for services	12,400	66,400	50,700	(15,700)
Interest income	9,300	9,300	6,985	(2,315)
Total revenues	<u>2,285,822</u>	<u>2,403,822</u>	<u>871,027</u>	<u>(1,532,795)</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>2,975,271</u>	<u>3,039,271</u>	<u>2,159,250</u>	<u>880,021</u>
Total expenditures	<u>2,975,271</u>	<u>3,039,271</u>	<u>2,159,250</u>	<u>880,021</u>
Deficiency of revenues under expenditures	<u>(689,449)</u>	<u>(635,449)</u>	<u>(1,288,223)</u>	<u>(652,774)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	10,749	10,749	10,749	-
Transfers out	-	(387,495)	(387,495)	-
Total other financing sources (uses)	<u>10,749</u>	<u>(376,746)</u>	<u>(376,746)</u>	<u>-</u>
Net change in fund balance	<u>\$ (678,700)</u>	<u>\$ (1,012,195)</u>	<u>(1,664,969)</u>	<u>\$ (652,774)</u>
Fund balance at beginning of year			<u>3,518,149</u>	
Fund balance at end of year			<u>\$ 1,853,180</u>	

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

CITY OF TAYLORSVILLE
Statement of Net Assets-Proprietary Fund
June 30, 2011

	<u>Storm Drain</u>
ASSETS	
Current assets:	
Cash and cash equivalents, unrestricted	\$ 3,395,397
Receivables:	
Accounts	<u>148,712</u>
Total current assets	<u>3,544,109</u>
Noncurrent assets:	
Cash and cash equivalents, restricted	<u>2,576,212</u>
Capital assets:	
Machinery and equipment	237,932
Infrastructure	7,840,794
Construction in progress	756,636
Accumulated depreciation	<u>(1,963,356)</u>
Net capital assets	<u>6,872,006</u>
Other assets:	
Unamortized bond issuance costs	<u>63,778</u>
Total other assets	<u>63,778</u>
Total noncurrent assets	<u>9,511,996</u>
Total assets	<u>\$ 13,056,105</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 469,498
Accrued interest payable	30,950
Long-term debt, current portion, net	<u>226,915</u>
Total current liabilities	<u>727,363</u>
Noncurrent liabilities:	
Revenue bonds payable, due after one year, net	<u>3,875,729</u>
Total noncurrent liabilities	<u>3,875,729</u>
Total liabilities	<u>4,603,092</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,951,580
Restricted for storm drain development	393,994
Unrestricted	<u>3,107,439</u>
Total net assets	<u>8,453,013</u>
Total liabilities and net assets	<u>\$ 13,056,105</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, 2011

	<u>Storm Drain</u>
OPERATING REVENUES	
Sales and charges for services	<u>\$ 1,161,034</u>
Total operating revenues	<u>1,161,034</u>
OPERATING EXPENSES	
Administration and general	208,046
Repairs and maintenance	207,891
Depreciation	232,247
Amortization	<u>3,986</u>
Total operating expenses	<u>652,170</u>
Operating income	<u>508,864</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	8,410
Interest expense	<u>(173,361)</u>
Total nonoperating revenues (expenses)	<u>(164,951)</u>
Change in net assets	343,913
Total net assets, beginning	<u>8,109,100</u>
Total net assets - ending	<u>\$ 8,453,013</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, 2011

	<u>Storm Drain</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 1,306,612
Payments to suppliers	<u>(108,692)</u>
Net cash provided by operating activities	<u>1,197,920</u>
Net cash provided by noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities	
Acquisition of property, plant, and equipment	(1,530,359)
Principal paid on capital debt	(210,566)
Interest paid on capital debt	<u>(178,676)</u>
Net cash used by capital and related financing activities	<u>(1,919,601)</u>
Cash flows from investing activities	
Interest received	<u>8,410</u>
Net cash provided by investing activities	<u>8,410</u>
Net decrease in cash and cash equivalents	(713,271)
Cash and cash equivalents, beginning of year	<u>6,684,880</u>
Cash and cash equivalents, end of year	<u>\$ 5,971,609</u>
Unrestricted cash	\$ 3,395,397
Restricted cash	<u>2,576,212</u>
Total Cash	<u>\$ 5,971,609</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 508,864
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	236,233
Changes in assets and liabilities:	
Accounts receivable	145,578
Accounts payable	<u>307,245</u>
Net cash provided by operating activities	<u>\$ 1,197,920</u>

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

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) The Reporting Entity

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

Discretely Presented Component Units

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The Cemetery fund accounts for the provision of cemetery services at the City's cemetery. The Cemetery fund balance as transferred to the general fund in 2011, where cemetery services will now be recorded.

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

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

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

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

(D) Budgets

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund and Special Revenue Funds. Annual budgets are also adopted for capital projects which may include activities that overlap

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

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

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

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

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

(E) Taxes

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(F) Cash and cash equivalents

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

(G) Compensated absences

Accumulated unpaid time off with pay is accrued as incurred based on the years of service for each employee. Time off with pay is accumulated on a monthly basis and is fully vested when earned. Accumulated vacation cannot exceed 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF TAYLORSVILLE

Notes to Basic Financial Statements

June 30, 2011

NOTE 2 CASH AND CASH EQUIVALENTS (continued)

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

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

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

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

Components of cash and investments (including interest earning deposits) at June 30, 2011 are as follows:

CITY OF TAYLORSVILLE
Notes to Basic Financial Statements
June 30, 2011

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on hand and deposit:				
Cash on Hand	\$ 3,600	\$ 3,600	N/A	N/A
Cash on Deposit	<u>952,108</u>	<u>952,108</u>	N/A	N/A
Total cash on hand and deposit	<u>\$ 955,708</u>	<u>\$ 955,708</u>		
Investments (3):				
Utah State Treasurer's Investment Pool	\$ 10,870,070	\$ 10,935,705	N/A	NA
Bond Reserves				
Utah State Treasurer's Investment Pool	<u>240,453</u>	<u>241,905</u>	N/A	N/A
Total investments	<u>\$ 11,110,523</u>	<u>\$ 11,177,610</u>		
Total cash and cash equivalents	<u>\$ 12,066,231</u>	<u>\$ 12,133,318</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, or investments are matched with anticipated cash flows. The City does not make investments with maturity dates longer than planned expenditures.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the State statutes for investments and only invests in the Utah Public Treasurer's Investment Fund. As of June 30, 2011, the Utah Public Treasurer's Investment Fund was unrated.

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

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, 2011, \$1,262,524 of the City's \$1,619,571 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

CITY OF TAYLORSVILLE
Notes to Basic Financial Statements
June 30, 2011
NOTE 3 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2011:

Restricted for funds held in trust for Justice Court	\$ 349,771
Restricted for funds held in trust for police seizures	35,655
Restricted for capital construction	2,816,665
	<hr/>
Total	<u>\$ 3,202,091</u>

NOTE 4 CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2011 was as follows (page 32):

CITY OF TAYLORSVILLE
Notes to Basic Financial Statements
June 30, 2011

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 12,522,039	\$ -	\$ -	\$ 12,522,039
Construction in progress	5,696,875	2,074,040	2,730,343	5,040,572
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, not being depreciated	18,218,914	2,074,040	2,730,343	17,562,611
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, being depreciated:				
Buildings and improvements	11,899,197	207,102	-	12,106,299
Office furniture and equipment	1,533,020	148,302	74,946	1,606,376
Vehicles and equipment	1,991,702	84,082	119,214	1,956,570
Infrastructure	163,403,364	2,556,778		165,960,142
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated	178,827,283	2,996,264	194,160	181,629,387
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for:				
Buildings and improvements	3,297,521	461,432	-	3,758,953
Office furniture and equipment	1,135,203	147,507	74,946	1,207,764
Vehicles and equipment	1,481,472	269,663	119,214	1,631,921
Infrastructure	34,116,449	1,890,014		36,006,463
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	40,030,645	2,768,616	194,160	42,605,101
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated, net	138,796,638	227,648	-	139,024,286
	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities capital assets, net	\$ 157,015,552	\$ 2,301,688	\$ 2,730,343	\$ 156,586,897
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <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	\$ 205,546	\$ 1,530,359	\$ 979,269	\$ 756,636
Total capital assets, not being depreciated	205,546	1,530,359	979,269	756,636
Infrastructure	6,861,524	979,270	-	7,840,794
Equipment	237,932	-	-	237,932
Total capital assets being depreciated	7,099,456	979,270	-	8,078,726
Less accumulated depreciation for:				
Infrastructure	1,665,987	191,841	-	1,857,828
Equipment	65,121	40,407	-	105,528
Total accumulated depreciation	1,731,108	232,248	-	1,963,356
Total capital assets, being depreciated, net	5,368,348	747,022	-	6,115,370
Business activities capital assets, net	\$ 5,573,894	\$ 2,277,381	\$ 979,269	\$ 6,872,006

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

<u>Governmental activities:</u>	
General government	\$ 262,878
Public safety	382,282
Highways and public improvements	1,890,014
Community and economic development	68,000
Parks and public property	165,442
Total depreciation expense - Governmental activities	<u>\$ 2,768,616</u>

CITY OF TAYLORSVILLE
Notes to Basic Financial Statements
June 30, 2011

Discretely presented component unit activity for the Arts Council for the year ended June 30, 2011 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	13,712	3,126	-	16,838
Total accumulated depreciation	13,712	3,126	-	16,838
Component unit capital assets, net	\$ 7,222	\$ (3,126)	\$ -	\$ 4,096

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 \$4,243,848.

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, 2011 was not expected to be received within 60 days after year ended June 30, 2011, 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, 2011.

CITY OF TAYLORSVILLE
Notes to Basic Financial Statements
June 30, 2011

NOTE 6 LONG-TERM DEBT;

The following is a summary of long-term debt transactions of the City for the year ended

June 30, 2011:

	June 30, 2010	Additions	Retirements	June 30, 2011	Due Within One Year
Governmental Activities:					
Bonds payable					
Revenue bonds	\$ 4,860,000	\$ -	\$ (199,800)	\$ 4,660,200	\$ 216,000
Plus: unamortized premiums	55,260	-	(3,250)	52,010	-
Total bonds payable	<u>4,915,260</u>	<u>-</u>	<u>(203,050)</u>	<u>4,712,210</u>	<u>216,000</u>
Capital leases	58,271	-	(13,631)	44,640	14,237
Total capital leases	<u>58,271</u>	<u>-</u>	<u>(13,631)</u>	<u>44,640</u>	<u>14,237</u>
Other liabilities					
Compensated absences	653,738	2,348	-	656,086	65,608
Total other liabilities	<u>653,738</u>	<u>2,348</u>	<u>-</u>	<u>656,086</u>	<u>65,608</u>
Total Governmental activities long-term liabilities	<u>\$ 5,627,269</u>	<u>\$ 2,348</u>	<u>\$ (216,681)</u>	<u>\$ 5,412,936</u>	<u>\$ 295,845</u>
Business-type Activities:					
Bonds payable					
Revenue bonds	\$ 4,140,000	\$ -	\$ (170,200)	\$ 3,969,800	\$ 184,000
Plus: unamortized premiums	47,072	-	(2,769)	44,303	-
Total bonds payable	<u>4,187,072</u>	<u>-</u>	<u>(172,969)</u>	<u>4,014,103</u>	<u>184,000</u>
Capital leases	128,907	-	(40,366)	88,541	42,915
Total capital leases	<u>128,907</u>	<u>-</u>	<u>(40,366)</u>	<u>88,541</u>	<u>42,915</u>
Total Business-type activities long-term liabilities	<u>4,315,979</u>	<u>-</u>	<u>(213,335)</u>	<u>4,102,644</u>	<u>226,915</u>
Total Liabilities	<u>\$ 9,943,248</u>	<u>\$ 2,348</u>	<u>\$ (430,016)</u>	<u>\$ 9,515,580</u>	<u>\$ 522,760</u>

NOTE 6 LONG-TERM DEBT (continued)

Revenue Bonds

\$10,000,000, principal due in annual installments beginning November 2007, interest at 4.00% to 5.00% due in semi-annual installments beginning May 2007, with the final payment due November 2026. The bonds were issued to finance the costs of constructing and/or replacing infrastructure improvement, including storm drain construction, roads, curb, gutter and sidewalk improvements. Debt service payments will be made from the General Fund sales tax revenues. Payments are split

	\$ 8,630,000
Total Revenue Bonds	<u>\$ 8,630,000</u>

Capital Leases

The City purchased a street sweeper in December 2008 for street sweeping using a capital lease which expires in 2012. \$ 88,541

In 2008 the City purchased a new van for the senior center using a lease which expires in 2013. 44,640

Total Capital Leases	<u>\$ 133,181</u>
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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, 2011, are as follows:

Year Ending June 30, 2011	Revenue Bonds	
	Principal	Interest
2012	\$ 400,000	\$ 355,325
2013	400,000	339,325
2014	415,000	323,025
2015	435,000	303,850
2016	460,000	281,475
2017-2021	2,610,000	1,086,675
2022-2026	3,190,000	499,750
2027	720,000	15,300
	<u>8,630,000</u>	<u>\$ 3,204,725</u>
Plus: unamortized premium	<u>96,313</u>	
Total	<u>\$ 8,726,313</u>	

The future minimum lease obligation and net present value of the capital leases as of June 30, 2011, are as follows:

Year ending June 30,	Totals
2012	\$ 64,731
2013	64,731
2014	<u>16,224</u>
Total minimum lease payments	145,686
Less: interest	<u>(12,505)</u>
Present value of minimum lease payments	133,181
Amount due with in one year	<u>(57,152)</u>
Amount due after one year	<u>\$ 76,029</u>

NOTE 7 DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Funding Policy

The City of Taylorsville is required to contribute a percent of covered salary to the respective systems, 13.37% to the Noncontributory and 26.13% to the Public Safety Noncontributory. The contribution rates are the actuarially determined rates. The contribution requirements or the Systems are authorized by statute and specified by Board.

The City of Taylorsville's contributions to the various systems for the years ending June 30, 2011, 2010, and 2009 were; for the Noncontributory System, \$270,537, \$239,048 and \$229,928; for the Public Safety Noncontributory, \$600,972, \$553,287, and \$528,973 respectively. The contributions were equal to the required contributions for each year.

NOTE 8 DEFERRED COMPENSATION 457 PLAN

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

The City has adopted the provisions of GASB No. 32 *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective July 01, 1997. The 457 deferred compensation plan in which the City participates was amended such that all income and assets of the Plan are now held in trust for the exclusive benefit of the participants. For the years ending June 30, 2011, 2010, and 2009, employee contributions to this plan were \$92,735, \$78,420 and \$75,870, respectively.

NOTE 9 EMPLOYEE BENEFIT PLAN

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

The City's contributions to the Taylorsville City Employees' 401(k) plan for years ending June 30, 2011, 2010, and 2009 were \$185,864, \$176,261 and \$162,559, respectively. In 2008 the City started a Roth IRA plan and contributions for the years ending June 30, 2011, 2010, and 2009: \$12,470, \$16,700 and \$9,505, respectively. Plan assets are held by the Utah Retirement Systems.

NOTE 10 COMMITMENTS

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

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

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

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

NOTE 11 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Utah Local Government Insurance Trust, a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2011, there were no outstanding unpaid claims for the City. Also, the City had no claim settlements during the three years ending June 30, 2011 which exceeded its insurance coverage. The City also has fidelity bond coverage with a private carrier.

NOTE 12 TRANSFERS RECONCILIATION

The transfers among the funds for the year ended June 30, 2011 were as follows:

	<u>Out</u>	<u>In</u>
General Fund	\$ 255,073	\$ 7,512
Economic Development Fund	-	625,363
Capital Projects Fund	-	6,456
Special Revenue Infrastructure Fund	387,495	10,749
Cemetery Fund	7,512	-
	<u>\$ 650,080</u>	<u>\$ 650,080</u>

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

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Supplemental Information

CITY OF TAYLORSVILLE
 Combining Balance Sheet- Non-major Governmental Funds
 June 30, 2011

	Special Revenue		Capital Projects	Permanent	Total Nonmajor Governmental Funds
	Economic Development	Park Impact	Buildings	Cemetery	
ASSETS					
Cash and cash equivalents	\$ 587,540	\$ 106,507	\$ 13,259	\$ -	\$ 707,306
Total assets	<u>\$ 587,540</u>	<u>\$ 106,507</u>	<u>\$ 13,259</u>	<u>\$ -</u>	<u>\$ 707,306</u>
LIABILITIES					
Accounts payable	\$ 2,850	\$ -	\$ -	\$ -	\$ 2,850
Total liabilities	<u>2,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,850</u>
FUND BALANCE					
Restricted for parks	-	106,507	-	-	106,507
Assigned	584,690	-	13,259	-	597,949
Total fund balance	<u>584,690</u>	<u>106,507</u>	<u>13,259</u>	<u>-</u>	<u>704,456</u>
Total liabilities and fund balances	<u>\$ 587,540</u>	<u>\$ 106,507</u>	<u>\$ 13,259</u>	<u>\$ -</u>	<u>\$ 707,306</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, 2011

	Special Revenue		Capital Projects	Permanent	Total Nonmajor Governmental Funds
	Economic Development	Park Impact	Buildings	Cemetery	
REVENUES					
Impact fees	\$ -	\$ 19,350	\$ 6,803	\$ -	\$ 26,153
Charges for services	-	-	-	-	-
Total revenues	-	19,350	6,803	-	26,153
EXPENDITURES					
Miscellaneous	40,673	-	-	-	40,673
Capital outlay	-	-	-	-	-
Total expenditures	40,673	-	-	-	40,673
Excess (deficiency) of revenues over (under) expenditures	(40,673)	19,350	6,803	-	(14,520)
OTHER FINANCING SOURCES					
Transfers in	625,363	-	6,456	-	631,819
Transfers out	-	-	-	(7,512)	(7,512)
Total other financing sources	625,363	-	6,456	(7,512)	624,307
Net change in fund balance	584,690	19,350	13,259	(7,512)	609,787
Fund balance, beginning of year	-	87,157	-	7,512	94,669
Fund balance, end of year	\$ 584,690	\$ 106,507	\$ 13,259	\$ -	\$ 704,456

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, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<u>EXPENDITURES</u>				
Miscellaneous	-	237,868	40,673	197,195
Total expenditures	-	237,868	40,673	197,195
Excess (deficiency) of revenues over (under) expenditures	-	(237,868)	(40,673)	197,195
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	625,363	625,363	-
Total other financing sources (uses)	-	625,363	625,363	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 387,495</u>	584,690	<u>\$ 197,195</u>
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ 584,690</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, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Impact fees	\$ 122,967	\$ 122,967	\$ 19,350	\$ (103,617)
Total revenues	<u>122,967</u>	<u>122,967</u>	<u>19,350</u>	<u>(103,617)</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>75,000</u>	<u>75,000</u>	-	<u>75,000</u>
Total expenditures	<u>75,000</u>	<u>75,000</u>	-	<u>75,000</u>
Net change in fund balance	<u>\$ 47,967</u>	<u>\$ 47,967</u>	19,350	<u>\$ (28,617)</u>
Fund balance at beginning of year			<u>87,157</u>	
Fund balance at end of year			<u>\$ 106,507</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, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Impact fees	\$ 6,440	\$ 6,800	\$ 6,803	\$ 3
Total revenues	6,440	6,800	6,803	3
<u>EXPENDITURES</u>				
Capital outlay	168,400	168,400	-	168,400
Total expenditures	168,400	168,400	-	168,400
Excess (deficiency) of revenues over (under) expenditures	(161,960)	(161,600)	6,803	168,403
<u>OTHER FINANCING SOURCES</u>				
Transfers in	6,456	6,456	6,456	-
Total other financing sources	6,456	6,456	6,456	-
Net change in fund balance	<u>\$ (155,504)</u>	<u>\$ (155,144)</u>	13,259	<u>\$ 168,403</u>
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ 13,259</u>	

CITY OF TAYLORSVILLE
 Schedule of Revenues, Expenditures and Changes In Fund Balance
 Cemetery Fund -Budget and Actual-
 For The Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<u>EXPENDITURES</u>				
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES</u>				
Transfers out	(7,512)	(7,512)	(7,512)	-
Total other financing sources	(7,512)	(7,512)	(7,512)	-
Net change in fund balance	<u>\$ (7,512)</u>	<u>\$ (7,512)</u>	(7,512)	<u>\$ -</u>
Fund balance at beginning of year			<u>7,512</u>	
Fund balance (deficit) at end of year			<u>\$ -</u>	

Statistical Section

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities									
Invested in capital assets, net of related debt	\$ 152,071	\$ 152,275	\$ 150,727	\$ 151,204	\$ 149,286	\$ 159,299	\$ 157,622	\$ 158,288	\$ 179,651
Restricted	1,396	3,518	2,171	2,823	11,047	857	1,994	992	923
Unrestricted	<u>4,657</u>	<u>2,993</u>	<u>3,089</u>	<u>3,264</u>	<u>2,938</u>	<u>1,728</u>	<u>3,824</u>	<u>4,254</u>	<u>3,767</u>
Total governmental activities net assets	<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	4,952	3,434	766	(24)	-	-	-	-	-
Restricted	394	730	3,483	4,392	-	-	-	-	-
Unrestricted	<u>3,107</u>	<u>3,945</u>	<u>3,486</u>	<u>2,972</u>	-	-	-	-	-
Total business type activities	<u>8,453</u>	<u>8,109</u>	<u>7,735</u>	<u>7,340</u>	-	-	-	-	-
Primary Government activities									
Invested in capital assets, net of related debt	157,023	155,710	151,493	151,180	149,286	159,299	157,622	158,288	179,651
Restricted	1,790	4,248	5,654	7,215	11,047	857	1,994	992	923
Unrestricted	<u>7,764</u>	<u>6,938</u>	<u>6,575</u>	<u>6,236</u>	<u>2,938</u>	<u>1,728</u>	<u>3,824</u>	<u>4,254</u>	<u>3,767</u>
Total Primary Government activities	<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>

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

CITY OF TAYLORSVILLE
Changes in Net Assets
Last Ten Fiscal Years

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

CITY OF TAYLORSVILLE
 Changes in Net Assets
 Last Ten Fiscal Years

	<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	\$ 4,693	\$ 4,717	\$ 4,755	\$ 4,777	\$ 4,863	\$ 4,084	\$ 4,028	\$ 4,075	\$ 4,059
Sales taxes	6,778	6,717	7,377	8,440	8,353	-	-	-	-
Franchise taxes	3,588	3,391	3,588	3,633	1,646	-	-	-	-
Other taxes	-	-	-	-	-	7,466	6,701	6,543	6,359
Unrestricted investment earnings	63	81	189	366	452	148	121	67	118
Gain (loss) on sale of capital assets	18	21	4	(63)	(5)	33	880	101	146
Other revenues	139	41	59	35	244	2,415	2,198	80	29
Transfer	-	-	-	(6,360)	-	-	-	-	-
Total primary government	<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	(663)	2,800	(1,304)	(5,980)	1,387	(1,556)	(34)	155	590
Business activities	344	374	396	7,340	-	-	-	-	-
Prior Period adjustment	-	-	-	-	-	-	-	(21,022)	(40)
Net assets beginning	<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>\$ 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>

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

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

	<u>2011</u>
General fund	
Restricted for:	
Class C roads	\$ 410
Unassigned	<u>\$ 3,955</u>
Total general fund	<u>\$ 4,365</u>
All other governmental funds	
Restricted for:	
Future construction	879
Parks	107
Assigned to:	
Infrastructure fund	974
Economic development	585
Buildings fund	13
Unassigned	<u>(10)</u>
Total all other governmental funds	<u>\$ 2,548</u>

Note: Implementation of GASB 54 changed fund balance category presentation.
The years from 2002 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>
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>
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>
All other governmental funds									
Reserved	\$ 3,518	\$ 2,172	\$ 2,823	791	857	1,198	972	823	602
Unreserved, reported in:									
Special revenue	-	47	571	2,341	174	2,113	1,838	1,553	2,218
Capital projects	87	-	-	11	231	170	21	20	3,128
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>

CITY OF TAYLORSVILLE
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes	\$ 15,058	\$ 14,825	\$ 15,721	\$ 16,850	\$ 14,862	\$ 11,550	\$ 10,729	\$ 10,618	\$ 10,443	\$ 11,082
Licenses and Permits	589	513	650	581	649	649	663	645	633	626
Intergovernmental	3,818	7,830	3,336	3,246	2,958	2,598	2,331	2,623	2,811	3,859
Charges for Services	447	431	376	267	396	262	221	283	158	150
Fines and Forfeitures	2,087	1,980	1,527	1,476	2,005	1,588	1,439	1,401	1,175	-
Interest Income	55	64	189	394	474	148	121	80	133	-
Impact Fees	26	99	23	60	215	236	178	398	241	310
Miscellaneous Revenue	139	41	59	34	244	171	30	61	69	1,433
Rental Income	-	-	-	-	6	6	66	-	-	-
Total Revenues	<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>	<u>17,460</u>
Expenditures										
General Government	2,008	2,035	2,043	2,006	1,467	1,631	1,393	1,331	1,470	3,249
Public Safety	13,495	13,017	12,528	11,835	10,737	9,764	8,969	8,188	7,107	6,642
Highways and Public Improvements	1,802	2,102	2,388	2,518	2,665	2,476	2,386	2,466	2,095	1,950
Community and Economic Development	1,776	1,667	1,845	1,547	1,565	1,206	1,293	991	1,044	987
Parks, Recreation, and Public Property	150	149	77	47	71	51	38	36	20	25
Non-Departmental	508	443	507	294	254	222	196	223	530	-
Capital outlay	2,534	4,525	2,792	4,808	2,524	5,186	3,168	2,419	7,496	3,911
Debt service:										
Principal	201	316	357	515	342	-	-	-	-	-
Interest	205	217	228	248	229	-	-	-	-	-
Total Expenditures	<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>	<u>16,764</u>
Excess of Revenues over (under) Expenditures	(460)	1,312	(884)	(910)	1,955	(3,328)	(1,665)	455	(4,099)	696
Other financing sources (uses)										
Transfers in	650	400	474		3,050	1,870	2,192	2,167	4,879	4,031
Transfer out	(650)	(400)	(474)	(6,933)	(3,050)	(1,870)	(2,192)	(2,167)	(4,879)	(4,031)
Prior Period Adjustments					-	-	-	-	(40)	-
Proceeds on the Sale of Assets	18	92	5	88	27	33	880	101	382	-
Proceeds of Issuance of Debt	-	-	71	-	9,944	-	1,308	-	-	-
Total other financing sources (uses)	<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>	<u>-</u>
Net changes in fund balances	<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>	<u>696</u>
Debt service as a percentage of noncapital expenditures	2.0%	2.7%	2.9%	4.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: City of Taylorville Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds 2002-2011

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	
2002	\$1,628,664	\$2,597,151	\$151,308	\$151,308	\$1,779,972	\$2,748,459	64.76%
2003	\$1,717,749	\$2,744,979	\$124,131	\$124,131	\$1,841,880	\$2,869,110	64.20%
2004	\$1,718,979	\$2,750,689	\$117,424	\$117,424	\$1,836,403	\$2,868,113	64.03%
2005	\$1,842,680	\$2,948,634	\$93,857	\$93,857	\$1,936,537	\$3,042,491	63.65%
2006	\$2,102,847	\$3,037,093	\$96,129	\$96,129	\$2,198,976	\$3,133,222	70.18%
2007	\$2,099,895	\$3,399,115	\$96,841	\$96,841	\$2,196,736	\$3,495,956	62.84%
2008	\$2,632,094	\$4,211,350	\$135,418	\$135,418	\$2,767,512	\$4,346,768	63.67%
2009	\$2,353,900	\$3,766,240	\$154,522	\$154,522	\$2,508,422	\$3,920,762	63.98%
2010	\$2,298,769	\$3,678,030	\$154,938	\$154,938	\$2,453,707	\$3,832,968	64.02%
2011	\$2,229,882	\$3,567,811	\$165,123	\$165,123	\$2,395,005	\$3,732,934	64.16%

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
2002	1.936	3.500	0.012	0.400	0.369	6.932	9.032	13.219	14.787
2003	1.895	3.789	0.014	0.400	0.358	6.711	8.648	13.011	14.537
2004	1.932	3.683	0.017	0.392	0.358	6.666	8.550	13.098	14.872
2005	1.881	3.427	0.034	0.397	0.400	6.950	9.082	14.472	16.282
2006	1.801	3.378	0.030	0.400	0.357	8.383	10.593	13.069	15.722
2007	1.858	2.988	0.027	0.352	0.302	7.544	10.554	10.651	12.620
2008	1.554	2.301	0.023	0.400	0.286	5.767	8.038	10.234	10.573
2009	1.514	1.934	0.022	0.384	0.029	6.054	6.679	9.933	11.809
2010	1.690	2.278	0.025	0.040	0.040	6.047	7.955	10.120	12.338
2011	1.739	2.593	0.050	0.041	0.042	6.434	8.305	10.899	4.423

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 (0.006434), taylorsville Bennion Imp. Dist.(0.000163), Graniger-Hunter Imp. Dist.(0.000685), Kearns Imp. Dist.(0.000718), and Jordan School District(0.006485). 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, 2011
(Per \$1,000 of Assessed Value)

TAX YEAR. Taxpayer	2011			2010		
	Taxable Assessed Value	Rank-2011	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank-2010	% of Total Taxable Assessed Value
Hermes Associates, LTD	\$ 43,077	1	1.73%	\$ 44,561	1	1.75%
Inland Western Taylorsville	\$ 36,322	2	1.46%	\$ 36,322	2	1.42%
Arden Realty Limited	\$ 33,561	3	1.35%	\$ 33,561	3	1.31%
Fairstone Cascade LLC	\$ 21,112	4	0.85%	\$ 21,112	4	0.83%
Wal-Mart Real Estate	\$ 18,368	5	0.74%	\$ 18,368	5	0.72%
PCCP JSP Fairway LLC	\$ 18,026	6	0.72%	\$ 18,108	8	0.71%
Summerwood Associates	\$ 17,589	7	0.71%	\$ 18,026	7	0.71%
Hermes Associates, LTD	\$ 16,297	8	0.65%	\$ 18,026	6	0.71%
ICU Medical Inc.	\$ 13,794	9	0.55%	\$ 13,794	9	0.54%
BC-GFS Settler's Point	\$ 13,279	10	0.53%	\$ 13,615	10	0.53%
Rural Enterprises	\$ 12,907	11	0.52%	\$ 13,156	11	0.52%
Mikami Brothers	\$ 12,076	12	0.48%	\$ 12,214	13	0.48%
DDR Family Centers LP	\$ 11,766	13	0.47%	\$ 12,076	12	0.47%
The Mark Twain Limited	\$ 10,984	14	0.44%	\$ 10,984	14	0.43%
SRP Building IX, LLC	\$ 10,948	15	0.44%	\$ 10,948	15	0.43%
	<u>\$ 290,106</u>		<u>11.64%</u>	<u>\$ 294,871</u>		<u>11.55%</u>

CITY OF TAYLORSVILLE
 Property Tax Levies and Collections
 June 30, 2011
 (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>
2002	\$ 3,446,447	\$ 3,301,190	95.79%	\$ 70,073	\$ 3,371,263	97.82%
2003	\$ 3,490,514	\$ 3,369,276	96.53%	\$ 108,341	\$ 3,477,617	99.63%
2004	\$ 3,548,098	\$ 3,426,232	96.57%	\$ 112,666	\$ 3,538,898	99.74%
2005	\$ 3,531,032	\$ 3,424,997	97.00%	\$ 98,760	\$ 3,523,757	99.79%
2006	\$ 3,567,498	\$ 3,464,828	97.12%	\$ 97,359	\$ 3,562,187	99.85%
2007	\$ 4,170,823	\$ 4,082,529	97.88%	\$ 85,567	\$ 4,168,096	99.93%
2008	\$ 4,256,659	\$ 4,120,204	96.79%	\$ 82,887	\$ 4,203,091	98.74%
2009	\$ 4,288,492	\$ 4,166,095	97.15%	\$ 85,045	\$ 4,251,140	99.13%
2010	\$ 4,274,369	\$ 4,131,283	96.65%	\$ 77,490	\$ 4,208,773	98.47%
2011	\$ 4,328,397	\$ 4,181,078	96.60%	\$ 85,736	\$ 4,266,814	98.58%

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>
2002	-	-	-	0.00%	\$ 27.67
2003	-	-	-	0.00%	\$ 28.92
2004	-	-	-	0.00%	\$ 29.35
2005	1,308	-	-	0.07%	\$ 29.84
2006	977	-	-	0.05%	\$ 31.37
2007	635	-	10,000	0.52%	\$ 32.98
2008	282	-	9,700	0.46%	\$ 34.93
2009	350	-	9,355	0.44%	\$ 35.69
2010	186	-	9,000	0.41%	\$ 35.98
2011	133	-	8,630	0.38%	\$ 37.90

CITY OF TAYLORSVILLE
 Computation of Direct And Overlapping Bonded Debt-
 General Obligation Bonds
 June 30, 2011

Name of Governmental Units	Net Debt Outstanding	Percentage Applicable to City of Taylorsville	Amount Applicable to City of Taylorsville
Direct Debt- City of Taylorsville	-	100.00%	-
Overlapping Debt:			
State of Utah:	\$ 3,738,810,000	2.12%	\$ 79,340,741
Salt Lake County:	266,350,000	5.43%	14,469,078
			<u>\$ 93,809,819</u>

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

	<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>	<u>2002</u>
Debt Limit	\$ 99,932	102,112	112,474	108,886	89,606	79,147	75,358	73,456	73,675	71,199
Total net debt applicable to limit	\$ 8,630	\$ 9,000	\$ 9,355	\$ 9,700	\$ 10,000					
Legal debt margin	91,302	93,112	103,119	99,186	79,606	79,147	75,358	73,456	73,675	71,199
Total net debt applicable to the limit as a percentage of debt limit	9%	10%	9%	10%	13%	0.00%				

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 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	\$ 2,498,307	2,552,788	2,811,852	2,722,154	2,240,142	1,978,687
Debt limit (4% of total assets, value)	\$ 99,932	\$ 102,112	\$ 112,474	\$ 108,886	\$ 89,606	79,147
Debt applicable to limit						
General obligation bonds						
Les: Amount set aside for repayment on gen. ob. Debt						
Total net debt applicable to limit						
Total debt margin	\$ 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%

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

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

<u>FY</u>	<u>General Property Tax</u>	<u>General Sale and Use Tax</u>	<u>Franchise Taxes</u>	<u>Total Tax Revenue</u>
2002	\$ 3,987,443	\$ 6,859,434	\$ 234,690	\$ 11,081,567
2003	\$ 4,059,152	\$ 6,150,980	\$ 233,458	\$ 10,443,590
2004	\$ 4,074,852	\$ 6,336,038	\$ 207,566	\$ 10,618,456
2005	\$ 4,028,194	\$ 6,478,319	\$ 222,774	\$ 10,729,287
2006	\$ 4,084,327	\$ 7,232,232	\$ 233,583	\$ 11,550,142
2007	\$ 4,863,825	\$ 8,352,652	\$ 1,645,565	\$ 14,862,042
2008	\$ 4,777,115	\$ 8,440,299	\$ 3,632,579	\$ 16,849,993
2009	\$ 4,755,101	\$ 7,377,454	\$ 3,588,153	\$ 15,720,708
2010	\$ 4,717,352	\$ 6,716,524	\$ 3,391,262	\$ 14,825,138
2011	\$ 4,693,030	\$ 6,777,649	\$ 3,587,733	\$ 15,058,412

CITY OF TAYLORSVILLE
Principal Employers
June 30, 2011

Company	Number of Employees
American Express*	2000
Salt Lake Community College	1900
Convergys (3)	1396
Granite School District	674
Sorenson Communications, Inc.	600
Utah Department of Transportation	552
Wal-Mart	450
ICU Medical	420
Nelson Laboratories, Inc.	394
Utah Department of Public Safety	270
Legacy Village	160
Harmons (Taylorsville)	149
Texas Roadhouse	110
RC Willey Home Furnishings	108
Delta Health Systems	100
ITT Technical Institute	100
Unified State Labs-Public Health Lab	95
IHC Taylorsville Health Center	94
Old Spaghetti Factory of Utah	90
Heritage Bennion Care Center	86
Ream's #6	84
AT&T Mobility	80
FutureVision Technologies	77
Applebee's Neighborhood Grill	70
Shopko Stores Operating Co., LLC	68
ALS Laboratory Group	67
Fresh Market	65
Jo-Ann	65

* Includes American Express Bank FSB (185) & American Express Centurion Bank (116)

CITY OF TAYLORSVILLE
 Miscellaneous Statistics
 June 30, 2011

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	31,520

City of Taylorsville facilities and services:

Culture and Recreation:

Swimming Pools	2
Parks	9 (including County owned)
Developed	6
Undeveloped	3
Libraries (County)	1
Golf Courses	2

Fire Protection:

Number of stations/COP	2
Fire Service	Contract with Unified Fire Authority

Education:

Number of elementary schools	9**
Number of secondary schools	2**
Number of high schools	1**

* Not included in number of employees.

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

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COMPLIANCE REPORTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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 City of Taylorsville, Utah (the City), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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*.

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.

November 21, 2011

DRAFT

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

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

Compliance

We have audited the compliance of the City of Taylorsville, Utah (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

November 21, 2011

CITY OF TAYLORSVILLE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grantor's Number	Award Amount	Federal Expenditures
U.S. Department of Justice				
Pass Through State of Utah:				
Victims of Crime Act (VOCA)	16.575	10VOCA59	\$ 32,327	\$ 31,112
Total pass through State of Utah				<u>31,112</u>
Pass Through Salt Lake City:				
Byrne - Justice Assistance Grant (JAG) - ARRA	16.804	2009-SB-B9-1411	181,815	6,785
Byrne - Justice Assistance Grant (JAG)	16.738	2009-DJ-BX-0246	44,026	3,210
Byrne - Justice Assistance Grant (JAG)	16.738	2010-DJ-BX-0581	48,233	48,233
Total pass through Salt Lake City				<u>58,228</u>
Total U.S. Department of Justice				<u>89,340</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grant 06-07	14.218	B-06-MC-49-0009	384,486	11,664
Community Development Block Grant 08-09	14.218	B-08-MC-49-0009	367,076	25,789
Community Development Block Grant 10-11	14.218	B-10-MC-49-0009	401,203	306,748
Total direct programs				<u>344,201</u>
Pass Through Salt Lake County:				
Home Investment Partnerships Program (First-time Home Buyers)	14.239	BV06109C	100,000	22,220
Home Investment Partnerships Program (Home Rehab)	14.239	BV06109C	120,000	970
Total pass through Salt Lake County				<u>23,190</u>
Total U.S. Department of Housing and Urban Development				<u>367,391</u>
U.S. Department of Energy				
Direct Program:				
Energy Efficiency Block Grant (EECBG) - ARRA	81.128	DE-SC0003188	523,000	265,723
Total U.S. Department of Energy				<u>265,723</u>
U.S. Department of Homeland Security				
Pass Through State of Utah:				
FEMA Emergency Management Performance	97.042	EMPG-2010-HLS-2	33,504	16,752
State Homeland Security Program	97.073	DES-2010-SHSP-00	13,061	13,061
Total U.S. Department of Homeland Security				<u>29,813</u>
Total Federal Expenditures				<u><u>\$752,267</u></u>

CITY OF TAYLORSVILLE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

1. PURPOSE OF THIS SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the City's basic financial statements and is presented for additional analysis. The Schedule is required by the office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Taylorsville, Utah. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Financial Assistance - Pursuant to the Single Audit Act of 1984; the Single Audit Act Amendments of 2004 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of Federal Domestic Assistance - OMB Circular A-133 requires the Schedule to show the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide summary of individual federal programs. Each program included in the CFDA is assigned a five digit program identification number (CFDA number) which is reflected in the Schedule. Federal financial assistance programs and contracts which have not been assigned a CFDA number have been identified as None in the CFDA Column of the schedule.

Type A and Type B Programs - The Single Audit Act of 1984 (as amended in 2004) and OMB Circular A-133 establish the levels to be used in defining Type A and Type B federal programs. Type A programs for the City of Taylorsville, Utah are those programs that exceeded \$300,000 in the federal awards expended for the fiscal year ended June 30, 2011. All other programs are classified as Type B by the City.

Reporting Entity

The City reporting entity is fully described in Footnote 1A of the City's basic financial statements. The Schedule includes all federal financial assistance programs administered by the City for the year ended June 30, 2011.

CITY OF TAYLRSVILLE
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Federal financial assistance programs included in the Schedule are reported in the City's basic financial statements as intergovernmental revenue in the General Fund. The Schedule is presented using the same basis of accounting as described in Footnote 1C of the City's basic financial statements.

3. NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance.

4. LOANS RECEIVABLE

As of June 30, 2011, the City held federally-funded loan balances as follows:

Housing Rehabilitation Revolving Loans	\$127,869
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CITY OF TAYLORSVILLE
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of City of Taylorsville, Utah.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Report of Independent Certified Public Accountants on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of City of Taylorsville, Utah were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to internal control over major federal programs were identified.
5. The auditors' report on compliance for the major federal award programs for City of Taylorsville, Utah expresses an unqualified opinion.
6. No findings or questioned costs related to federal awards are required to be reported under Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs were:
 - Department of Energy - Energy Efficiency and Conservation Block Grant (EECBG) - ARRA 81.128
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. City of Taylorsville, Utah was determined to be a low-risk auditee.

CITY OF TAYLORSVILLE
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011

No matters were reported in the prior year.

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**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' 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 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, 2011. 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:

B & C Road Funds (Department of Transportation)

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

Liquor Law Enforcement (State Tax Commission)

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, 2011.

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

November 21, 2011

DRAFT