



# **Comprehensive Annual Financial Report**



**Year Ended June 30, 2016**

**CITY OF TAYLORSVILLE**

**Taylorsville, Utah**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by:**

**Scott P. Harrington**

**Chief Financial Officer / Assistant City Administrator**

CITY OF TAYLORSVILLE  
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13 November 2016

Honorable Lawrence Johnson, Mayor  
Ernest Burgess, Taylorsville City Council Chair  
Brad Christopherson, Taylorsville City Council Vice-Chair  
Dama Barbour, Taylorsville City Councilmember  
Daniel Armstrong, Taylorsville City Councilmember  
Kristie Overson, Taylorsville City Councilmember

Dear Elected Officials, Citizens and Interested Parties,

With this letter, we hereby present and transmit *The Comprehensive Annual Financial Report (CAFR)* of The City of Taylorsville for the fiscal year ended June 30, 2016. The CAFR fulfills the requirements in Utah State law 10-6-150(1) to “present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles, as prescribed in the Uniform Accounting Manual for Utah Cities.”

This report provides the reader with a comprehensive financial analysis covering all funds and financial transactions for the fiscal year, which began on July 1, 2015 and ended June 30, 2016.

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

### **Organization of the CAFR**

The documents assembled in this report provide all the disclosures necessary to enable the reader to gain an understanding of the City’s financial activities for the fiscal period ending June 30, 2016. The Notes to the Financial Statements are an integral part of this report and should be read for a more complete understanding of the financial statements and information presented in this report and in the annual audit of the City.

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

1. **The Introductory Section** is a narrative abstract of the financial statements.
2. **The Financial Section** includes:
  - 2.1 The Independent Auditors’ Report;
  - 2.2 Management’s Discussion and Analysis.

- 2.3 Basic Financial Statements (BFS).
- 2.4 Notes to the financial statements, and
- 2.5 Required Supplemental Information
- 2.6 Supplemental statements and schedules.

The BFS provide an overview for readers who do not require detailed information about the City's finances. More detailed information pertaining to the individual funds is presented in the supplemental statements and schedules. The Independent Auditors' Report is written and submitted by the accounting firm of Hansen, Bradshaw, Malmrose and Erickson, P.C., after a review and testing of the City's accounting and financial management practices. The Auditor's Report measures these practices with Generally Accepted Accounting Practices (GAAP) and those issued by the Government Accounting Standards Board (GASB). The audit report is used to provide reasonable assurance that the financial statements of the City of 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 presented by the City in this Comprehensive Annual Financial Report.

- 3 **The Statistical Section** includes information that is unaudited and provides both financial and general information about the City that is important to private and public decision makers. The additional information has been designed to cover more than two fiscal years, and reflects both social and economic data and provides information relating to financial trends and the fiscal capacity of the City.
- 4 **The Compliance Section** includes reports that are required to comply with the Government Auditing Standards and Utah State financial accounting and reporting statutes and administrative rules.

The City's financial reports include all of the funds of the municipal government. The City provides a full spectrum of municipal services through a combination of contracts with private firms, and other governmental agencies and through the direct employment of City employees. These services include law enforcement by interlocal agreement with the Unified Police Department of Salt lake; municipal court services; 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 As of January 01, 2014 fire protection and emergency medical services are Unified Fire Authority's responsibility, due to the referendum vote in November 2013. Taylorsville reduced it tax rate in 2014 by 50% as a result of the vote.

## **GENERAL INFORMATION**

The City of Taylorsville is located in the very center of Salt Lake County and was incorporated July 1, 1996. Since the settlement of the area in 1860 through the 1940s, the small farming community maintained a population of approximately 180 to 200 individuals. The population increased from about 4,000 individuals with 600 housing units,

Census Bureau estimates the Taylorsville population at 60,514 as of January 1, 2016 with an approximate annual growth rate of 3.1%. The census bureau has based this estimate on the 2010 census.

The median age of Taylorsville residents is 29.9 years with 72.8 percent of the population over 18 years of age. The median household income is \$57,779. Taylorsville is the eleventh largest city in Utah by population and has the highest population density of all Utah incorporated municipalities with 5,415 persons per square mile. The U.S Census Bureau lists per capita income over the last twelve months as \$23,224.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Taylorsville, the State of Utah and our nation continue to operate in a challenging economic environment. In the depth of the 2007 recession, municipal tax revenue (primarily sales tax) decreased by \$1,966,240 from the previous high mark in 2007-2008. Throughout the economic downturn, citizens and city employees sacrificed by reducing city expenditures, resulting in decreased services in road and infrastructure maintenance and snow plowing. Despite the economic slowdown in retail sales, the City has continued to enjoy continued business construction and new business development opportunities and is still striving to reach 2007-08 levels, below are some new business successes:

- The opening of several national franchise businesses Jimmy Johns, Zaxby's, Five Guys and Chi-Ku are examples of businesses expanding to Taylorsville.
- The redevelopment and opening of several new restaurants and retail stores along the Redwood Road and 5400 South corridors.
- Commercial office development has continued to increase this past year with a high-end office complex starting construction at 2700 W and 4200 S and construction of new retail buildings in the new Crossroads of Taylorsville and Legacy Plaza at 54th.

The City received 36.1% of its general fund revenue from sales taxes, and 15.5 % from real property, personal property and motor vehicle taxes.

## **MAJOR INITIATIVES**

Of significant importance is the need for the City to invest in the maintenance of streets, storm drains, parks and government buildings where maintenance has been deferred in order to reduce expenditures in the depths of the recession. The City Council has begun to restore funding dedicated to these initiatives, as well as approve funding directed toward economic development activities.

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

Major initiatives and projects include significant road, storm drain, park and beautification projects throughout the City over the next several fiscal years. The City has completed the planning and design of the Redwood Road Business District Phase II and III, and has entered into agreements with the State, Utah Transit Authority, Salt Lake County and Murray City to create a mass transit corridor running primarily along 4700 South from the Murray Trax line to the Salt Lake Community College. The route will provide transit opportunities to many of the City's major employers including those who work in the Sorenson Research Park, Neilson Labs and Convergys and as well as many others.

## **FINANCIAL INFORMATION**

As a government entity, the City of Taylorsville maintains financial internal accounting control through separate funds, rather than as a single accounting entity. We feel this helps us be more transparent. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Intergovernmental Fund, Capital Projects Funds, Storm Water Fund, and the City Cemetery Fund. Each fund is treated as a distinct, balanced accounting entity.

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

The internal control structure is designed to provide reasonable, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the activity. The valuation of costs and benefits requires estimates and judgments by management and is reviewed as part of the annual audit to assure that the existing internal controls are in compliance with GAAP.

## **BUDGETING CONTROLS**

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

**GENERAL FUND** -- General Fund revenues totaled \$21,896,907 in the fiscal year ending June 30, 2016. Property taxes, motor vehicle taxes, and general sales taxes constitute the major sources of revenue. All tax categories in aggregate generated 71.9% of general fund revenue.

The unassigned General Fund balance for the year was \$5,826,789, which is equivalent to 109 calendar days of operation expenditures should the City need to use these funds in an emergency. The fund balance represents about 26.6% of General Fund revenue.

**DEBT ADMINISTRATION** – In this accounting period the City managed total debt in the amount of \$9,065,445 in the form of sales tax revenue bonds for storm drain and road infrastructure improvements. Short-term-debt, is debt that is due in less than one year, payable during the 2015-2016 fiscal year totaled \$735,000.

**CASH MANAGEMENT** – All available cash in excess of determined operational needs is invested in compliance with the City’s adopted money management and financial policies. Interest income is allocated to all funds based on the percentage of cash attributed to each fund in the investment pool. Interest earnings for total government funds for the fiscal year 2015-16 was \$121,231.

**RISK MANAGEMENT** -- The City participated in the Utah Local Government Trust for general liability coverage in the 2015-16 Fiscal Year. The City purchases health benefits and worker’s compensation coverage from commercial insurance companies.

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

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

Respectfully,



John H. Taylor, P.E.  
City Administrator/City Treasurer



Scott P. Harrington  
C.F.O./Assistant City Administrator

## **Elected Officials**

Mayor

Lawrence Johnson

Council Chairman

Ernest Burgess

Council Vice Chairman

Brad Christopherson

Council Member

Dama Barbour

Council Member

Daniel Armstrong

Council Member

Kristie S. Overson

## **Appointed Officials**

City Administrator / Treasurer

John Taylor

C.F.O./ Assistant City Administrator

Scott Harrington

Community Development Director

Mark McGrath

Justice Court Judge

Michael W. Kwan

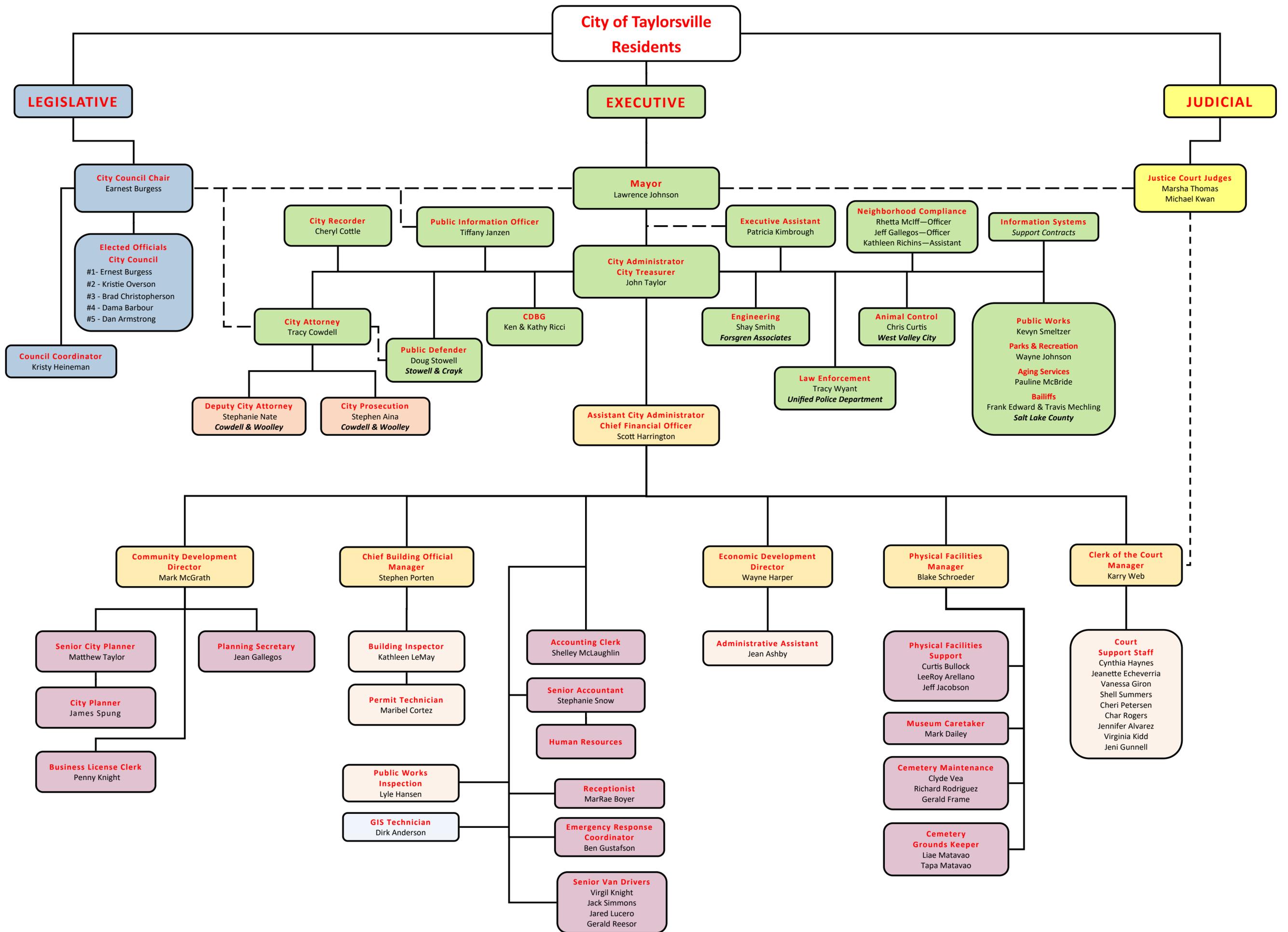
Justice Court Judge

Marsha Thomas

Recorder

Cheryl Peacock-Cottle

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



# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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Bountiful, Utah 84010  
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Ted C. Gardiner, CPA  
Jeffrey B. Miles, CPA

*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

## Independent Auditors' Report

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah ("the City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue economic development fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules on pages 4-11 and 47-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison information, and combining component unit financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

November 18, 2016

## **Management's Discussion and Analysis for fiscal year 2015-16**

The following discussion and analysis of the City of Taylorsville's financial performance provides a narrative overview and analysis of its financial activities for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the additional information we have provided in our letter of transmittal, which can be found on pages i-v of this report.

This annual report consists of a series of financial statements:

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and presents the reader with a broad overview of the financial condition of the City for the fiscal period.

### **Financial Highlights**

- Primary government total assets exceeded total liabilities at the close of 2016 by \$178,220,301 (net position). Of this amount, \$159,982,412 was invested in capital assets and \$5,493,978 was restricted for debt service, future construction and other purposes. The City's governmental activities have an unrestricted net position of \$9,658,037. The City's business-type activities have an unrestricted net position of \$3,085,874.
- The City's total net position increased by \$1,715,317 in 2016. The net position of the governmental activities increased by \$1,318,707 in 2016 compared to a net increase of \$1,810,932 in 2015.
- At the close of 2016, the City's governmental funds reported combined ending fund balances of \$16,921,129. The restricted and assigned portion of the fund balance is \$11,094,340.
- At the end of 2016, the unassigned fund balance for the General Fund was \$5,826,789. This is up by 3.4% over last year when compared to last year as a percent of total General Fund revenue.
- The City's business-type activities reported net position of \$9,821,270 as of the end of June 30, 2016, which was a \$396,610 increase from 2015.

### **Overview of the Financial Statements**

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

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the basic financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements.

### **Government-Wide Financial Statements**

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

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

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

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

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

- Redevelopment Agency of City of Taylorsville
- Taylorsville Arts Council
- Taylorsville Dayzz

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

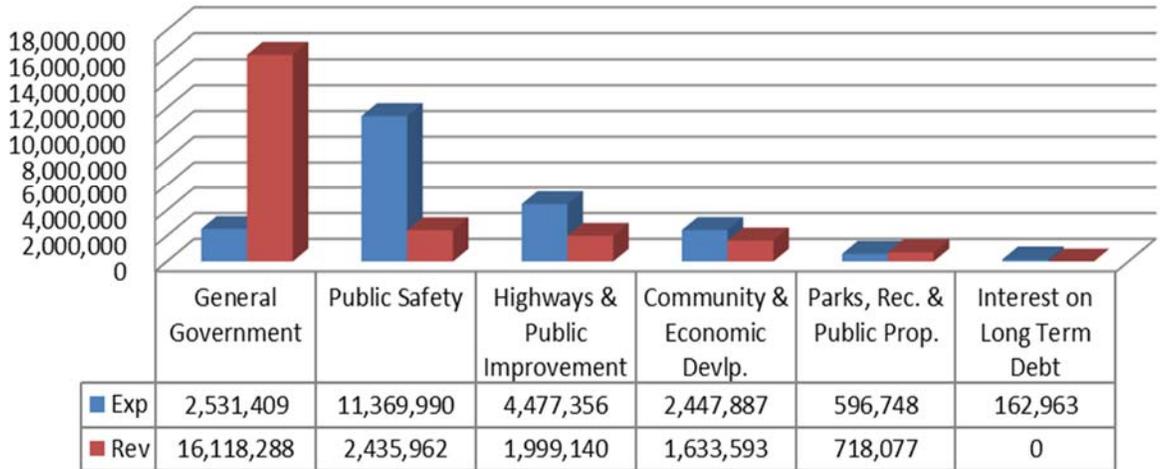
The government-wide financial statements are summarized with the following charts and graphs.

**CITY OF TAYLORSVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2016**

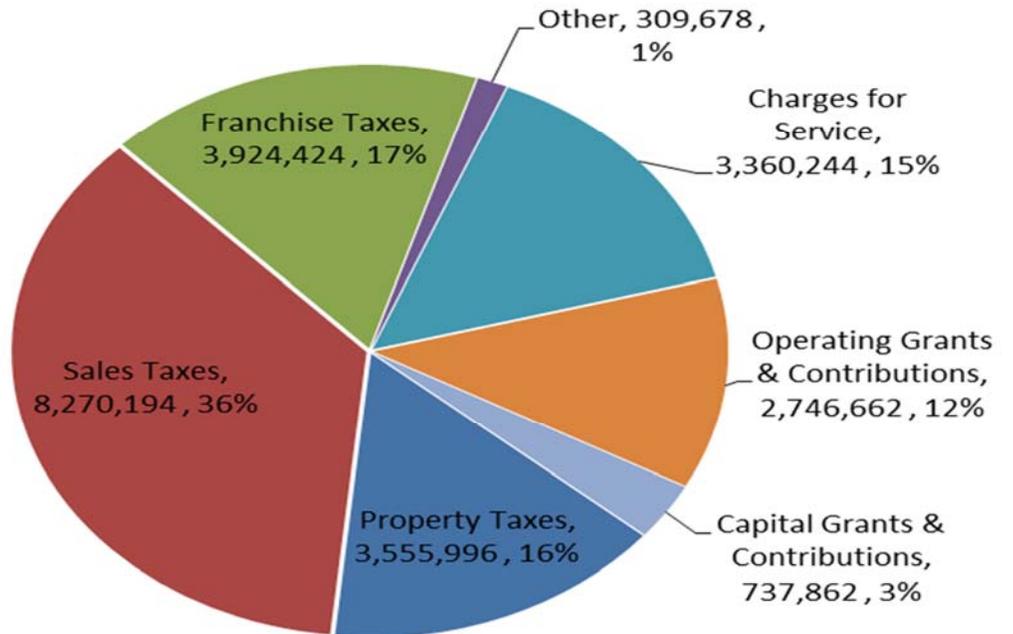
	Governmental Activities June 30, 2016	Governmental Activities June 30, 2015	Business Type Activities June 30, 2016	Business Type Activities June 30, 2015	Totals June 30, 2016	Totals June 30, 2015
Current and other assets	\$ 22,683,312	\$ 21,956,213	\$ 3,219,760	\$ 4,454,276	\$ 25,903,072	\$ 26,410,489
Capital assets	157,241,616	158,030,553	9,766,581	8,743,862	167,008,197	166,774,415
Total Assets	<u>179,924,928</u>	<u>179,986,766</u>	<u>12,986,341</u>	<u>13,198,138</u>	<u>192,911,269</u>	<u>193,184,904</u>
Total deferred outflows of resources	675,535	340,274	111,816	124,240	787,351	464,514
Long-term debt outstanding	6,814,974	7,133,453	3,153,769	3,409,538	9,968,743	10,542,991
Other liabilities	1,845,895	2,511,183	123,088	488,180	1,968,983	2,999,363
Total Liabilities	<u>8,660,869</u>	<u>9,644,636</u>	<u>3,276,857</u>	<u>3,897,718</u>	<u>11,937,726</u>	<u>13,542,354</u>
Total deferred infows of resources	3,540,563	3,602,080	-	-	3,540,563	3,602,080
Net assets:						
Net investment in capital assets	153,247,016	152,911,096	6,735,396	6,644,572	159,982,412	159,555,668
Restricted	5,493,978	5,497,031	-	-	5,493,978	5,497,031
Unrestricted	9,658,037	8,672,197	3,085,874	2,780,088	12,743,911	11,452,285
Total Net Position	<u>\$ 168,399,031</u>	<u>\$ 167,080,324</u>	<u>\$ 9,709,484</u>	<u>\$ 9,300,420</u>	<u>\$ 178,220,301</u>	<u>\$ 176,380,744</u>

	Governmental Activities June 30, 2016	Governmental Activities June 30, 2015	Business Activities June 30, 2016	Business Activities June 30, 2015	Total June 30, 2016	Total June 30, 2015
Revenues						
Program revenues:						
Charges for services	\$ 3,360,244	\$ 3,080,939	\$ 1,197,677	\$ 1,177,932	\$ 4,557,921	\$ 4,258,871
Operating grants and contributions	2,746,662	2,506,175	-	-	2,746,662	2,506,175
Capital grants and contributions	737,862	1,714,908	6,757	-	744,619	1,714,908
General revenues:						
Property taxes	3,555,996	3,544,240	-	-	3,555,996	3,544,240
Other taxes	12,194,618	11,796,577	-	-	12,194,618	11,796,577
Other revenues	309,678	472,756	464	317	310,142	473,073
Total revenue	<u>22,905,060</u>	<u>23,115,595</u>	<u>1,204,898</u>	<u>1,178,249</u>	<u>24,109,958</u>	<u>24,293,844</u>
Program expenses:						
General government	2,531,409	3,063,025	808,288	974,655	3,339,697	4,037,680
Public safety	11,369,990	10,863,799	-	-	11,369,990	10,863,799
Highway and public improvements	4,477,356	4,050,588	-	-	4,477,356	4,050,588
Community and economic development	2,447,887	2,397,023	-	-	2,447,887	2,397,023
Parks and public property	596,748	509,780	-	-	596,748	509,780
Interest on long term debt	162,963	420,448	-	-	162,963	420,448
Total expenses	<u>21,586,353</u>	<u>21,304,663</u>	<u>808,288</u>	<u>974,655</u>	<u>22,394,641</u>	<u>22,279,318</u>
Increase in net position	1,318,707	1,810,932	396,610	203,594	1,715,317	2,014,526
Net Position Beginning of Year	167,080,324	165,269,392	9,424,660	9,221,066	176,504,984	174,490,458
Net Position End of year	<u>\$ 168,399,031</u>	<u>\$ 167,080,324</u>	<u>\$ 9,821,270</u>	<u>\$ 9,424,660</u>	<u>\$ 178,220,301</u>	<u>\$ 176,504,984</u>

### Expenses and Program Revenue FY 2016



### Revenues by Source Governmental Activities Fy 2016



## **Fund Financial Statements**

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

### **Governmental Funds**

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

The City maintains five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Projects- Infrastructure, Capital Projects- Building, Park-Impact and the Economic Development Fund. The basic governmental fund financial statements can be found on pages 14 -17 of this report.

### **Enterprise Funds**

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

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23-46 of this report.

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

to demonstrate compliance with the annual budget requirements and the City's accounting processes.

The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 51-57 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$178.2 million at the close of 2016.

The largest portion of the City's net position (89.8%) reflects its net investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure). The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, because capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.1%) represents resources that are subject to restrictions as to how they may be used. Of the total \$5.5 million restricted net position, \$29,548 is restricted for road maintenance project (Class C roads), \$1,994,150 is restricted for park construction projects, and \$3,470,280 is restricted for other future capital projects. The unrestricted balance is \$12,743,911.

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

### **Capital Assets and Debt Administration**

The City's infrastructure is currently in good condition. The increase in infrastructure expenditures over the past four years has had a positive impact on the integrity of our infrastructure assets; however, deferred maintenance to our infrastructure and delayed capital improvement projects in previous years (2008-2012) due to the economic slow-down will require increased spending and maintenance in the future to avoid an accelerated degradation of assets. The following charts show our investment in capital assets and the outstanding debt used to finance these projects.

CITY OF TAYLORSVILLE  
Management's Discussion and Analysis  
For the year ended June 30, 2016

At June 30, 2016, the City had \$8,680,000 of long-term bonds outstanding, secured by specified revenue sources, (i.e. sales tax revenue bonds/ property tax revenue bonds). The City does not have any capital lease. See chart below.

	Governmental Activities		Business type Activities	
	2016	2015	2016	2015
Land and water rights	\$ 130,017,788	\$ 129,982,436	\$ -	\$ -
Construction in progress	1,095,984	2,153,836	10,768	1,186,008
Building and improvements	12,531,886	11,025,841	-	-
Office furniture and equipment	146,645	116,686	5,068	8,447
Vehicles and equipment	51,668	46,116	-	-
Infrastructure	13,397,645	14,703,682	9,761,513	8,735,415
	<u>\$ 157,241,616</u>	<u>\$ 158,028,597</u>	<u>\$ 9,777,349</u>	<u>\$ 9,929,870</u>

	Governmental Activities		Business type Activities	
	2016	2015	2016	2015
Revenue bonds payable	\$ 5,532,250	\$ 6,017,501	\$ 3,153,769	\$ 3,409,538
Compensated absences	189,713	213,238	-	-
	<u>\$ 5,721,963</u>	<u>\$ 6,230,739</u>	<u>\$ 3,153,769</u>	<u>\$ 3,409,538</u>

The City's total bonded debt decreased by \$735,000 during fiscal year 2016. The key factor in this decrease was the regular scheduled payment of debt. The City maintains bond ratings as follows: "AA" rating from Standard & Poor's on its storm water management and infrastructure bonds series 2006, and an "AA" rating from Standard & Poor's on its sales and use tax bonds.

The City has not issued general obligation bonds and therefore has no general obligation debt as of June 30, 2016. Sales and use tax bonds are special debts of the City and are not considered general obligation bonds by the state.

Additional information regarding the City's long-term debt can be found in Note 6 on page 37 of this report.

### **Economic Factors and the Next Year's Budget and Rates**

- The unemployment rate for the City and for Utah was at 4.0% at the end of June 2016, which was slightly higher than the 3.50% rate for 2015. The national rate was 4.9% as of the end of June 2016.
- The City expects a .5% increase in its tax revenue for the coming year. These factors were considered when the City prepared its 2016-2017 fiscal year budget.
- The City Council has identified economic development as one of the top priorities in the City for the next fiscal year budget. To that end, four redevelopment agency areas have been identified and plans to invest in infrastructure have been developed.
- The City feels it is important to continue to improve the recreation opportunities for the community. The Council has budgeted several park upgrades to our current parks along with increased maintenance.
- One of the major goals of the Taylorsville City Council is to maintain financial stability in the General Fund by adopting a budget with a minimum fund balance of 19.5% of anticipated revenue.

### **Request for Information**

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

**CITY OF TAYLORSVILLE**  
**Statement of Net Position**  
**June 30, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 10,855,887	\$ 3,072,922	\$ 13,928,809	\$ 326,158
Receivables, net of allowance				
Taxes	5,289,188	-	5,289,188	-
Intergovernmental	583,023	-	583,023	-
Accounts	270,874	136,070	406,944	9,408
Notes receivable	739,469	-	739,469	-
Restricted assets:				
Cash and cash equivalents	4,944,746	-	4,944,746	-
Net pension asset	125	-	125	-
Capital assets not being depreciated:				
Land and water rights	130,017,788	-	130,017,788	-
Construction in progress	1,095,984	10,768	1,106,752	-
Capital assets - net of accumulated depreciation:				
Buildings and improvements	12,531,886	-	12,531,886	-
Office furniture and equipment	146,645	5,068	151,713	1,898
Vehicles and equipment	51,668	-	51,668	-
Infrastructure	13,397,645	9,761,513	23,159,158	-
Total assets	179,924,928	12,986,341	192,911,269	337,464
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred loss on refunding	131,260	111,816	243,076	-
Deferred outflows related to pensions	544,275	-	544,275	-
Total deferred outflows of resources	675,535	111,816	787,351	-
<b><u>LIABILITIES</u></b>				
Accounts payable	1,368,189	109,595	1,477,784	87,556
Accrued liabilities	453,931	-	453,931	-
Accrued interest payable	23,775	13,523	37,298	-
Noncurrent liabilities:				
Due within one year	498,620	253,469	752,089	-
Due in more than one year	5,223,343	2,900,300	8,123,643	-
Net pension liability	1,093,011	-	1,093,011	-
Total liabilities	8,660,869	3,276,887	11,937,756	87,556
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred property tax revenue	3,365,492	-	3,365,492	-
Deferred inflows related to pensions	175,071	-	175,071	-
Total deferred inflows of resources	3,540,563	-	3,540,563	-
<b><u>NET POSITION</u></b>				
Net investment in capital assets	153,247,016	6,735,396	159,982,412	1,898
Restricted for:				
Future construction	3,470,280	-	3,470,280	-
Class C roads	29,548	-	29,548	-
Parks	1,994,150	-	1,994,150	-
Unrestricted	9,658,037	3,085,874	12,743,911	248,010
Total net position	\$ 168,399,031	\$ 9,821,270	\$ 178,220,301	\$ 249,908

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

**CITY OF TAYLORSVILLE**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Functions / Programs</b>								
<b>Primary Government:</b>								
<b>Governmental activities</b>								
General government	\$ 2,531,409	\$ 39,570	\$ 18,426	\$ -	\$ (2,473,413)		\$ (2,473,413)	
Public safety	11,369,990	2,313,080	122,882	-	(8,934,028)		(8,934,028)	
Highways and public improvements	4,477,356	-	1,927,250	71,890	(2,478,216)		(2,478,216)	
Community and economic development	2,447,887	955,489	678,104	-	(814,294)		(814,294)	
Parks, recreation and public property	596,748	52,105	-	665,972	121,329		121,329	
Interest and fiscal charges on long-term debt	162,963	-	-	-	(162,963)		(162,963)	
Total governmental activities	21,586,353	3,360,244	2,746,662	737,862	(14,741,585)		(14,741,585)	
<b>Business-type activities</b>								
Storm drain	808,288	1,197,677	-	6,757		\$ 396,146	396,146	
<b>Total Primary Government</b>	<b>\$ 22,394,641</b>	<b>\$ 4,557,921</b>	<b>\$ 2,746,662</b>	<b>\$ 744,619</b>	<b>(14,741,585)</b>	<b>396,146</b>	<b>(14,345,439)</b>	
<b>Component Units:</b>								
Taylorsville Dayzz, Inc.	\$ 112,141	\$ 35,953	\$ 113,625	\$ -				\$ 37,437
Taylorsville Art Council	35,602	30,238	9,298	-				3,934
Total component units	\$ 147,743	\$ 66,191	\$ 122,923	\$ -				41,371
<b>General Revenues:</b>								
<b>Taxes</b>								
Property taxes					3,555,996	-	3,555,996	-
Sales taxes					8,270,194	-	8,270,194	-
Franchise taxes					3,924,424	-	3,924,424	-
Investment earnings					121,231	464	121,695	428
Other					188,447	-	188,447	-
Total general revenues					16,060,292	464	16,060,756	428
Change in net position					1,318,707	396,610	1,715,317	41,799
Net position - beginning					167,080,324	9,424,660	176,504,984	208,109
Net position - ending					\$ 168,399,031	\$ 9,821,270	\$ 178,220,301	\$ 249,908

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

**CITY OF TAYLORSVILLE**  
**Balance Sheet – Governmental Funds**  
**June 30, 2016**

	Governmental Fund Types				
	Capital		Special	Other	Total
	Projects	Revenue	Economic		
	General	Infrastructure	Development	Governmental	Governmental
			Funds	Funds	
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 4,688,470	\$ 3,801,115	\$ 228,356	\$ 2,137,946	\$ 10,855,887
Receivables:					
Taxes	5,129,328	-	159,860	-	5,289,188
Intergovernmental	583,023	-	-	-	583,023
Other	20,874	250,000	-	-	270,874
Due from other funds	43,240	-	-	-	43,240
Notes receivable	165,023	574,446	-	-	739,469
Restricted assets:					
Cash and cash equivalents	68,076	3,470,280	1,406,390	-	4,944,746
<b>Total assets</b>	<b>\$ 10,698,034</b>	<b>\$ 8,095,841</b>	<b>\$ 1,794,606</b>	<b>\$ 2,137,946</b>	<b>\$ 22,726,427</b>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 1,182,134	\$ 171,242	\$ 13,363	\$ 1,450	\$ 1,368,189
Accrued liabilities	453,931	-	-	-	453,931
Due to other funds	-	-	43,240	-	43,240
<b>Total liabilities</b>	<b>1,636,065</b>	<b>171,242</b>	<b>56,603</b>	<b>1,450</b>	<b>1,865,360</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred property tax revenue	3,205,632	-	159,860	-	3,365,492
Deferred revenue from notes receivable	-	574,446	-	-	574,446
<b>Total deferred inflows of resources</b>	<b>3,205,632</b>	<b>574,446</b>	<b>159,860</b>	<b>-</b>	<b>3,939,938</b>
<b><u>FUND BALANCES</u></b>					
Restricted for:					
Future construction	-	3,470,280	-	-	3,470,280
Class C roads	29,548	-	-	-	29,548
Parks	-	-	-	1,994,150	1,994,150
Assigned to:					
Infrastructure fund	-	3,879,873	-	-	3,879,873
Economic development fund	-	-	1,578,143	-	1,578,143
Buildings fund	-	-	-	142,346	142,346
Unassigned	5,826,789	-	-	-	5,826,789
<b>Total fund balances</b>	<b>5,856,337</b>	<b>7,350,153</b>	<b>1,578,143</b>	<b>2,136,496</b>	<b>16,921,129</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 10,698,034</b>	<b>\$ 8,095,841</b>	<b>\$ 1,794,606</b>	<b>\$ 2,137,946</b>	<b>\$ 22,726,427</b>

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

**CITY OF TAYLORSVILLE**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**For the Year Ended June 30, 2016**

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

Total fund balances - total governmental funds (page 14)	\$ 16,921,129
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	157,241,616
Other long-term assets not available for current period expenditures and are therefore either deferred or not applicable to funds.	131,260
Interest payable is not due and payable in the current period and therefore is not recorded in the funds.	(23,775)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,721,963)
Net pension assets and liabilities are not due and payable in the current period and therefore are not reported in the funds.	(723,682)
Deferred inflows of resources associated with the City's note receivable is removed in the statement of net position.	<u>574,446</u>
Net position - governmental activities (page 12)	<u><u>\$ 168,399,031</u></u>

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

**CITY OF TAYLORSVILLE**

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

**For the Year Ended June 30, 2016**

	Governmental Fund Types				
	Capital			Other	Total
	Projects	Special	Revenue	Governmental	Governmental
	General	Infrastructure	Economic Development	Funds	Funds
<b>REVENUES</b>					
Taxes	\$ 15,743,101	\$ -	\$ 7,513	\$ -	\$ 15,750,614
Impact fees	-	-	-	80,972	80,972
Licenses and permits	689,053	-	-	-	689,053
Intergovernmental	2,954,079	585,000	152,346	-	3,691,425
Charges for services	437,382	-	-	-	437,382
Fines and forfeitures	1,874,046	-	-	-	1,874,046
Miscellaneous	84,708	111,421	14,211	-	210,340
Interest income	114,538	-	6,693	-	121,231
<b>Total revenues</b>	<b>21,896,907</b>	<b>696,421</b>	<b>180,763</b>	<b>80,972</b>	<b>22,855,063</b>
<b>EXPENDITURES</b>					
General government	2,208,162	-	-	-	2,208,162
Public safety	11,256,641	-	-	-	11,256,641
Highways and public improvements	2,726,280	-	-	-	2,726,280
Community and economic development	1,988,097	-	334,314	-	2,322,411
Parks, recreation, and public property	250,313	-	-	70,027	320,340
Non-departmental	601,339	-	-	-	601,339
Debt service:					
Principal	297,000	-	185,000	-	482,000
Interest	89,730	-	42,138	-	131,868
Capital outlay:					
General government	61,122	-	-	-	61,122
Highways and public improvements	-	1,184,958	-	-	1,184,958
Community and economic development	10,595	-	-	-	10,595
<b>Total expenditures</b>	<b>19,489,279</b>	<b>1,184,958</b>	<b>561,452</b>	<b>70,027</b>	<b>21,305,716</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,407,628</b>	<b>(488,537)</b>	<b>(380,689)</b>	<b>10,945</b>	<b>1,549,347</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	877,727	382,500	184,471	1,444,698
Transfers out	(1,444,698)	-	-	-	(1,444,698)
<b>Total other financing sources (uses)</b>	<b>(1,444,698)</b>	<b>877,727</b>	<b>382,500</b>	<b>184,471</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>962,930</b>	<b>389,190</b>	<b>1,811</b>	<b>195,416</b>	<b>1,549,347</b>
<b>Fund balances, beginning of year</b>	<b>4,893,407</b>	<b>6,960,963</b>	<b>1,576,332</b>	<b>1,941,080</b>	<b>15,371,782</b>
<b>Fund balances, end of year</b>	<b>\$ 5,856,337</b>	<b>\$ 7,350,153</b>	<b>\$ 1,578,143</b>	<b>\$ 2,136,496</b>	<b>\$ 16,921,129</b>

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

**CITY OF TAYLORSVILLE**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2016**

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

Net change in fund balances - total governmental funds (page 16)	\$ 1,549,347
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.	(2,592,989)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position. Governmental funds also do not report contributed capital assets as revenue.	1,806,008
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	494,513
Accrued pension costs are not reported as an expenditure in the current period for governmental funds but are recorded as an expense in the statement of activities.	103,804
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.	(20,083)
Revenues are recognized in the governmental funds when measureable and available; however, the statement of activities is presented on the accrual basis, so revenues are recognized when earned. This adjustment reflects the changes due to payments received on long-term notes receivable that have been deferred in the governmental funds.	<u>(21,893)</u>
Change in net position of governmental activities (page 13)	<u>\$ 1,318,707</u>

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

**CITY OF TAYLORSVILLE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – General Fund**  
**For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b><u>REVENUES</u></b>				
Taxes	\$ 15,277,872	\$ 15,647,872	\$ 15,743,101	\$ 95,229
Licenses and permits	580,500	680,500	689,053	8,553
Intergovernmental	3,018,578	3,316,920	2,954,079	(362,841)
Charges for services	426,500	524,500	437,382	(87,118)
Fines and forfeitures	1,685,000	1,700,000	1,874,046	174,046
Miscellaneous	53,000	73,000	84,708	11,708
Interest income	75,000	95,000	114,538	19,538
Total revenues	<u>21,116,450</u>	<u>22,037,792</u>	<u>21,896,907</u>	<u>(140,885)</u>
<b><u>EXPENDITURES</u></b>				
General government				
City council	229,417	229,417	181,306	48,111
Mayor	139,709	142,209	137,505	4,704
Administrative services	1,527,725	1,526,725	1,422,841	103,884
Governmental buildings	552,875	552,875	527,632	25,243
Public safety				
Court operations	1,995,181	1,995,181	1,858,679	136,502
Animal control	456,000	456,000	433,503	22,497
Fire and VECC	428,000	428,000	378,189	49,811
Police	8,562,486	8,600,186	8,586,270	13,916
Highways and public improvements	2,865,951	2,893,951	2,726,280	167,671
Community and economic development				
Planning commission	11,800	11,800	5,199	6,601
Community activities	17,500	17,500	16,292	1,208
Citizens committees	113,100	117,100	97,671	19,429
CDBG programs	591,756	991,756	525,758	465,998
Community development	866,622	866,622	680,451	186,171
Economic development	268,086	268,086	214,433	53,653
Building and inspection	498,480	498,480	458,888	39,592
Parks, recreation, and public property	298,756	298,756	250,313	48,443
Non-departmental	735,585	753,085	601,339	151,746
Debt service:				
Principal	249,800	249,800	297,000	(47,200)
Interest	170,500	170,500	89,730	80,770
Total expenditures	<u>20,579,329</u>	<u>21,068,029</u>	<u>19,489,279</u>	<u>1,578,750</u>
Excess of revenues over expenditures	<u>537,121</u>	<u>969,763</u>	<u>2,407,628</u>	<u>1,437,865</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	(690,057)	(1,444,698)	(1,444,698)	-
Sale of capital assets	20,000	20,000	-	(20,000)
Total other financing sources (uses)	<u>(670,057)</u>	<u>(1,424,698)</u>	<u>(1,444,698)</u>	<u>(20,000)</u>
Net change in fund balance	<u>\$ (132,936)</u>	<u>\$ (454,935)</u>	<u>962,930</u>	<u>\$ 1,417,865</u>
Fund balance, beginning of year			<u>4,893,407</u>	
Fund balance, end of year			<u>\$ 5,856,337</u>	

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

**CITY OF TAYLORSVILLE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Economic Development Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES</u></b>				
Property taxes	\$ 120,000	\$ 160,000	\$ 7,513	\$ (152,487)
Intergovernmental	-	-	152,346	152,346
Interest income	4,000	4,000	6,693	2,693
Miscellaneous	-	-	14,211	14,211
	<u>124,000</u>	<u>164,000</u>	<u>180,763</u>	<u>16,763</u>
Total revenues				
<b><u>EXPENDITURES</u></b>				
Economic development projects	349,500	349,500	334,314	15,186
Debt service:				
Principal	-	-	185,000	(185,000)
Interest	250,000	250,000	42,138	207,862
	<u>599,500</u>	<u>599,500</u>	<u>561,452</u>	<u>38,048</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(475,500)</u>	<u>(435,500)</u>	<u>(380,689)</u>	<u>54,811</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	<u>245,000</u>	<u>245,000</u>	<u>382,500</u>	<u>137,500</u>
Total other financing sources	<u>245,000</u>	<u>245,000</u>	<u>382,500</u>	<u>137,500</u>
Net change in fund balance	<u>\$ (230,500)</u>	<u>\$ (190,500)</u>	1,811	<u>\$ 192,311</u>
Fund balance, beginning of year			<u>1,576,332</u>	
Fund balance, end of year			<u>\$1,578,143</u>	

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

**CITY OF TAYLORSVILLE**  
**Statement of Net Position – Proprietary Fund**  
**June 30, 2016**

	<u>Storm Drain</u>
<b><u>ASSETS</u></b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 3,072,922
Receivables:	
Accounts	<u>136,070</u>
<b>Total current assets</b>	<b><u>3,208,992</u></b>
<b>Noncurrent assets:</b>	
Capital assets:	
Machinery and equipment	254,827
Infrastructure	12,895,251
Construction in progress	10,768
Accumulated depreciation	<u>(3,383,497)</u>
Net capital assets	<u>9,777,349</u>
<b>Total noncurrent assets</b>	<b><u>9,777,349</u></b>
<b>Total assets</b>	<b><u>12,986,341</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding	<u>111,816</u>
<b>Total deferred outflows of resources</b>	<b><u>111,816</u></b>
<b><u>LIABILITIES</u></b>	
<b>Current liabilities:</b>	
Accounts payable	109,595
Accrued interest payable	13,523
Long-term debt, current portion	<u>253,469</u>
<b>Total current liabilities</b>	<b><u>376,587</u></b>
<b>Noncurrent liabilities:</b>	
Revenue bonds payable, due after one year	<u>2,900,300</u>
<b>Total noncurrent liabilities</b>	<b><u>2,900,300</u></b>
<b>Total liabilities</b>	<b><u>3,276,887</u></b>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	6,735,396
Unrestricted	<u>3,085,874</u>
<b>Total net position</b>	<b><u>\$ 9,821,270</u></b>

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

**CITY OF TAYLORSVILLE**  
**Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund**  
**For the Year Ended June 30, 2016**

	<u>Storm Drain</u>
<b><u>OPERATING REVENUES</u></b>	
Sales and charges for services	\$ 1,159,955
Miscellaneous	<u>6,757</u>
Total operating revenues	<u>1,166,712</u>
<b><u>OPERATING EXPENSES</u></b>	
Administration and general	129,467
Repairs and maintenance	299,599
Depreciation	<u>283,017</u>
Total operating expenses	<u>712,083</u>
Operating income	<u>454,629</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
Interest income	464
Interest expense	(96,205)
Impact fees	<u>37,722</u>
Total nonoperating revenues (expenses)	<u>(58,019)</u>
<b>Change in net position</b>	396,610
<b>Total net position, beginning</b>	<u>9,424,660</u>
<b>Total net position, ending</b>	<u><u>\$ 9,821,270</u></u>

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

**CITY OF TAYLORSVILLE**  
**Statement of Cash Flows – Proprietary Fund**  
**For the Year Ended June 30, 2016**

	Storm Drain
<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 1,166,360
Payments to suppliers	<u>(804,232)</u>
Net cash provided by operating activities	<u>362,128</u>
Net cash provided by noncapital financing activities	<u>-</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition of property, plant, and equipment	(130,496)
Impact fees	37,722
Principal paid on capital debt	(253,000)
Interest paid on capital debt	<u>(76,446)</u>
Net cash used by capital and related financing activities	<u>(422,220)</u>
<b>Cash flows from investing activities</b>	
Interest received	<u>464</u>
Net cash provided by investing activities	<u>464</u>
Net decrease in cash and cash equivalents	(59,628)
Cash and cash equivalents, beginning of year	<u>3,132,550</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,072,922</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 454,629
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	283,017
Changes in assets and liabilities:	
Accounts receivable	(352)
Accounts payable	<u>(375,166)</u>
Net cash provided by operating activities	<u><u>\$ 362,128</u></u>

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City and are discussed below.

The Reporting Entity

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

Discretely Presented Component Units

The Taylorsville Arts Council (the Arts Council) provides cultural and recreational activities for the residents of the City. The Arts Council's governing body consists of the City's Mayor and the Chairman of the City Council and the chairman of the Arts Council, who is appointed by the Mayor.

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

Financial information for the component units may be obtained at the City's office, located at 2600 West Taylorsville Blvd., Taylorsville, Utah 84129.

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary fund:

- The Storm Drain Fund accounts for the operation and maintenance of the storm drain system and capital projects for the storm system.

Additionally, the City reports the following fund types:

- Special revenue funds: The City accounts for park impact fees in a special revenue fund.
- Capital project funds account for the acquisition of fixed assets of the City. The City accounts for building construction in a capital project fund.

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

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

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

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

Budgets

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

Utah State law prohibits the appropriation of the sum of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated categories of fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Utah State law prohibits the accumulation of the stated fund balance categories in any amount greater than 25% of the current year's actual revenues.

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

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

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

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

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

Cash and cash equivalents and Investments

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. Investments consist of debt securities and are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables and Payables

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

Other receivables at June 30, 2016, consisted of property tax, sales tax, franchise tax, grants, and utility billings. The utility billings for charged services are billed to customers on a monthly basis. Unbilled service accounts receivable at June 30, 2016 were estimated based on July billings and are included in the operating revenues and accounts receivable at year end. Taxes, grants, and utility charges are deemed collectible in full, so no allowance for uncollectibles is recorded.

Restricted Assets

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

Capital Assets

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

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

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

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

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

Compensated absences

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

Taxes

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

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and is, therefore, deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is, therefore, deferred until that time. Governmental funds report unavailable revenue from property taxes and special assessments as deferred inflows of resources until such time they can be recognized as revenue in the period that they become available.

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

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

Long-term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

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

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

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

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

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

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

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

The City has adopted a formal policy on minimum fund balance for the general fund of 19.5%. State statute requires the City to maintain a minimum fund balance in the general fund of at least 5% of total revenues.

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

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

Inter-fund transactions

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

Estimates and assumptions

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

2. **DEPOSITS AND INVESTMENTS**

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

As of June 30, 2016, the City's demand deposits and cash on hand amounted to \$2,186,763.

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

Investments – The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act (UMMA) that relate to the deposit and investment of public funds.

**2. DEPOSITS AND INVESTMENTS (CONTINUED)**

The City's follows the requirements of UMMA (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository, which is defined as a financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. UMMA defines types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in UMMA; and the Utah State Public Treasurers' Investment Fund. The City has complied with the UMMA and rules of the Money Management Council with regard to deposits and investments. The City has a separate deposit and investment policy which requires City to follow UMMA.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by UMMA. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. 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 of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

**2. DEPOSITS AND INVESTMENTS (CONTINUED)**

*Fair Value of Investments*

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instruments. The prices are determined using significant unobservable inputs or valuation techniques. Quoted prices for identical investments in active markets.

At June 30, 2016, the City had the following recurring fair value measurements.

	06/30/16	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
PTIF	\$ 15,778,139	\$ -	\$ 15,778,139	\$ -
Total debt securities	<u>\$ 15,778,139</u>	<u>\$ -</u>	<u>\$ 15,778,139</u>	<u>\$ -</u>

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

*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, 2016, \$1,535,657 of the City’s \$2,259,697 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized. UMMA does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. UMMA requires that the City keep deposits in a qualified depository, which the City has done.

*Custodial credit risk* – investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. Of the City’s investment in the PTIF of \$15,778,139, the City has no custodial credit risk exposure as the PTIF is an external investment pool managed by the Utah State Treasurer and is not categorized as to custodial credit risk.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for limiting the credit risks of investments is to comply with UMMA.

**2. DEPOSITS AND INVESTMENTS (CONTINUED)**

*Interest rate risk* is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to specific investment-related interest rate risk. The City manages its exposure by investing mainly in the PTIF and by adhering to UMMA. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2016, the City's investments had the following maturities and ratings:

Investment Type	Fair Value	Investment Maturities (in Years)		Quality Ratings
		Less Than 1	1-5	
PTIF	\$ 15,778,139	\$ 15,778,139	\$ -	Unrated
	<u>\$ 15,778,139</u>	<u>\$ 15,778,139</u>	<u>\$ -</u>	

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. The City's investment in the PTIF has no concentration of credit risk as the PTIF is an external investment pool managed by the Utah State Treasurer.

The 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. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasurers' Office.

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

CITY OF TAYLORSVILLE  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

**3. RESTRICTED CASH AND CASH EQUIVALENTS**

Certain assets are restricted to use as follows as of June 30, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<b>Governmental activities</b>		
Restricted for unspent bond proceeds	\$ 1,406,390	\$ -
Restricted for funds held in trust for Justice Court	35,910	-
Restricted for employee cafeteria plan	2,618	-
Restricted for "C" road funds	29,548	-
Restricted for capital projects - infrastructure	3,470,280	-
Total restricted cash and cash equivalents	<u>\$ 4,944,746</u>	<u>\$ -</u>

**4. CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>07/01/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/16</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land and water rights	\$ 129,982,436	\$ 35,352	\$ -	\$ 130,017,788
Construction in progress	2,153,836	1,168,113	(2,225,965)	1,095,984
Total capital assets, not being depreciated	<u>132,136,272</u>	<u>1,203,465</u>	<u>(2,225,965)</u>	<u>131,113,772</u>
Capital assets, being depreciated:				
Buildings and improvements	17,111,783	2,603,515	-	19,715,298
Office furniture and equipment	1,384,948	79,217	-	1,464,165
Vehicles and equipment	484,939	24,644	-	509,583
Infrastructure	57,048,509	121,132	-	57,169,641
Total capital assets, being depreciated	<u>76,030,179</u>	<u>2,828,508</u>	<u>-</u>	<u>78,858,687</u>
Accumulated depreciation:				
Buildings and improvements	6,085,942	1,097,470	-	7,183,412
Office furniture and equipment	1,268,262	49,258	-	1,317,520
Vehicles and equipment	438,823	19,092	-	457,915
Infrastructure	42,344,827	1,427,169	-	43,771,996
Total accumulated depreciation	<u>50,137,854</u>	<u>2,592,989</u>	<u>-</u>	<u>52,730,843</u>
Total capital assets, net of accumulated depreciation	<u>25,892,325</u>	<u>235,519</u>	<u>-</u>	<u>26,127,844</u>
Governmental capital assets, net	<u>\$ 158,028,597</u>	<u>\$ 1,438,984</u>	<u>\$ (2,225,965)</u>	<u>\$ 157,241,616</u>

CITY OF TAYLORSVILLE  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

**4. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

	07/01/15	Increases	Decreases	06/30/16
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,186,008	\$ 130,496	\$ (1,305,736)	\$ 10,768
Total capital assets, not being depreciated	1,186,008	130,496	(1,305,736)	10,768
Capital assets, being depreciated:				
Infrastructure	11,589,515	1,305,736	-	12,895,251
Equipment	254,827	-	-	254,827
Total capital assets, depreciated	11,844,342	1,305,736	-	13,150,078
Accumulated depreciation:				
Infrastructure	2,854,100	279,638	-	3,133,738
Equipment	246,380	3,379	-	249,759
Total accumulated depreciation	3,100,480	283,017	-	3,383,497
Total capital assets, net of accumulated depreciation	8,743,862	1,022,719	-	9,766,581
Business-type capital assets, net	<u>\$ 9,929,870</u>	<u>\$ 1,153,215</u>	<u>\$ (1,305,736)</u>	<u>\$ 9,777,349</u>

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

<u>Governmental activities:</u>	
General government	\$ 421,863
Public safety	144,521
Highways and public improvements	1,491,317
Community and economic development	173,317
Parks and public property	361,971
Total depreciation expense - governmental activities	<u>\$ 2,592,989</u>
<u>Business-type activities:</u>	
Storm drain	<u>\$ 283,017</u>

CITY OF TAYLORSVILLE  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

**4. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

Discretely presented component unit activity for the year ended June 30, 2016 is as follows:

<u>Component Unit</u>	07/01/15	Increases	Decreases	06/30/16
Capital assets, being depreciated:				
Equipment	\$ 24,057	\$ -	\$ -	\$ 24,057
Total capital assets, depreciated	24,057	-	-	24,057
Accumulated depreciation:				
Equipment	21,534	625	-	22,159
Total accumulated depreciation	21,534	625	-	22,159
Total component unit capital assets, net	\$ 2,523	\$ (625)	\$ -	\$ 1,898

**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 \$3,365,492.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on January 1 and then are due and payable at November 30. Since the property tax levied on January 1, 2016 was not expected to be received within 60 days after year ended June 30, 2016, the City was required to record a receivable and deferred revenue of the estimated amount of the total property tax levied on January 1, 2016.

CITY OF TAYLORSVILLE  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

**6. LONG-TERM DEBT**

Changes in Long-Term Liabilities

Long-term debt activity of the City for the year ended June 30, 2016, was as follow:

	<u>07/01/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/16</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Revenue bonds	\$ 6,011,000	\$ -	\$ (482,000)	\$ 5,529,000	\$ 474,300
Plus: unamortized premiums	6,501	-	(3,251)	3,250	3,250
Total bonds payable	6,017,501	-	(485,251)	5,532,250	477,550
Compensated absences	213,238	235,570	(259,095)	189,713	21,070
Governmental activities, long-term liabilities	<u>\$ 6,230,739</u>	<u>\$ 235,570</u>	<u>\$ (744,346)</u>	<u>\$ 5,721,963</u>	<u>\$ 498,620</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds	\$ 3,404,000	\$ -	\$ (253,000)	\$ 3,151,000	\$ 250,700
Plus: unamortized premiums	5,538	-	(2,769)	2,769	2,769
Total bonds payable	3,409,538	-	(255,769)	3,153,769	253,469
Business-type activities, long-term liabilities	<u>\$ 3,409,538</u>	<u>\$ -</u>	<u>\$ (255,769)</u>	<u>\$ 3,153,769</u>	<u>\$ 253,469</u>

Revenue Bonds

Sales Tax Revenue Refunding Bonds, Series 2015, original issue of \$6,460,000, principal due in annual installments beginning November 2015, interest at 2.43% due in semi-annual installments beginning November 2015, with the final payment due November 2026. The bonds were issued to finance the partial refunding of the Series 2006 Sales Tax Revenue Bonds and paying the costs of issuance of the Series 2015 Bonds. Debt service payments will be made from the General Fund and Storm Drain Fund.

\$ 6,370,000

CITY OF TAYLORSVILLE  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

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

Revenue Bonds (Continued)

Sales Tax Revenue Bonds, Series 2006, original issue of \$10,000,000, principal due in annual installments beginning November 2007, interest at 4.00% to 5.00% due in semi-annual installments beginning May 2007, with the final payment due November 2016 due to the Series 2015 refunding. The bonds were issued to finance the costs of constructing and/or replacing infrastructure improvement, including storm drain construction, roads, curb, gutter and sidewalk improvements. Debt service payments will be made from the General Fund and Storm Drain Fund. \$ 480,000

Tax Increment and Sales Tax Revenue Refunding Bonds, Series 2015, original issue of \$2,015,000, principal payments due in annual installments starting in November 2015, interest at 2.59% and due in semi-annual payments with the final payment due November 2024. These bonds were issued to finance the refunding of the Series 2011B and 2011C Sales Tax Revenue Bonds, paying the costs of issuance, and additional costs related to economic development in the West Point RDA. Debt service payments will be made from tax increment from the RDA and backed by the General Fund sales tax revenues. 1,830,000

Total Tax Revenue Bonds \$ 8,680,000

Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest for the revenue bonds, as of June 30, 2016, are as follows:

Year Ending June 30,	Sales Tax Revenue Bonds		
	Principal	Interest	Totals
2017	\$ 725,000	\$ 209,867	\$ 934,867
2018	750,000	186,686	936,686
2019	770,000	167,914	937,914
2020	795,000	148,583	943,583
2021	815,000	128,698	943,698
2022-2026	4,125,000	358,938	4,483,938
2027	700,000	8,505	708,505
	<u>8,680,000</u>	<u>\$ 1,209,191</u>	<u>\$ 9,889,191</u>
Plus: unamortized premium	6,019		
Total Revenue Bonds Payable	<u><u>\$ 8,686,019</u></u>		

**7. RETIREMENT SYSTEMS AND PENSIONS PLANS**

General Information about the Pension Plan

*Plan Description*

Eligible plan participants are provided with pensions through the Utah Retirement Systems (URS). URS is comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple-employer, cost-sharing, public employees retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost-sharing, public employees retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning work on or after July 1, 2011, who have no previous service credit with URS, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

*Benefits Provided*

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

**Summary of Benefits by System**

<b>System</b>	<b>Final Average Salary</b>	<b>Years of Service Required and/or Age Eligible for Benefit</b>	<b>Benefit Percent Per Year of Service</b>	<b>COLA**</b>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.50%

\*with actuarial reductions

\*\*All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**7. RETIREMENT SYSTEMS AND PENSIONS PLANS (CONTINUED)**

*Contributions*

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

**Utah Retirement Systems**

	<b>Employee Paid</b>	<b>Paid by Employer for Employee</b>	<b>Employer Contribution Rates</b>	<b>Employer Rate for 401(k) Plan</b>
Contributory System				
111- Local Governmental Division Tier 2	N/A	N/A	16.670%	1.780%
Noncontributory System				
15- Local Governmental Division Tier 1 Tier 2 DC Only	N/A	N/A	18.470%	N/A
211 - Local Government	N/A	N/A	6.69%	10.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 276,036	N/A
Tier 2 Public Employees System	60,829	-
Tier 2 DC Only System	9,193	N/A
Total Contributions	\$ 346,058	\$ -

CITY OF TAYLORSVILLE  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

**7. RETIREMENT SYSTEMS AND PENSIONS PLANS (CONTINUED)**

*Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2016, the City reported a net pension asset of \$125 and a net pension liability of \$1,093,011.

	<b>Proportionate Share</b>	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>
Noncontributory System	0.1931631%	\$ -	\$ 1,093,011
Tier 2 Public Employees System	0.0574684%	125	-
		<u>\$ 125</u>	<u>\$ 1,093,011</u>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2016, the City recognized pension expense of \$240,947.

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 53,023
Changes in assumptions	-	61,622
Net difference between projected and actual earnings on pension plan investments	372,363	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,017	60,426
Contributions subsequent to the measurement date	<u>169,895</u>	<u>-</u>
Total	<u>\$ 544,275</u>	<u>\$ 175,071</u>

**7. RETIREMENT SYSTEMS AND PENSIONS PLANS (CONTINUED)**

The \$169,895 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31,</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2016	\$ 40,734
2017	40,734
2018	41,809
2019	78,005
2020	(361)
Thereafter	(1,617)

*Actuarial Assumptions*

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experiences and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on a Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

**7. RETIREMENT SYSTEMS AND PENSIONS PLANS (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Expected Return Arithmetic Basis</b>		
	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
		Inflation	2.75%
		Expected arithmetic nominal return	7.98%

7.50 percent assumed investment rate of return is comprised of an inflation rate of 2.75 percent and a real return of 4.75 percent that is net of investment expense.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**7. RETIREMENT SYSTEMS AND PENSIONS PLANS (CONTINUED)**

*Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate*

The following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 2,309,423	\$ 1,093,011	\$ 77,550
Tier 2 Public Employees System	23,006	(125)	(17,657)
Total	\$ 2,332,429	\$ 1,092,886	\$ 59,893

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

*Defined Contribution Savings Plans*

The Defined Contribution Savings Plans are administered by the Utah State Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

**7. RETIREMENT SYSTEMS AND PENSIONS PLANS (CONTINUED)**

*Defined Contribution Savings Plans (Continued)*

The City participates in a 401(k), 457(b), Roth IRA, and Traditional IRA Defined Contribution Savings Plans with URS. Employee and employer contributions to these plans for the year ended June 30, were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
401(k) Plan*			
Employer contributions	\$ 47,968	\$ 39,726	\$ 36,772
Employee contributions	68,067	62,853	67,797
457 Plan			
Employer contributions	-	-	-
Employee contributions	24,886	29,465	31,927
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	5,050	5,600	2,600
Traditional IRA			
Employer contributions	N/A	N/A	N/A
Employee contributions	2,600	2,600	2,600

\* The employer paid 401(k) contributions include the totals paid for employees in the Tier 2 Defined Contribution 401(k) Plan.

**8. COMMITMENTS**

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

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

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

**9. CONTINGENT LIABILITIES**

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

CITY OF TAYLORSVILLE  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

**10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Utah Local Government Insurance Trust, a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2016, there were no outstanding unpaid claims for the City. Also, the City had no claim settlements during the three years ending June 30, 2016 which exceeded its insurance coverage. The City also has fidelity bond coverage with a private carrier.

**11. TRANSFERS RECONCILIATION**

Transfers among the funds for the year ended June 30, 2016 are described below: Transfers are made to meet the ongoing needs of the City to complete various projects.

	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 1,444,698
Infrastructure - Capital Projects Fund	877,727	-
Parks Impact - Special Revenue Fund	184,471	-
Economic Development Fund	382,500	-
	<u>\$ 1,444,698</u>	<u>\$ 1,444,698</u>

CITY OF TAYLORSVILLE

**Schedule of the Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\***

	<b>As of December 31,</b>	<b>Proportion of Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered Employee Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of its Covered- Employee Payroll</b>
Noncontributory System	2014	0.2011554%	\$ 873,464 #	\$ 1,773,707	49.20%	90.20%
	2015	0.1931631%	1,093,011	1,668,459	65.51%	87.80%
Public Safety System	2014	0.0232587%	\$ 29,250	\$ 34,810	84.00%	90.50%
	2015	N/A	N/A	N/A	N/A	N/A
Tier 2 Public Employees System	2014	0.0645429%	\$ (1,956)	\$ 316,857	-0.60%	103.50%
	2015	0.0574684%	(125)	371,267	-0.03%	100.20%

**Note:**

\* This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

CITY OF TAYLORSVILLE  
**Schedule of Contributions**  
**Last 10 Fiscal Years\***

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ 311,668	\$ 311,668	\$ -	\$ 1,935,667	16.10%
	2015	294,154	294,154	-	1,721,135	17.09%
	2016	276,036	276,036	-	1,594,972	17.31%
Public Safety System	2014	\$ 13,343	\$ 13,343	\$ -	\$ 41,515	32.14%
	2015	4,803	4,803	-	14,111	34.04%
	2016	-	-	-	-	0.00%
Tier 2 Public Employees System*	2014	\$ 32,297	\$ 32,297	\$ -	\$ 230,856	13.99%
	2015	55,402	55,402	-	370,832	14.94%
	2016	60,829	60,829	-	407,977	14.91%
Tier 2 Public Employees DC Only System*	2014	\$ 1,662	\$ 1,662	\$ -	\$ 29,787	5.58%
	2015	2,574	2,574	-	38,300	6.72%
	2016	9,193	9,193	-	137,413	6.69%

**Note:**

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

**1. ACTUARIALLY DETERMINED PENSION CONTRIBUTIONS**

Contribution rates include an amount for normal cost, the estimated amount necessary to finance benefits earned by the members during the current year, and an amount for amortization of the unfunded or excess funded actuarial accrued liability over a closed 20-year amortization period. The rates are determined using the entry age actuarial cost method.

Contributions made were in accordance with actuarially computed funding requirements. For contribution rate purposes the actuary evaluates the assets of the plan based on a 5-year smoothed expected return wherein 20 percent of a year's excess or shortfall of expected return is recognized each year for five years.

**2. CHANGES IN ASSUMPTIONS**

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.50% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: 1) more members are anticipated to terminate employment prior to retirement, 2) slightly fewer members are expected to become disabled, and 3) members are expected to retire at a slightly later age.

**CITY OF TAYLORSVILLE**  
**Combining Balance Sheet – Non-major Governmental Funds**  
**June 30, 2016**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	Park Impact	Buildings	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,995,600	\$ 142,346	\$ 2,137,946
<b>Total assets</b>	<u>\$ 1,995,600</u>	<u>\$ 142,346</u>	<u>\$ 2,137,946</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,450	\$ -	\$ 1,450
<b>Total liabilities</b>	<u>1,450</u>	<u>-</u>	<u>1,450</u>
<b>FUND BALANCES</b>			
Restricted for parks	1,994,150	-	1,994,150
Assigned	<u>-</u>	<u>142,346</u>	<u>142,346</u>
<b>Total fund balances</b>	<u>1,994,150</u>	<u>142,346</u>	<u>2,136,496</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,995,600</u>	<u>\$ 142,346</u>	<u>\$ 2,137,946</u>

**CITY OF TAYLORSVILLE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	Park Impact	Buildings	
<b>REVENUES</b>			
Impact fees	\$ 80,972	\$ -	\$ 80,972
<b>Total revenues</b>	<u>80,972</u>	<u>-</u>	<u>80,972</u>
<b>EXPENDITURES</b>			
Parks, recreation, and public property	<u>70,027</u>		<u>70,027</u>
<b>Total expenditures</b>	<u>70,027</u>	<u>-</u>	<u>70,027</u>
<b>Excess of revenues over expenditures</b>	<u>10,945</u>	<u>-</u>	<u>10,945</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>184,471</u>	<u>-</u>	<u>184,471</u>
<b>Total other financing sources</b>	<u>184,471</u>	<u>-</u>	<u>184,471</u>
<b>Net change in fund balances</b>	195,416	-	195,416
<b>Fund balances, beginning of year</b>	<u>1,798,734</u>	<u>142,346</u>	<u>1,941,080</u>
<b>Fund balances, end of year</b>	<u>\$ 1,994,150</u>	<u>\$ 142,346</u>	<u>\$ 2,136,496</u>

**CITY OF TAYLORSVILLE**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Parks Impact Special Revenue Fund – Budget to Actual**  
**For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES</u></b>				
Impact fees	\$ 65,000	\$ 65,000	\$ 80,972	\$ 15,972
Total revenues	<u>65,000</u>	<u>65,000</u>	<u>80,972</u>	<u>15,972</u>
<b><u>EXPENDITURES</u></b>				
Park projects	<u>525,000</u>	<u>525,000</u>	<u>70,027</u>	<u>454,973</u>
Total expenditures	<u>525,000</u>	<u>525,000</u>	<u>70,027</u>	<u>454,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(460,000)</u>	<u>(460,000)</u>	<u>10,945</u>	<u>470,945</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in (out)	<u>109,471</u>	<u>184,471</u>	<u>184,471</u>	<u>-</u>
Total other financing sources (uses)	<u>109,471</u>	<u>184,471</u>	<u>184,471</u>	<u>-</u>
Net change in fund balance	<u>\$ (350,529)</u>	<u>\$ (275,529)</u>	195,416	<u>\$ 470,945</u>
Fund balance, beginning of year			<u>1,798,734</u>	
Fund balance, end of year			<u>\$1,994,150</u>	

**CITY OF TAYLORSVILLE**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Infrastructure Capital Projects Fund – Budget to Actual**  
**For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 550,000	\$ 550,000	\$ 585,000	\$ 35,000
Miscellaneous	70,000	70,000	111,421	41,421
Total revenues	<u>620,000</u>	<u>620,000</u>	<u>696,421</u>	<u>76,421</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	6,362,000	6,362,000	1,184,958	5,177,042
Total expenditures	<u>6,362,000</u>	<u>6,362,000</u>	<u>1,184,958</u>	<u>5,177,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,742,000)</u>	<u>(5,742,000)</u>	<u>(488,537)</u>	<u>5,253,463</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	569,727	877,727	877,727	-
Total other financing sources (uses)	<u>569,727</u>	<u>877,727</u>	<u>877,727</u>	<u>-</u>
Net change in fund balance	<u>\$ (5,172,273)</u>	<u>\$ (4,864,273)</u>	389,190	<u>\$ 5,253,463</u>
Fund balance, beginning of year			<u>6,960,963</u>	
Fund balance, end of year			<u>\$ 7,350,153</u>	

**CITY OF TAYLORSVILLE**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Buildings Capital Projects Fund – Budget to Actual**  
**For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES</u></b>				
Impact fees	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>142,346</u>	
Fund balance, end of year			<u>\$ 142,346</u>	

**CITY OF TAYLORSVILLE**  
**Combining Statement of Net Position – Component Units**  
**June 30, 2016**

	Taylorsville Dayzz, Inc.	Taylorsville Arts Council	Total Component Units
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 267,372	\$ 58,786	\$ 326,158
Accounts receivable	9,258	150	9,408
<b>Total current assets</b>	<b>276,630</b>	<b>58,936</b>	<b>335,566</b>
<b>Noncurrent assets:</b>			
Machinery and equipment	3,123	20,934	24,057
Accumulated depreciation	(1,225)	(20,934)	(22,159)
<b>Total noncurrent assets</b>	<b>1,898</b>	<b>-</b>	<b>1,898</b>
<b>Total assets</b>	<b>278,528</b>	<b>58,936</b>	<b>337,464</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	72,730	14,826	87,556
<b>Total current liabilities</b>	<b>72,730</b>	<b>14,826</b>	<b>87,556</b>
<b>Noncurrent liabilities:</b>			
	-	-	-
<b>Total liabilities</b>	<b>72,730</b>	<b>14,826</b>	<b>87,556</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,898	-	1,898
Unrestricted	203,900	44,110	248,010
<b>Total net position</b>	<b>\$ 205,798</b>	<b>\$ 44,110</b>	<b>\$ 249,908</b>

**CITY OF TAYLORSVILLE**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position –**  
**Component Units**  
**For the Year Ended June 30, 2016**

	Taylorsville Dayzz, Inc.	Taylorsville Arts Council	Total Component Units
<b>OPERATING REVENUES</b>			
Sales and charges for services	\$ 35,953	\$ 30,238	\$ 66,191
Grants and contributions	113,625	9,298	122,923
Total operating revenues	149,578	39,536	189,114
<b>OPERATING EXPENSES</b>			
Community events	111,516	35,602	147,118
Depreciation	625	-	625
Total operating expenses	112,141	35,602	147,743
Operating income	37,437	3,934	41,371
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Interest income	413	15	428
Total nonoperating revenues	413	15	428
<b>Change in net position</b>	37,850	3,949	41,799
<b>Total net position, beginning</b>	167,948	40,161	208,109
<b>Total net position, ending</b>	\$ 205,798	\$ 44,110	\$ 249,908

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Invested in capital assets, net of related debt	\$ 153,247	\$ 152,911	\$ 149,200	\$ 150,816	\$ 151,613	\$ 152,071	\$ 152,275	\$ 150,727	\$ 151,204	\$ 149,286
Restricted	5,494	5,497	4,178	1,928	711	1,396	3,518	2,171	2,823	11,047
Unrestricted	<u>9,658</u>	<u>8,672</u>	<u>12,843</u>	<u>4,193</u>	<u>4,922</u>	<u>4,657</u>	<u>2,993</u>	<u>3,089</u>	<u>3,264</u>	<u>2,938</u>
Total governmental activities net position	<u>168,399</u>	<u>167,080</u>	<u>166,221</u>	<u>156,937</u>	<u>157,246</u>	<u>158,124</u>	<u>158,786</u>	<u>155,987</u>	<u>157,291</u>	<u>163,271</u>
Business type activities										
Invested in capital assets, net of related debt	6,735	6,645	5,081	4,908	4,662	4,952	3,434	766	(24)	-
Restricted	-	-	-	-	-	394.00	730	3,483	4,392	-
Unrestricted	<u>3,086</u>	<u>2,780</u>	<u>4,140</u>	<u>3,974</u>	<u>4,000</u>	<u>3,107</u>	<u>3,945</u>	<u>3,486</u>	<u>2,972</u>	<u>-</u>
Total business type activities	<u>9,821</u>	<u>9,425</u>	<u>9,221</u>	<u>8,882</u>	<u>8,662</u>	<u>8,453</u>	<u>8,109</u>	<u>7,735</u>	<u>7,340</u>	<u>-</u>
Primary Government										
Invested in capital assets, net of related debt	159,982	159,556	154,281	155,724	156,275	157,023	155,710	151,493	151,180	149,286
Restricted	5,494	5,497	4,178	1,928	711	1,790	4,248	5,654	7,215	11,047
Unrestricted	<u>12,744</u>	<u>11,452</u>	<u>16,983</u>	<u>8,167</u>	<u>8,922</u>	<u>7,764</u>	<u>6,938</u>	<u>6,575</u>	<u>6,236</u>	<u>2,938</u>
Total Primary Government	<u>178,220</u>	<u>176,505</u>	<u>175,442</u>	<u>165,819</u>	<u>165,908</u>	<u>166,577</u>	<u>166,896</u>	<u>163,722</u>	<u>164,631</u>	<u>163,271</u>

CITY OF TAYLORSVILLE  
Changes In Net Position  
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenses</b>										
Governmental activities										
General government	\$ 2,531	\$ 3,063	\$ 3,164	\$ 3,044	\$ 2,730	\$ 2,662	\$ 2,755	\$ 2,813	\$ 2,500	\$ 1,899
Public safety	11,370	10,864	13,102	14,714	14,561	13,847	13,519	13,066	12,918	11,410
Highways and streets	4,477	4,051	4,120	3,984	4,544	3,843	4,563	4,755	5,083	5,470
Community development	2,448	2,397	2,290	1,965	1,771	2,031	1,726	1,867	1,616	1,586
Parks and recreation	597	510	470	443	374	315	-	466	102	245
Other	-	-	-	-	-	-	311	0	-	-
Interest on debt service	163	420	357	254	210	203	216	222	218	313
Total governmental expenses	<u>21,586</u>	<u>21,305</u>	<u>23,503</u>	<u>24,403</u>	<u>24,191</u>	<u>22,901</u>	<u>23,090</u>	<u>23,189</u>	<u>22,437</u>	<u>20,923</u>
Business type expenses										
Storm drain expenses	808	975	834	938	1,008	826	844	935	403	-
Total business expenses	<u>808</u>	<u>975</u>	<u>834</u>	<u>938</u>	<u>1,008</u>	<u>826</u>	<u>844</u>	<u>935</u>	<u>403</u>	<u>-</u>
Total primary government expenses	<u>\$ 22,395</u>	<u>\$ 22,279</u>	<u>\$ 24,337</u>	<u>\$ 25,341</u>	<u>\$ 25,199</u>	<u>\$ 23,727</u>	<u>\$ 23,934</u>	<u>\$ 24,124</u>	<u>\$ 22,840</u>	<u>\$ 20,923</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for service										
General government	\$ 40	\$ 128	\$ 35	\$ 78	\$ 129	\$ 79	\$ 104	\$ 68	\$ 2	\$ 9
Public safety	2,313	2,160	2,119	2,161	2,684	2,567	2,437	1,565	1,517	2,033
Community development	955	751	839	662	715	759	664	880	734	978
Parks, recreation and public prop.	52	42	44	49	41	90	109	-	-	-
Operating grants and contributions	2,747	2,506	2,065	2,171	2,255	2,568	2,328	1,899	2,178	2,695
Capital grants and contributions	738	1,715	8,770	1,864	957	904	5,296	1,500	1,200	1,042
Total governmental program revenues	<u>6,845</u>	<u>7,302</u>	<u>13,872</u>	<u>6,985</u>	<u>6,781</u>	<u>6,967</u>	<u>10,938</u>	<u>5,912</u>	<u>5,631</u>	<u>6,757</u>
Business type revenue										
Storm drain revenue	1,204	1,178	1,171	1,155	1,212	1,161	1,201	1,257	1,146	-
Total business revenue	<u>1,204</u>	<u>1,178</u>	<u>1,171</u>	<u>1,155</u>	<u>1,212</u>	<u>1,161</u>	<u>1,201</u>	<u>1,257</u>	<u>1,146</u>	<u>-</u>
Total primary government program revenues	<u>8,049</u>	<u>8,480</u>	<u>15,043</u>	<u>8,140</u>	<u>7,993</u>	<u>8,128</u>	<u>12,139</u>	<u>7,169</u>	<u>6,777</u>	<u>6,757</u>
Net (expenses)/ Revenue										
Total primary government net expense	<u>\$ (14,345)</u>	<u>\$ (13,799)</u>	<u>\$ (9,294)</u>	<u>\$ (17,201)</u>	<u>\$ (17,207)</u>	<u>\$ (15,599)</u>	<u>\$ (11,795)</u>	<u>\$ (16,955)</u>	<u>\$ (16,063)</u>	<u>\$ (14,166)</u>

CITY OF TAYLORSVILLE  
Changes In Net Position  
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>General Revenues and Other Changes in Net Position</b>										
General revenues:										
Property taxes	\$ 3,556	\$ 3,544	\$ 6,831	\$ 5,584	\$ 4,728	\$ 4,693	\$ 4,717	\$ 4,755	\$ 4,777	\$ 4,863
Sales taxes	8,270	7,938	7,663	7,450	7,277	6,778	6,717	7,377	8,440	8,353
Franchise taxes	3,924	3,858	4,004	3,951	3,648	3,588	3,391	3,588	3,633	1,646
Unrestricted investment earnings	122	92	98	71	79	63	81	189	366	452
Gain (loss) on sale of capital assets	-	-	-	2	483	18	21	4	(63)	(5)
Other revenues	188	381	323	54	0	139	41	59	35	244
Special item	-	-	-	-	322	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	(6,360)	-
<b>Total primary government</b>	<u>16,061</u>	<u>15,813</u>	<u>18,919</u>	<u>17,113</u>	<u>16,537</u>	<u>15,279</u>	<u>14,968</u>	<u>15,972</u>	<u>10,828</u>	<u>15,553</u>
Changes in Net Position										
Governmental activities	1,319	1,811	9,284	(308)	(879)	(663)	2,800	(1,304)	(5,980)	1,387
Business activities	397	204	339	220	209	344	374	396	7,340	-
<b>Net position beginning, as restated</b>	<u>176,505</u>	<u>174,490</u>	<u>165,819</u>	<u>165,907</u>	<u>166,577</u>	<u>166,896</u>	<u>163,722</u>	<u>164,631</u>	<u>163,271</u>	<u>161,884</u>
<b>Net position ending</b>	<u>\$ 178,220</u>	<u>\$ 176,505</u>	<u>\$ 175,442</u>	<u>\$ 165,819</u>	<u>\$ 165,907</u>	<u>\$ 166,577</u>	<u>\$ 166,896</u>	<u>\$ 163,723</u>	<u>\$ 164,631</u>	<u>\$ 163,271</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund						
Restricted for:						
Class C roads	\$ 30	\$ 21	\$ 172	\$ 94	\$ 493	\$ 410
Unassigned	<u>\$ 5,827</u>	<u>\$ 4,872</u>	<u>\$ 4,254</u>	<u>\$ 3,599</u>	<u>\$ 4,006</u>	<u>\$ 3,945</u>
Total general fund	<u>\$ 5,857</u>	<u>\$ 4,893</u>	<u>\$ 4,426</u>	<u>\$ 3,693</u>	<u>\$ 4,498</u>	<u>\$ 4,355</u>
All other governmental funds						
Restricted for:						
Future construction	3,470	3,677	3,600	1,563	4	879
Parks	1,994	1,799	406	271	214	107
Assigned to:						
Infrastructure fund	3,880	3,284	3,284	578	625	974
Economic development	1,578	1,576	5,409	625	438	585
Buildings fund	142	142	142	139	16	13
Unassigned	-	-	-	-	-	(10)
Total all other governmental funds	<u>\$ 11,064</u>	<u>\$ 10,478</u>	<u>\$ 12,841</u>	<u>\$ 3,176</u>	<u>\$ 1,297</u>	<u>\$ 2,548</u>

Note: Implementation of GASB 54 changed fund balance category presentation.  
The years from 2007 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>
General fund				
Reserved	\$ -	\$ -	\$ 1,723	10,253
Unreserved	<u>3,742</u>	<u>3,731</u>	<u>1,641</u>	<u>1,116</u>
Total general fund	<u>\$ 3,742</u>	<u>\$ 3,731</u>	<u>\$ 3,364</u>	<u>\$ 11,369</u>
All other governmental funds				
Reserved	\$ 3,518	\$ 2,172	\$ 2,823	791
Unreserved, reported in:				
Special revenue	-	47	571	2,341
Capital projects	87	-	-	11
Permanent	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,613</u>	<u>\$ 2,219</u>	<u>\$ 3,394</u>	<u>\$ 3,143</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>										
Taxes	\$ 15,751	\$ 15,341	\$ 18,498	\$ 16,986	\$ 15,652	\$ 15,058	\$ 14,825	\$ 15,721	\$ 16,850	\$ 14,862
Licenses and Permits	689	586	643	537	571	589	513	650	581	649
Intergovernmental	3,691	2,946	11,015	4,313	2,844	3,818	7,830	3,336	3,246	2,958
Charges for Services	437	409	341	334	426	447	431	376	267	396
Fines and Forfeitures	1,874	1,748	1,733	1,746	2,260	2,087	1,980	1,527	1,476	2,005
Interest Income	122	92	96	69	74	55	64	189	394	474
Impact Fees	81	81	138	62	47	26	99	23	60	215
Miscellaneous Revenue	211	399	328	46	483	139	41	59	34	244
Rental Income	-	-	-	-	-	-	-	-	-	6
Total Revenues	<u>22,855</u>	<u>21,601</u>	<u>32,793</u>	<u>24,093</u>	<u>22,357</u>	<u>22,219</u>	<u>25,783</u>	<u>21,881</u>	<u>22,908</u>	<u>21,809</u>
<b>Expenditures</b>										
General Government	2,208	2,117	1,912	1,990	2,277	2,008	2,035	2,043	2,006	1,467
Public Safety	11,257	10,789	13,013	14,623	14,004	13,495	13,017	12,528	11,835	10,737
Highways and Public Improvements	2,726	2,876	2,710	2,479	2,485	1,802	2,102	2,388	2,518	2,665
Community and Economic Development	2,323	2,609	2,373	1,923	3,338	1,776	1,667	1,845	1,547	1,565
Parks, Recreation, and Public Property	320	448	249	311	183	150	149	77	47	71
Non-Departmental	601	544	648	655	522	508	443	507	294	254
Capital outlay	1,257	1,981	5,239	1,041	1,018	2,534	4,525	2,792	4,808	2,524
Debt service:										
Principal	482	5,995	269	219	218	201	316	357	515	342
Interest	132	433	224	224	212	205	217	228	248	229
Bond Issuance costs	-	103	59	32	82	-	-	-	-	-
Total Expenditures	<u>21,306</u>	<u>27,895</u>	<u>26,696</u>	<u>23,497</u>	<u>24,339</u>	<u>22,679</u>	<u>24,471</u>	<u>22,765</u>	<u>23,818</u>	<u>19,854</u>
Excess of Revenues over (under) Expenditures	1,550	(6,293)	6,097	596	(1,982)	(460)	1,312	(884)	(910)	1,955
<b>Other financing sources (uses)</b>										
Transfers in	1445	2984	2285	865	803	650	400	474		3,050
Transfer out	(1,445)	(2,984)	(2,285)	(865)	(803)	(650)	(400)	(474)	(6,933)	(3,050)
Proceeds on the Sale of Assets	0	2015	30	2	130	18	92	5	88	27
Proceeds of Issuance of Debt	<u>0</u>	<u>2383</u>	<u>4272</u>	<u>474</u>	<u>735</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>-</u>	<u>9,944</u>
Total other financing sources (uses)	<u>0</u>	<u>4398</u>	<u>4302</u>	<u>476</u>	<u>865</u>	<u>18</u>	<u>92</u>	<u>76</u>	<u>(6,845)</u>	<u>9,971</u>
Net changes in fund balances	<u>1,550</u>	<u>(1,895)</u>	<u>10,399</u>	<u>1,072</u>	<u>(1,117)</u>	<u>(442)</u>	<u>1,405</u>	<u>(\$808)</u>	<u>(\$7,755)</u>	<u>\$11,926</u>
Debt service as a percentage of noncapital expenditures	3.1%	24.8%	2.3%	2.0%	1.8%	2.0%	2.7%	2.9%	4.0%	3.3%

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	
2007	\$2,099,895	\$3,399,115	\$96,841	\$96,841	\$2,196,736	\$3,495,956	62.84%
2008	\$2,632,094	\$4,211,350	\$135,418	\$135,418	\$2,767,512	\$4,346,768	63.67%
2009	\$2,353,900	\$3,766,240	\$154,522	\$154,522	\$2,508,422	\$3,920,762	63.98%
2010	\$2,298,769	\$3,678,030	\$154,938	\$154,938	\$2,453,707	\$3,832,968	64.02%
2011	\$2,229,882	\$3,567,811	\$165,123	\$165,123	\$2,395,005	\$3,732,934	64.16%
2012	\$2,108,998	\$3,268,947	\$128,684	\$128,684	\$2,237,682	\$3,397,631	65.86%
2013	\$2,218,299	\$3,438,363	\$129,459	\$129,459	\$2,347,758	\$3,567,822	65.80%
2014	\$2,105,918	\$3,264,173	\$128,684	\$128,684	\$2,234,602	\$3,392,857	65.86%
2015	\$2,352,029	\$3,645,645	\$128,381	\$128,381	\$2,480,410	\$3,774,026	65.72%
2016	\$2,464,057	\$3,819,288	\$135,791	\$135,791	\$2,599,848	\$3,955,079	65.73%

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

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

Fiscal Year	Taylorsville City	Salt Lake County	So. Salt Lake County	Jordan Valley Water	Central Utah	Other District Range(1)		Total Tax Rate Range (2)	
			Mosquito Abatement	Conservancy District	Conservancy District	Low	High	Low	High
2007	1.858	2.988	0.027	0.352	0.302	7.544	10.554	11.213	16.081
2008	1.554	2.301	0.023	0.400	0.286	5.767	8.038	8.777	12.602
2009	1.514	1.934	0.022	0.384	0.400	6.054	6.679	8.794	10.933
2010	1.690	2.278	0.025	0.400	0.421	6.047	7.955	9.171	12.769
2011	1.739	2.593	0.050	0.410	0.436	7.661	8.305	11.150	13.533
2012	1.794	2.517	0.052	0.424	0.436	6.796	8.761	10.225	13.984
2013	2.202	2.793	0.021	0.443	0.455	7.166	8.676	10.878	14.590
2014	2.722	3.180	0.021	0.424	0.446	6.994	9.094	11.065	15.887
2015	1.294	3.036	0.020	0.399	0.422	6.700	8.837	10.577	14.008
2016	1.250	2.531	0.019	0.040	0.041	7.555	8.601	10.186	12.482

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 other entities and their tax rate: Granite School District (0.006831), Taylorsville Bennion Imp. Dist.(0.000164), Graniger-Hunter Imp. Dist.(0.000692), Kearns Imp. Dist.(0.000782), and Jordan School District(0.007651). 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  
(Per \$1,000 of Assessed Value)

Taxpayer	2016			Taxpayer	2015		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value		Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
TPP 217 Taylorsville, LLC	\$ 83,206	1	3.28%	Inland American Taylorsville	\$ 47,698	1	1.88%
ARC HR5SLUT001, LLC	\$ 57,983	2	2.29%	Arden Realty Limited	\$ 35,709	2	1.41%
Bre West Pooled Office Owner	\$ 34,875	3	1.38%	TPP 217 Taylorsville, LLC	\$ 33,132	3	1.31%
SLC Riverboat, LLC	\$ 30,061	4	1.19%	SLC Riverboat, LLC	\$ 28,775	4	1.13%
Summerwood Associates LC	\$ 26,472	5	1.04%	Hermes Associates, LTD	\$ 28,679	5	1.13%
PCCP JSP Fairway LLC	\$ 23,726	6	0.94%	PCCP JSP Fairway LLC	\$ 25,799	6	1.02%
Gemini Settlers Point, LLC	\$ 18,946	7	0.75%	Summerwood Associates	\$ 24,051	7	0.95%
Wal-Mart Real Estate	\$ 18,368	8	0.72%	Walmart Real Estate	\$ 18,368	8	0.72%
ICU Medical INC	\$ 16,711	9	0.66%	BC-GFS Settler's Point	\$ 18,152	9	0.72%
The Mark Twain Limited	\$ 15,510	10	0.61%	ICU Medical Inc	\$ 14,674	10	0.58%
SLC Sorenson 9 Equities LLC	\$ 12,584	11	0.50%	The Mark Twain Limited	\$ 14,534	11	0.57%
Alliance Capital Development	\$ 12,061	12	0.48%	Mikami Brothers	\$ 13,602	12	0.54%
Mikami Brothers	\$ 11,695	13	0.46%	SLC Sorenson 9 Equities LLC	\$ 13,172	13	0.52%
Silvercrest Apartments, LLC	\$ 11,393	14	0.45%	Redevelopment Agency	\$ 12,503	14	0.49%
Cedar Breaks LTD	\$ 10,884	15	0.43%	Alliance Capital Development	\$ 12,019	15	0.47%
	<u>\$ 384,475</u>		<u>15.16%</u>		<u>\$ 340,867</u>		<u>13.44%</u>

CITY OF TAYLORSVILLE  
Property Tax Levies and Collections  
(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>
2007	\$ 4,170,823	\$ 4,082,529	97.88%	\$ 85,567	\$ 4,168,096	99.93%
2008	\$ 4,256,659	\$ 4,120,204	96.79%	\$ 82,887	\$ 4,203,091	98.74%
2009	\$ 4,288,492	\$ 4,166,095	97.15%	\$ 85,045	\$ 4,251,140	99.13%
2010	\$ 4,274,369	\$ 4,131,283	96.65%	\$ 77,490	\$ 4,208,773	98.47%
2011	\$ 4,328,397	\$ 4,181,078	96.60%	\$ 85,736	\$ 4,266,814	98.58%
2012	\$ 4,299,666	\$ 4,169,257	96.97%	\$ 130,931	\$ 4,300,188	100.01%
2013	\$ 5,011,821	\$ 4,853,499	96.84%	\$ 92,428	\$ 4,945,927	98.69%
2014	\$ 6,489,413	\$ 6,333,771	97.60%	\$ 145,683	\$ 6,479,454	99.85%
2015	\$ 3,274,782	\$ 3,197,178	97.63%	\$ 90,931	\$ 3,288,109	100.41%
2016	\$ 3,313,484	\$ 3,203,620	96.68%	\$ 62,666	\$ 3,266,286	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>Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2007	635	10,000	0.52%	\$ 32.98
2008	282	9,700	0.46%	\$ 34.93
2009	350	9,355	0.44%	\$ 35.69
2010	186	9,000	0.41%	\$ 35.98
2011	133	8,630	0.39%	\$ 37.90
2012	76	12,205	0.64%	\$ 32.47
2013	15	11,879	0.90%	\$ 22.39
2014	-	12,855	0.95%	\$ 22.37
2015	-	9,415	0.69%	\$ 22.43
2016	-	8,680	0.62%	\$ 23.22

CITY OF TAYLORSVILLE  
 Computation of Direct And Overlapping Bonded Debt-  
 General Obligation Bonds

Name of Governmental Units	Net Debt Outstanding	Percentage Applicable to City of Taylorsville	Amount
Direct Debt- City of Taylorsville	-	100.00%	-
Overlapping Debt:			
State of Utah:	\$ 2,585,224,000	2.02%	\$ 52,218,450
Salt Lake County:	174,815,000	5.46%	9,553,528
			<u>\$ 61,771,977</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	\$ 109,005	\$ 100,938	\$ 97,559	\$ 92,177	\$ 88,115	\$ 99,932	102,112	112,474	108,886	89,606
Total net debt applicable to limit	8,086	9,415	12,855	9,038	8,965	8,630	9,000	9,355	9,700	10,000
Legal debt margin	100,919	91,523	84,704	83,139	79,150	91,302	93,112	103,119	99,186	79,606
Total net debt applicable to the limit as a percentage of debt limit	8%	10%	15%	11%	11%	9%	10%	9%	10%	13%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$2,725,125	\$2,523,449	\$2,438,970	\$2,304,415	\$2,202,882	\$2,498,307	2,552,788	2,811,852	2,722,154	2,240,142
Add back: Exempt real property										
Total assessed value	2,725,125	2,523,449	2,438,970	2,304,415	2,202,882	2,498,307	2,552,788	2,811,852	2,722,154	2,240,142
Debt limit (4% of total assets, value)	\$ 109,005	\$ 100,938	\$ 97,559	\$ 92,177	\$ 88,115	\$ 99,932	\$ 102,112	\$ 112,474	\$ 108,886	\$ 89,606
Debt applicable to limit										
General obligation bonds										
Less: Amount set aside for repayment on G.O Debt										
Total net debt applicable to limit										
Total debt margin	\$ 109,005	\$ 100,938	\$ 97,559	\$ 92,177	\$ 88,115	\$ 99,932	102,112	112,474	108,886	89,606

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)
2007	58,293	10.7	121	20,561	1,378,921	23.655	2.80%
2008	58,416	10.7	127	20,688	1,423,247	24.364	3.20%
2009	58,539	10.7	29	20,717	1,236,110	21.116	5.70%
2010	58,652	10.7	14	20,731	1,285,300	21.914	7.20%
2011	58,945	10.7	7	20,738	1,301,276	22.076	7.30%
2012	59,240	10.7	93	20,831	1,317,497	22.240	6.00%
2013	59,536	10.7	28	20,859	1,327,657	22.399	4.70%
2014	60,519	10.7	8	20,867	1,353,931	22.372	3.30%
2015	60,433	10.7	71	20,938	1,355,270	22.426	3.40%
2016	60,514	10.7	28	20,966	1,405,377	23.224	4.00%

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

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

<u>FY</u>	<u>General Property Tax</u>	<u>General Sale and Use Tax</u>	<u>Franchise Taxes</u>	<u>Total Tax Revenue</u>	
2007	\$ 4,863,825	\$ 8,352,652	\$ 1,645,565	\$ 14,862,042	\$ 13,216,477
2008	\$ 4,777,115	\$ 8,440,299	\$ 3,632,579	\$ 16,849,993	\$ 13,217,414
2009	\$ 4,755,101	\$ 7,377,454	\$ 3,588,153	\$ 15,720,708	\$ 12,132,555
2010	\$ 4,717,352	\$ 6,716,524	\$ 3,391,262	\$ 14,825,138	\$ 11,433,876
2011	\$ 4,693,030	\$ 6,777,649	\$ 3,587,733	\$ 15,058,412	\$ 11,470,679
2012	\$ 4,727,535	\$ 7,276,810	\$ 3,647,798	\$ 15,652,143	\$ 12,004,345
2013	\$ 5,583,762	\$ 7,450,478	\$ 3,951,495	\$ 16,985,735	\$ 13,034,240
2014	\$ 6,831,440	\$ 7,662,586	\$ 4,004,310	\$ 18,498,336	\$ 14,494,026
2015	\$ 3,634,240	\$ 7,938,176	\$ 3,858,401	\$ 15,430,817	\$ 11,572,416
2016	\$ 3,708,342	\$ 8,270,194	\$ 3,924,424	\$ 15,902,960	\$ 11,978,536

CITY OF TAYLORSVILLE  
Principal Employers

	Employees
American Express	1900
Salt Lake Community College	1300
Convergys (2 sites)	1233
Granite School District	858
Nelson Laboratories, Inc.	582
ICU Medical	500
Utah Department of Transportation	450
Walmart	450
Citywide Homes Loans	286
Utah Department of Public Safety	270
Sorenson Communications, Inc.	200
Harmons	157
24 Hour Fitness USA, Inc.	150
Texas Roadhouse	140
Ovivo	110
Fresh Market	102
Delta Health Systems	100
IHC Taylorsville Health Center	98
Unified State Labs - Public Health Lab	95
Old Spaghetti Factory of Utah	94
Avalon West Health/Rehabilitation	86
Ream's	84
3M Company	70
Applebee's Neighborhood Grill	70
Telenotes	70

CITY OF TAYLORSVILLE  
Miscellaneous Statistics

Date of Incorporation	July 1, 1996
Form of Government	Mayor/Council
Number of employees	38 Full Time 15 Part Time
Appointed	8
Elected	6
Area in square miles	10.7
Registered voters	27,636

City of Taylorsville facilities and services:

Culture and Recreation:

Swimming Pools	2
Parks	15 (including County owned)
Libraries (County)	1
Golf Courses	2

Fire Protection:

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

Education:

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Taylorsville, Utah ("the City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 18, 2016.

### ***Internal Control over Financial Reporting***

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

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

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

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item 16-1.

### **Management's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

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

November 18, 2016

# Hansen, Bradshaw, Malmrose & Erickson

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Private Company  
Practice Section*

## **INDEPENDENT AUDITORS' REPORT AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE**

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

### ***Report On Compliance with General State Compliance Requirements***

We have audited City of Taylorsville, Utah's ("the City") compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Treasurer's Bond
- Cash Management
- Tax Levy Revenue Recognition

### ***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on

the City 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 on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on General State Compliance Requirements***

In our opinion, City of Taylorsville, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying Schedule of Findings and Responses as item 16-1. Our opinion on compliance is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report On Internal Control over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control 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 general state compliance requirement 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 general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Purpose of This Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

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

November 18, 2016

**CITY OF TAYLORSVILLE, UTAH**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2016**

**State Compliance Finding**

Requirement/Program

Current Year Findings

**16-1 General Fund Balance**

Finding: State law, *Utah Code 10-6-116(2)*, stipulates that the maximum General Fund aggregate unassigned, assigned, and committed fund balance may not exceed 25% of the total revenues of the General Fund for the current fiscal year. At June 30, 2016, the City's aggregate unassigned, assigned, and committed General Fund balance totaled 26.6%.

Recommendation: The City should monitor and amend their FY2017 General Fund budget as necessary to appropriate any excess fund balance as described above in order to comply with State Code.

Management's Response: Management concurs and will monitor fund balance and amend the General Fund's budget as needed to ensure compliance with State Code.