City of Taylorsville

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2006

City of Taylorsville

Table of Contents

	Page
Introductory Section:	
Transmittal Letter	i-iv
Principal Officials	v
Organizational Chart	vi
Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis	2-8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Storm Drain Fund	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Infrastructure Impact Fund	17
Notes to Financial Statements	18-27
Supplementary Information:	
Combining Balance Sheet – Non-Major Governmental Funds	28
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	29

City of Taylorsville

Table of Contents (Continued)

	Page
Supplementary Information (Continued):	
Individual Statement of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual -- Parks Special Revenue Fund	30
Individual Statement of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual -- Capital Projects Fund -- Building	31
Impact Fee Comparative Schedules by Impact Type, Year Received, and Planned Use	32-34
Statistical Section:	
Net Assets by Component	35
Changes in Net Assets	36
Fund Balances of Governmental Funds	37
Changes in Fund Balances of Governmental Funds	38
Assessed and Estimated Actual Value of Taxable Property	39
Property Tax Rates - All Direct Overlapping Governments	40
Principal Property Taxpayers	41
Property Tax Levies and Collections	42
Ratios of Outstanding Debt by Type	43
Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds	44
Legal Debt Margin Information	45
Demographic and Economic Statistics	46
General Governmental Tax Revenue by Source	47
Principal Employers	48
Property Value and Construction Activity	49
Miscellaneous Statistics	50

City of Taylorsville

Table of Contents (Continued)

	Page
Independent Auditors' Report on State of Utah Legal Compliance	51-52
Schedule of Findings - Compliance - State of Utah	53
Single Audit Section:	
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*	54
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	55-56
Schedule of Findings and Questioned Costs	57
Schedule of Expenditures of Federal Awards	58
Notes to Schedule of Expenditures of Federal Awards	59

INTRODUCTORY SECTION

Russ Wall

Mayor

D.L. "Bud" Catlin
Lynn R. Handy
Les N. Matsumura
Morris K. Pratt
rry W. Rechtenbach

Council Members

2600 West
ylorsville Boulevard

Taylorsville,
Utah
84118

801-963-5400

Fax
801-963-7891

Website
www.taylorsvilleut.gov

December 7, 2006

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

We are submitting with this letter The Comprehensive Annual Financial report (CAFR) of the City of Taylorsville for the fiscal year ended June 30, 2006. This CAFR fulfills requirements in Utah State law to "present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles, as prescribed in the Uniform Accounting Manual for Utah Cities." This report presents a comprehensive financial picture covering all funds and financial transactions for the year beginning July 1, 2005 and ending June 30, 2006.

The City Administrator/Treasurer and the City Finance Director have prepared the CAFR document with assistance from contract financial consultants. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the City. To the best of our knowledge and belief, the information in this document is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included. Likewise, 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.

This CAFR is designed with three main sections: Introductory, Financial, and Statistical. The Introductory Section is a narrative overview of the financial statements. The Financial Section includes: 1) The Independent Auditors' Report, 2) Management's Discussion and Analysis, 3) Basic Financial Statements, 4) Notes to Financial Statements, and 5) Supplemental Statements and Schedules. The Management's Discussion and Analysis provides an overview for readers who do not require detailed information about the City's finances. More detailed information is presented in the supplemental statements and schedules that focus on individual funds. The Statistical Section includes both financial and general information important to private and public decision makers. This additional information is designed to 1) cover more than two fiscal years, 2) reflect both social and economic data, and 3) provide information relating to financial trends and the fiscal capacity of the City.

The City's financial reports include all of the funds and account groups of the primary government, including the component unit of the Taylorsville Arts Council. The City provides a full range of municipal services directly, or by contract, including police and fire protection; street and infrastructure construction and maintenance; engineering; building inspection, planning and zoning services; park construction and maintenance; public improvements; economic development and community cultural events.

GENERAL INFORMATION

The City of Taylorsville is located in the very center of Salt Lake County and was incorporated July 1, 1996. The area was settled in 1847 as a pioneer farming community. By 1850, the community began building the Mill Race and North Jordan Canal to tap water from the Jordan River to provide irrigation for local farms. These canals later powered mills (sawmills, woolen mills and gristmills), greatly influencing the development patterns in the Taylorsville/Bennion community. In 1860, the area's population was 178 and remained predominately agricultural through the 1940's. From 1960 to 1987, the population increased from about 4,000 with 600 housing units, to 49,600 with about 16,000 housing units.

The U.S. Census Bureau lists Taylorsville's population at 57,439 as of April 1, 2000, and estimates the population as of July 1, 2005 at 60,988. Approximately 38 percent of the population is under 18 years of age, compared to 26.33 percent in Salt Lake City, and an average 36.26 percent in the County. The median family income is slightly higher than Salt Lake County as a whole, and the homes are valued at a level slightly less than the average home in the County. Finally, Taylorsville family size is larger than the average in most areas of Salt Lake County, with 3.76 family members in Taylorsville and 3.58 members in Salt Lake County.

ECONOMIC CONDITION AND OUTLOOK

Taylorsville is the ninth largest city in Utah (2000 census) and has experienced significant growth over recent years. The City has an excellent business base and is currently pursuing economic development opportunities along the Redwood Road corridor; however, residential housing units occupy most of the land. The City received 43.05 percent of its general fund revenue from sales taxes and 24.31 percent from real property, personal property, and motor vehicle taxes.

MAJOR INITIATIVES

The City has been able to maintain a fund balance of thirteen percent of anticipated revenue. In addition, the City Council has allocated $4,030,599 for capital improvements. Significant projects include the co-venture construction of a Recreation Center featuring basketball courts and youth multipurpose facilities; completion of the senior citizen center with the help of government funding; installation of sidewalks leading to elementary schools; the completion of a $3,150,000 City-wide street light installation plan; development of two new park properties; construction of a segment of the Jordan River Trail Park; and beginning stages of the City Center property, which includes construction of the City Office and development of an 18-acre multi-user campus.

FINANCIAL INFORMATION

As a government entity, the City of Taylorsville maintains financial internal accounting control through separate funds rather than as a single entity. Each fund is a distinct, self-balancing accounting entity. 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, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETING CONTROLS

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

GENERAL FUND -- General fund revenues totaled $16,798,968 in fiscal year ended June 30, 2006. Property Taxes, Motor Vehicle Taxes, General Sales Taxes, and a limited Franchise Tax on cable television constitute the major sources of revenue. All tax categories in aggregate generated 68.76 percent of general fund revenue. The following schedule is a summary of the general fund revenues and other financing sources for the period.

Revenues and other financing sources	2006 Amount	Percent of Total	Increase (Decrease) over 2005	Percent Increase (Decrease)
Property taxes	3,368,336	20.05%	53,047	1.60%
Motor vehicle taxes	526,399	3.13%	(6,513)	-1.22%
Personal property taxes	189,592	1.13%	9,599	5.33%
General Sales taxes	7,232,232	43.05%	753,913	11.64%
Franchise taxes	233,583	1.39%	10,809	4.85%
Licenses and permits	649,488	3.87%	(12,878)	-1.94%
Intergovernmental revenue	2,584,047	15.38%	253,475	10.88%
Charges for services	262,314	1.56%	41,168	18.62%
Fines and forfeitures	1,588,277	9.45%	149,118	10.36%
Miscellaneous revenue	164,700	0.98%	(1,331,424)	-88.99%
	16,798,968	100.00%	(79,686)	-28.88%

The following schedule presents a summary of general fund expenditures for the fiscal year, along with the percentage of increase or decrease in relation to the previous year's amounts.

Expenditures and other financing uses	2006 Amount	Percent of Total	Increase (Decrease) over 2005	Percent Increase (Decrease)
General Government	1,630,891	9.47%	238,068	17.09%
Public Safety	9,763,799	56.70%	(688,266)	-6.58%
Highway & Public Improvements	2,476,149	14.38%	90,610	3.80%
Community and Economical Development	1,205,798	7.00%	(88,454)	-6.83%
Park and Public Property	51,286	0.30%	13,133	34.42%
Non-departmental	222,562	1.29%	22,443	11.21%
Operating Transfers Out	1,870,000	10.86%	121,414	6.94%
	17,220,485	100.00%	(291,052)	60.05%

The unreserved General Fund Balance for the year is $1,322,399, which is equivalent to 28 calendar days of operating expenditures.

DEBT ADMINISTRATION -- In this accounting period, the City did not incur any debt.

CASH MANAGEMENT -- The City has arranged to invest cash in excess of determined operational needs in the Utah State Treasurer's investment pool. All available cash is pooled for investment and money management purposes. Interest income is allocated to all funds based on the percentage in the investment pool. Total interest earnings for the fiscal year 2006 was $110,158.

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

OTHER INFORMATION

INDEPENDENT AUDIT -- The Utah State Municipal code requires an annual audit by independent public accountants. The City's consultant selection committee has selected Haynie & Company, P.C. to perform the audit required by the state law, and to meet the requirements of the Federal Single Audit Act.

The independent auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

ACKNOWLEDGEMENTS -- The preparation of the comprehensive annual financial report on a timely basis was made possible by the service of the entire City staff and our contractors. Everyone involved has our sincere appreciation for the contributions made in the preparation of this report. Finally, the elected leaders of the City of Taylorsville have provided exceptional leadership and support in the management of the City's finances, which is represented in this report.

Respectfully submitted,

John Inch Morgan
City Administrator,
City Treasurer

Gerry Orr
Director of Finance

CITY OF TAYLORSVILLE

COMPREHENSIVE ANNUAL FINANCIAL REPORT
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2006

Elected Officials

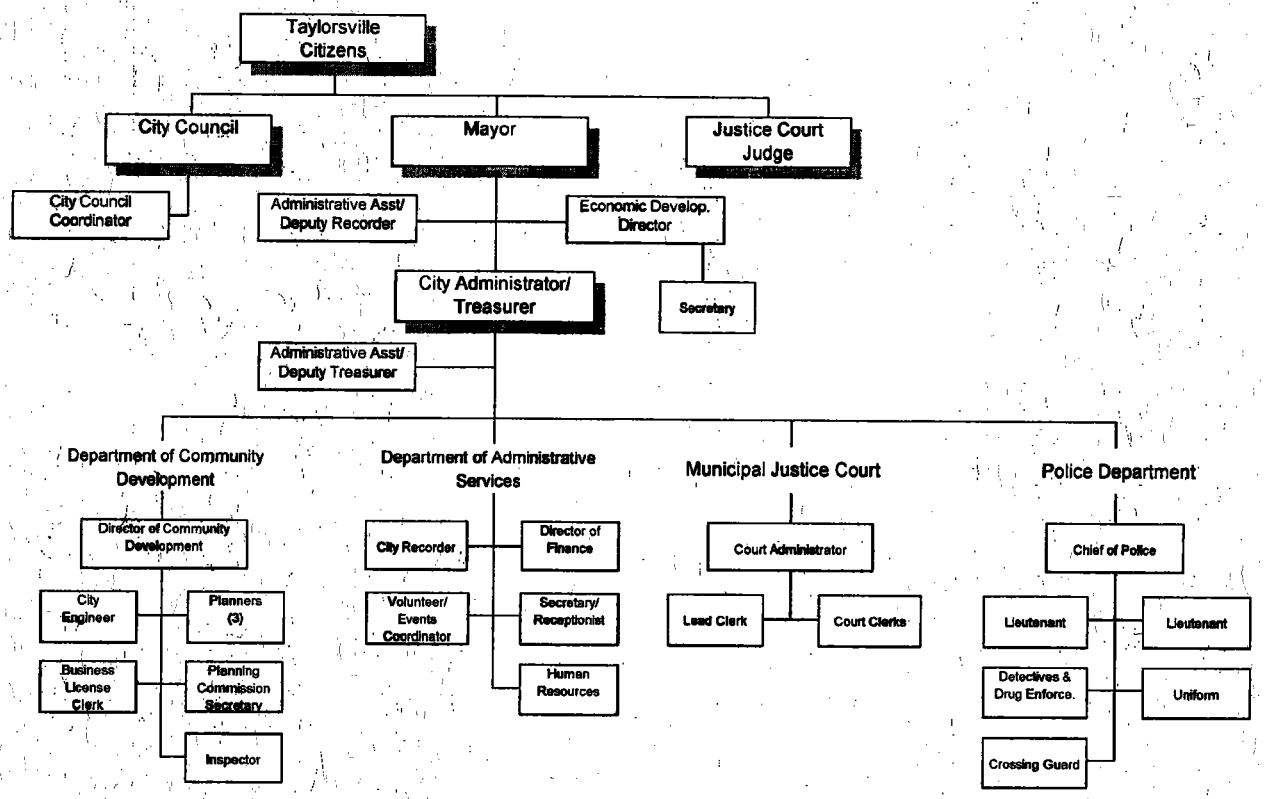
Mayor	Russ Wall
Council Chairman	Morris K. Pratt
Council Member	Lynn Handy
Council Member	Jerry W. Rechtenbach
Council Member	Les Matsumura
Council Member	D. L. "Bud" Catlin

Appointed Officials

City Administrator/Treasurer	John Inch Morgan
Community Development Director	Mark McGrath
Court Administrator	Kevin Taylor
Economic Development Director	Don Adams
Finance Director	Gerry Orr
Justice Court Judge	Michael W. Kwan
Police Chief	Delwin Craig
Recorder	Virginia Loader

CITY OF TAYLORSVILLE

COMPREHENSIVE ANNUAL FINANCIAL REPORT
ORGANIZATION CHART
June 30, 2006



FINANCIAL SECTION

Haynie & Company

Certified Public Accountants (a professional corporation)
1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Taylorsville

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Taylorsville (City)**, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Taylorsville's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Taylorsville, as of June 30, 2006, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2006 on our consideration of the City of Taylorsville'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2-8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Taylorsville's basic financial statements. The accompanying schedule of expenditures of federal awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Haynie & Co

Salt Lake City, Utah
December 7, 2006

Associate Office At
5974 South Fashion Pointe Dr.. Suite 200
South Ogden, UT 84403
(801) 479-4800
Fax (801) 479-8941

igaf
THE INTERNATIONAL GROUP OF ACCOUNTING FIRMS

Associate Office At
4910 Campus Drive
Newport Beach, CA 92660
(949) 724-1880
Fax (949) 724-1889

Management's Discussion and Analysis

This discussion of the City of Taylorsville's financial performance provides an overview of the City's financial activities for the year ending June 30, 2006. This report is in conjunction with the City's financial statements.

Financial Highlights

- The assets of the City of Taylorsville exceeded its liabilities as of the close of the most recent year by $161,884,320 (*net assets*). Of this amount, $1,727,837 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net assets decreased by $1,555,696. The general fund revenues were less than the adopted budgeted amounts, and the expenditures were less than the adopted budgeted amounts.

- At the close of the current year, the City of Taylorsville's governmental funds reported combined ending fund balances of $2,585,367, a decrease of $3,295,172 in comparison with the prior year. Approximately 67 percent of this total amount, $1,727,837, is available for spending at the government's discretion (*unreserved fund balance*).

- At the end of the current year, unreserved fund balance for the general fund was $1,322,399, or 8 percent of total general fund expenditures.

- The City of Taylorsville's total debt decreased by $331,308 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Taylorsville's basic financial statements. The City of Taylorsville's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

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

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

Refer to the table of contents for the location of the government-wide financial statements.

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 of Taylorsville, 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 of Taylorsville can be categorized as governmental 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 *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the 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 *govnernmental 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 of Taylorsville 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 and special revenue storm drain fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Taylorsville adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Notes to financial statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other information
In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Taylorsville.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

Government-wide financial analysis
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Taylorsville, assets exceeded liabilities by $161,884,320 at the close of the most recent fiscal year.

By far, the largest portion of the City of Taylorsville's net assets (98 percent) reflects its investment in capital assets (e.g. land and water rights, construction in progress, buildings and improvements, office furniture and equipment, vehicles and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Taylorsville uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Taylorsville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City of Taylorsville's Net Assets

	Governmental Activities	
	2006	2005
Current and other assets	$ 8,874,030	$ 11,141,658
Capital assets	160,708,164	159,133,434
Total assets	169,582,194	170,275,092
Long-term liabilities outstanding	635,253	977,010
Other liabilities	7,062,621	5,858,066
Total liabilities	7,697,874	6,835,076
Net Assets:		
Invested in capital assets, net of related debt	159,298,953	157,621,477
Restricted	857,530	1,198,034
Unrestricted - undesignated	1,727,837	4,620,505
Total net assets	$161,884,320	$163,440,016

A portion of the City of Taylorsville's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, $1,727,837, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the City of Taylorsville is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior year.

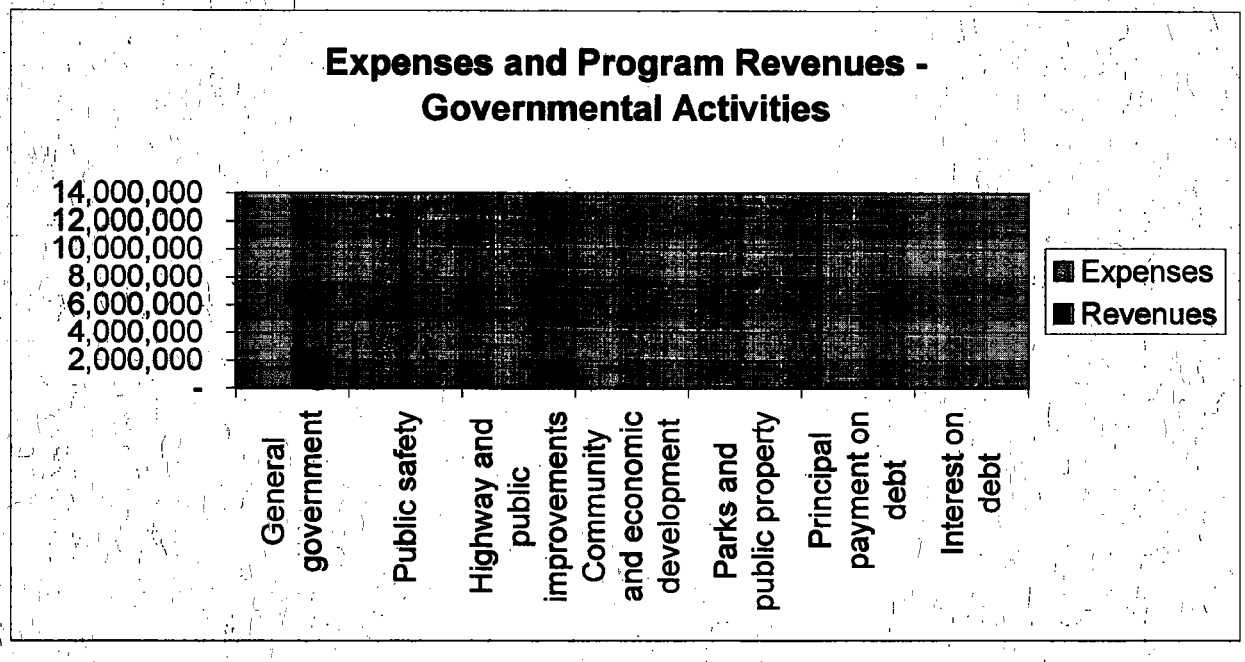
Governmental activities

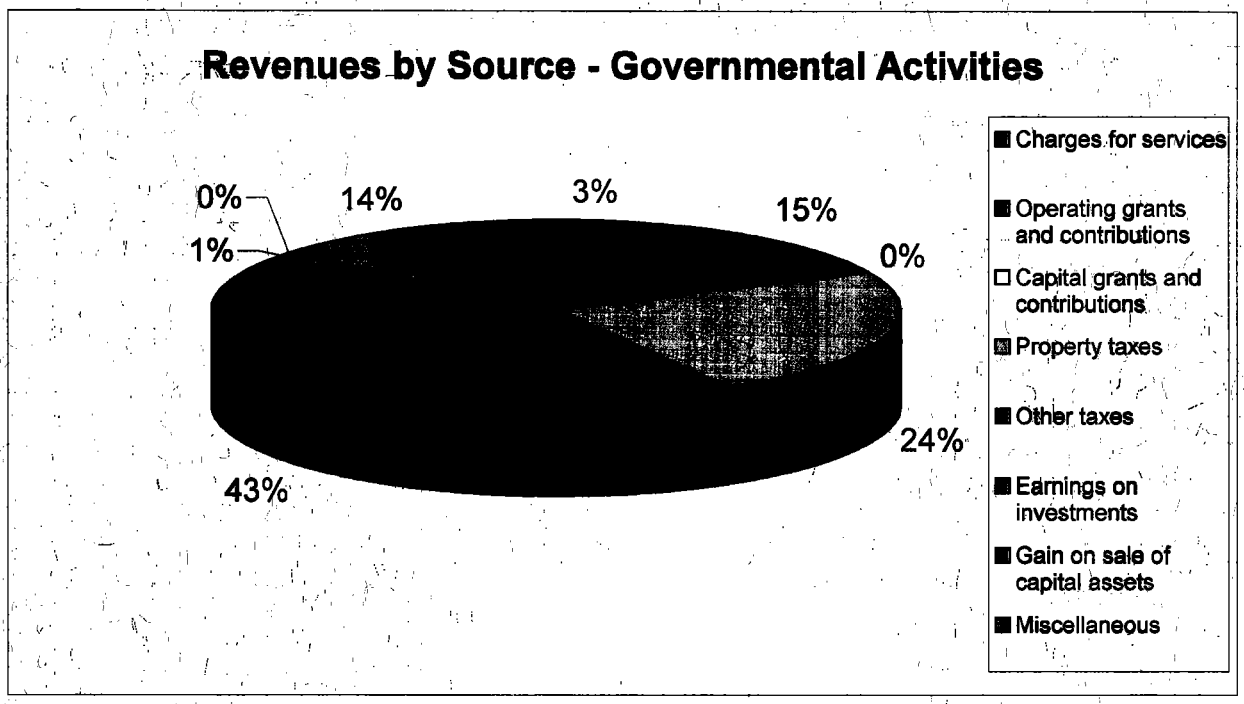
Governmental activities decreased the City of Taylorsville's net assets by $1,555,696. Key elements of this decrease are as follows:

The City of Taylorsville's Changes in Net Assets

	Governmental Activities	
	2006	2005
Revenues:		
Program revenues:		
Charges for services	$ 497,880	$ 399,173
Operating grants and contributions	2,584,047	2,330,572
Capital grants and contributions	13,482	1,308,318
General revenues:		
Property taxes	4,084,327	4,028,194
Other taxes	7,465,815	6,701,093
Earnings on investments	148,296	120,787
Gain on sale of capital assets	33,159	880,273
Miscellaneous	2,414,578	2,197,629
Total revenues	$ 17,241,584	$ 17,966,039

Expenses:		
General government	$ 1,414,117	$ 2,064,474
Public safety	12,124,185	11,080,103
Highway and public improvements	3,074,755	2,947,090
Community and economic developme	1,497,298	1,597,125
Parks and public property	63,684	47,134
Non-departmental	276,366	242,909
Principal payment on debt	331,308	-
Interest on debt	15,567	21,129
Total expenses	18,797,280	17,999,964
Transfers	-	-
Increase (decrease) in net assets	(1,555,696)	(33,925)
Net assets - beginning	163,440,016	163,473,941
Net assets - ending	$161,884,320	$163,440,016





- Charges for services increased by $98,707 due mainly to project impact fees.
- Operating grants and contributions increased by $253,475.
- Capital grants and contributions decreased by $1,294,836 due mainly to a decrease in the police car lease funding.
- Property taxes increased by $56,133 due to an increase in collecting of property taxes.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services, other than there were fewer road projects this year.

Financial Analysis of the Government's Funds

As noted earlier, the City of Taylorsville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City of Taylorsville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Taylorsville's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the City of Taylorsville's governmental funds reported combined ending fund balances of $2,585,367, a decrease of $3,295,172 in comparison with the prior year. Approximately 67 percent of this amount, $1,727,837, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to prepaid expenses, $202, and 2) to impact fees, $857,328.

The general fund is the chief operating fund of the City of Taylorsville. At the end of the current year, unreserved fund balance of the general fund was $1,322,399, while total fund balance reached $1,322,601. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8 percent of total general fund expenditures, while total fund balance represents 8 percent of that same amount.

General Fund Budgetary Highlights

The main differences between the original budget and the final amended budget can be briefly summarized as follows:

- $80,474 decrease in taxes revenue, $85,000 increase in licenses and permits revenue, $428,855 increase in intergovernmental revenues, $111,300 increase in fines & forfeitures revenue, and $206,800 increase in miscellaneous revenue for a total increase of $751,481.

- $470,330 increase in general government expenditures, $483,386 increase in public safety, $109,276 increase in community and economic development, and $249,382 increase in parks, recreation, and public property for a total increase of $1,312,374.

During the year, actual revenues were less than budgeted revenues by $677,136, and actual expenditures were less than budgeted expenditures by $827,842, resulting in a net budget increase in fund balance of $365,464, after budget differences for interfund transfers in/out of $0 and $281,599, respectively, and $66,841 in proceeds on sale of assets.

Capital Asset and Debt Administration

Capital assets

The City of Taylorsville's investment in capital assets for its governmental activities, as of June 30, 2006, amounts to $159,298,953 (net of accumulated depreciation and related debt). This investment in capital assets includes land and water rights, construction in progress, buildings and improvements, office furniture and equipment, vehicles and equipment, and infrastructure (roads, rights-of-way, curb and gutter, sidewalks, underpasses, storm drains, and street lights). The total decrease in the City of Taylorsville's investment in capital assets for the current year was $1,677,476.

Major capital asset events during the current year included the following:

- Land and water rights additions of $3,000.

- Construction in progress additions of $85,040.

- Building and improvements additions of $117,291.

- Office furniture and equipment additions of $262,913, and deletions of $198,550.

- Vehicles and equipment additions of $1,557,104.

- Infrastructure additions of $4,999,020, and deletions of $1,563,704.

The City of Taylorsville's Capital Assets
(net of depreciation)

	Governmental Activities	
	2006	2005
Land and water rights	$ 11,818,813	$ 11,815,814
Construction in progress	5,267,090	1,831,773
Buildings and improvements	8,769,643	9,050,531
Office furniture and equipment	530,817	650,611
Vehicles and equipment	1,015,568	1,236,768
Infrastructure	133,306,233	134,547,937
Total	$160,708,164	$159,133,434

Additional information on the City of Taylorsville's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, the City of Taylorsville had total debt outstanding of $977,010. The debt represents general obligation bonds, revenue bonds, and leases payable.

The City of Taylorsville's Outstanding Debt

	Governmental Activities	
	2006	2005
General obligation bonds payable	$ -	$ -
Revenue bonds payable	-	-
Leases payable	977,010	1,308,318
Total	$ 977,010	$ 1,308,318

State statutes limit the amount of debt a City may issue to 4 percent of its total fair market value of taxable property in its jurisdiction. The City may incur a larger indebtedness for the purpose of supplying the City with water, sewer, or electricity when such public works are owned and controlled by the City. The current debt limitation for the City of Taylorsville is $79,147,482.

Additional information on the City of Taylorsville's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The 2007 fiscal year budget for the City of Taylorsville included a 15% increase in the property tax rate, the first increase in the City's ten year history; the adoption of an energy utility franchise fee and a storm water utility tax. The actions by the Mayor, Administration, and City Council in proposing and adopting these new and enhanced revenue sources is to sustain the maintenance and new construction of roads, sidewalks, storm drains, and other essential infrastructures. The annualized effect of these actions will increase revenue by approximately 20% in total. The City will experience moderate growth in revenue over the next five years without the need for additional changes to the tax rates. The City's projected five year budget includes substantial investment exceeding $15 million dollars for improvements to City roads, business corridors, sidewalks, and storm drains.

Requests for Information

This financial report is designed to provide a general overview of the City of Taylorsville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City of Taylorsville Finance Director, 2600 West Taylorsville Boulevard, Taylorsville, Utah, 84118.

THE CITY OF TAYLORSVILLE

Statement of Net Assets

June 30, 2006

	Primary Government	Component Unit
	Governmental Activities	Taylorsville Arts Council
Assets:		
Cash and cash equivalents	$ 1,753,278	$ 39,059
Receivables:		
Accounts	11,577	590
Taxes	5,495,220	-
Intergovernmental	549,257	-
Other	3,030	-
Prepaid expenses	202	-
Restricted assets:		
Cash and cash equivalents	1,061,466	-
Capital assets, net of depreciation:		
Land and water rights	11,818,813	-
Construction in progress	5,267,090	-
Buildings and improvements	8,769,643	-
Office furniture and equipment	530,817	6,304
Vehicles and equipment	1,015,568	-
Infrastructure	133,306,233	-
Total assets	169,582,194	45,953
Liabilities:		
Accounts payable	1,190,718	500
Accrued liabilities	1,079,845	-
Accrued interest payable	15,567	-
Due to other governmental units	-	-
Deferred revenue	4,018,100	-
Accrued liability for vested compensated absences	416,634	-
Long-term debt and capital lease obligations:		
Due within one year	341,757	-
Due in more than one year	635,253	-
Total liabilities	7,697,874	500
Net assets:		
Invested in capital assets, net of related debt	159,298,953	6,304
Restricted for:		
Prepaid expenses	202	-
Impact fees	857,328	-
Home fund grants	-	-
Unrestricted - undesignated	1,727,837	39,149
Total net assets	$ 161,884,320	$ 45,453

See accompanying notes to financial statements.

THE CITY OF TAYLORSVILLE

Statement of Activities

For the Year Ended June 30, 2006

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants/ Contributions	Program Revenues: Capital Grants/ Contributions	Changes in Net Assets: Primary Government: Governmental Activities	Changes in Net Assets: Component Unit: Taylorsville Arts Council
Governmental activities:						
General government	$ 1,414,117	$ 262,314	$ 2,584,047	$ -	$ 1,432,244	$ -
Public safety	12,124,185	-	-	-	(12,124,185)	-
Highway and public improvements	3,074,755	-	-	13,482	(3,061,273)	-
Community and economic development	1,497,298	235,566	-	-	(1,261,732)	-
Parks and public property	63,684	-	-	-	(63,684)	-
Non-departmental	276,366	-	-	-	(276,366)	-
Principal payment on debt	331,308	-	-	-	(331,308)	-
Interest on debt	15,567	-	-	-	(15,567)	-
Total governmental activities	$ 18,797,280	$ 497,880	$ 2,584,047	$ 13,482	(15,701,871)	-
Component unit:						
Taylorsville Arts Council	$ 27,299	$ 25,951	$ 9,330	$ -	-	7,982
Total component unit	$ 27,299	$ 25,951	$ 9,330	$ -	-	7,982
General revenues:						
Property taxes					4,084,327	-
Other taxes					7,465,815	-
Earnings on investments					148,296	140
Gain on sale of capital assets					33,159	-
Miscellaneous					2,414,578	75
Total general revenues					14,146,175	215
Change in net assets					(1,555,696)	8,197
Net assets - beginning					163,440,016	37,256
Net assets - ending					$ 161,884,320	$ 45,453

See accompanying notes to financial statements.

City of Taylorsville

Balance Sheet - Governmental Funds
June 30, 2006

	General	Special Revenue Storm Drains	Special Revenue Infrastructure	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 818,294	$ 88,272	$ 612,848	$ 233,864	$ 1,753,278
Receivables:					
Accounts	11,577	-	-	-	11,577
Taxes	5,495,220	-	-	-	5,495,220
Intergovernmental	549,257	-	-	-	549,257
Other	3,030	-	-	-	3,030
Prepaid expenses	202	-	-	-	202
Due from other funds	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	204,138	857,328	-	-	1,061,466
Total assets	$ 7,081,718	$ 945,600	$ 612,848	$ 233,864	$ 8,874,030
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	$ 661,172	$ 9,489	$ 517,486	$ 2,571	$ 1,190,718
Accrued liabilities	1,079,845	-	-	-	1,079,845
Due to other funds	-	-	-	-	-
Deferred revenue	4,018,100	-	-	-	4,018,100
Total liabilities	5,759,117	9,489	517,486	2,571	6,288,663
Fund equity:					
Fund balance:					
Reserved	202	857,328	-	-	857,530
Unreserved--undesignated	1,322,399	78,783	95,362	231,293	1,727,837
Total fund equity	1,322,601	936,111	95,362	231,293	2,585,367
Total liabilities and fund equity	$ 7,081,718	$ 945,600	$ 612,848	$ 233,864	$ 8,874,030

See accompanying notes to financial statements.

THE CITY OF TAYLORSVILLE

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006

Total Fund Balances - Governmental Funds	$ 2,585,367
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	160,708,164
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,409,211)
Total Net Assets - Governmental Activities	$ 161,884,320

See accompanying notes to financial statements.

THE CITY OF TAYLORSVILLE

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2006

	Major Funds				
	General	Special Revenue Storm Drain	Special Revenue Infrastructure	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 11,550,142	$ -	$ -	$ -	$ 11,550,142
Licenses and permits	649,488	-	-	-	649,488
Intergovernmental revenues	2,584,047	-	13,482	-	2,597,529
Charges for services	262,314	-	-	-	262,314
Fines and forfeitures	1,588,277	-	-	-	1,588,277
Interest income	110,158	38,138	-	-	148,296
Impact fees	-	115,068	12,351	108,147	235,566
Miscellaneous revenues	49,042	-	122,271	-	171,313
Rental income	5,500	-	-	-	5,500
Total revenues	16,798,968	153,206	148,104	108,147	17,208,425
EXPENDITURES:					
Current:					
General government	1,630,891	-	-	-	1,630,891
Public safety	9,763,799	-	-	-	9,763,799
Highway and public improvements	2,476,149	-	-	-	2,476,149
Community and economic development	1,205,798	-	-	-	1,205,798
Parks, recreation, and public property	51,286	-	-	-	51,286
Non-departmental	222,562	-	-	-	222,562
Capital outlay:					
General government	14,309	-	-	-	14,309
Public safety	308,348	-	-	-	308,348
Highway and public improvements	-	223,545	4,157,040	-	4,380,585
Community and economic development	41,360	-	-	-	41,360
Parks, recreation, and public property	321,230	-	-	117,256	438,486
Non-departmental	3,183	-	-	-	3,183
Principal payment on long-term debt	-	-	-	-	-
Interest on debt	-	-	-	-	-
Total expenditures	16,038,915	223,545	4,157,040	117,256	20,536,756
Excess of revenues over (under) expenditures	760,053	(70,339)	(4,008,936)	(9,109)	(3,328,331)
Other financing sources (uses):					
Operating transfers in	-	-	1,800,000	70,000	1,870,000
Operating transfers (out)	(1,870,000)	-	-	-	(1,870,000)
Proceeds on sale of assets	33,159	-	-	-	33,159
Proceeds of issuance of long-term debt	-	-	-	-	-
Total other financing sources (uses)	(1,836,841)	-	1,800,000	70,000	33,159
Net change in fund balance	(1,076,788)	(70,339)	(2,208,936)	60,891	(3,295,172)
Fund balance, beginning of year	2,399,389	1,006,450	2,304,298	170,402	5,880,539
Fund balance, end of year	$ 1,322,601	$ 936,111	$ 95,362	$ 231,293	$ 2,585,367

See accompanying notes to financial statements.

THE 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, 2006

Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balances - Total Governmental Funds	$ (3,295,172)
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. This is the amount by which capital outlays exceeded depreciation in the current period.	1,755,043
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	-
Accrued interest for long-term debt is not reported as an expenditure for the current period, while it is recorded in the statement of activities.	(15,567)
Change in Net Assets of Governmental Activities	$ (1,555,696)

See accompanying notes to financial statements.

City of Taylorsville

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
For the Year Ended June 30, 2006

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes	$ 11,317,354	$ 11,236,880	$ 11,550,142	$ 313,262
Licenses and permits	633,715	718,715	649,488	(69,227)
Intergovernmental revenues	2,845,394	3,274,249	2,584,047	(690,202)
Charges for services	208,423	281,695	262,314	(19,381)
Fines and forfeitures	1,481,500	1,592,800	1,588,277	(4,523)
Interest income	72,030	90,865	110,158	19,293
Miscellaneous revenues	68,100	274,900	49,042	(225,858)
Rental income	6,000	6,000	5,500	(500)
Total revenues	16,632,516	17,476,104	16,798,968	(677,136)
Expenditures:				
General government	1,802,877	2,253,707	1,630,891	622,816
Public safety	9,439,924	9,679,470	9,763,799	(84,329)
Highway and public improvements	2,434,588	2,431,852	2,476,149	(44,297)
Community and economic development	1,276,385	1,374,043	1,205,798	168,245
Parks, recreation, and public property	92,250	71,500	51,286	20,214
Non-departmental	230,940	235,285	222,562	12,723
Capital outlay:				
General government	-	19,500	14,309	5,191
Public safety	61,660	305,500	308,348	(2,848)
Highway and public improvements	-	-	-	-
Community and economic development	29,950	41,568	41,360	208
Parks, recreation, and public property	179,700	449,832	321,230	128,602
Non-departmental	4,500	4,500	3,183	1,317
Principal payment on long-term debt	-	-	-	-
Interest on debt	-	-	-	-
Total expenditures	15,552,774	16,866,757	16,038,915	827,842
Excess of revenues over (under) expenditures	1,079,742	609,347	760,053	150,706
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	(1,999,742)	(2,151,599)	(1,870,000)	281,599
Proceeds on sale of assets	500,000	100,000	33,159	(66,841)
Proceeds of issuance of long-term debt	-	-	-	-
Total other financing sources (uses)	(1,499,742)	(2,051,599)	(1,836,841)	214,758
Net change in fund balance	(420,000)	(1,442,252)	(1,076,788)	365,464
Fund balance, beginning of year	2,399,389	2,399,389	2,399,389	-
Fund balance, end of year	$ 1,979,389	$ 957,137	$ 1,322,601	$ 365,464

See accompanying notes to financial statements.

City of Taylorsville

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Storm Drain Fund
For the Year Ended June 30, 2006

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Interest income	22,000	34,134	38,138	4,004
Impact fees	45,000	78,218	115,068	36,850
Miscellaneous revenues	-	-	-	-
Rental income	-	-	-	-
Total revenues	67,000	112,352	153,206	40,854
Expenditures:				
General government	-	-	-	-
Highway and public improvements	67,000	267,000	223,545	43,455
Capital outlay	-	-	-	-
Interest	-	-	-	-
Total expenditures	67,000	267,000	223,545	43,455
Excess of revenues over (under) expenditures	-	(154,648)	(70,339)	84,309
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Proceeds on sale of assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(154,648)	(70,339)	84,309
Fund balance, beginning of year	1,006,450	1,006,450	1,006,450	-
Fund balance, end of year	$ 1,006,450	$ 851,802	$ 936,111	$ 84,309

See accompanying notes to financial statements.

City of Taylorsville

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Infrastructure Impact Fund
For the Year Ended June 30, 2006

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental revenue	5,000	5,000	13,482	8,482
Interest income	-	-	-	-
Impact fees	11,310	11,310	12,351	1,041
Miscellaneous revenues	995,000	995,000	122,271	(872,729)
Rental income	-	-	-	-
Total revenues	1,011,310	1,011,310	148,104	(863,206)
Expenditures:				
General government	-	-	-	-
Highway and public improvements	-	-	-	-
Capital outlay	3,167,052	5,610,992	4,157,040	1,453,952
Interest	-	-	-	-
Total expenditures	3,167,052	5,610,992	4,157,040	1,453,952
Excess of revenues over (under) expenditures	(2,155,742)	(4,599,682)	(4,008,936)	590,746
Other financing sources (uses):				
Operating transfers in	2,155,742	2,321,018	1,800,000	(521,018)
Operating transfers (out)	-	-	-	-
Proceeds on sale of assets	-	-	-	-
Total other financing sources (uses)	2,155,742	2,321,018	1,800,000	(521,018)
Net change in fund balance	-	(2,278,664)	(2,208,936)	69,728
Fund balance, beginning of year	2,304,298	2,304,298	2,304,298	-
Fund balance, end of year	$ 2,304,298	$ 25,634	$ 95,362	$ 69,728

See accompanying notes to financial statements.

1. REPORTING ENTITY AND ITS GOVERNMENT ACTIVITY

The City of Taylorsville (the City) was incorporated on July 1, 1996, under the provisions of the State of Utah. The City is governed by an elected Mayor and a five-member Council 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.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the government. The City of Taylorsville is not a component unit of any other entity; the City has no blended component units. The discretely presented component unit has a June 30 year end.

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, and 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 Unit

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the City is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City officials who are responsible for their integrity and objectivity. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments and have been consistently applied in the preparation of the financial statements.

Government-Wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net assets and the statement of activities) display information about the primary government (the City). These statements include the financial activities of the overall government, except the fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line.

Program revenues include 1) fees and charges paid by recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following funds:

(1) Governmental Fund Type

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

a. *General Fund* – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is made up of the general fund and the federal awards fund.

b. *Capital Projects Fund* – The capital projects fund is used to account for the acquisition and construction of major capital facilities. The capital projects fund is the building fund.

c. *Special Revenue Funds* – The special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds are the storm drain fund, the infrastructure impact fund, and the park impact fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide financial statements* are reported using the economic resources measurement focus. The government-wide statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an 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. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the City receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In accordance with Government Accounting Standards Board (GASB) Statement No. 20, the City applies all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, except those that conflict with or contradict GASB pronouncements. Those FASB statements and interpretations issued subsequent to November 30, 1989, are not applied.

Budgetary Procedures and Budgetary Accounting

Budgetary procedures for the City have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires a legal adoption of an annual budget for all funds. Furthermore, in accordance with state law, all appropriations, except capital projects fund appropriations, lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting applied to each fund budget is the same basis as the related funds financial statements. Amendments to budgets were made through legal budget amendment procedures.

Cash and Cash Equivalents

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Restricted Cash

Certain resources set aside for the court trust are classified as restricted cash on the balance sheet because their use is limited by applicable State laws. Other cash accounts are restricted by local ordinance and limitations on their usage.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions occur that result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within a year and are classified as "due from or to other funds" on the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 column in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements, office furniture and equipment, vehicles and equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5-30
Office furniture and equipment	3-20
Vehicles and equipment	7-10
Infrastructure	20-50

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obliagations are reported as liabilities in the applicable statement of net assets.

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, other governments, or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or amounts legally segregated for a specific future use.

FICA Taxes

The City of Taylorsville is not exempt from withholding and paying FICA taxes.

Compensated Absences

Accumulated time off is accrued 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 any fiscal quarter and any vacation 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 the Mayor's designee. The amount of accumulated time off with pay is accrued when incurred in the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the government to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Taxes and Other Significant Revenues

Property tax is assessed, levied, and collected by the county governments in the state of Utah. The City Council is authorized by state statute (10-6-133) to levy up to a certified tax rate of .001858 of the taxable value against all real and personal property located within its boundaries. Property taxes become a lien on January 1 and are levied on the first Monday of August. Taxes are due and payable on November 1 and delinquent after November 30 of each year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes and Other Significant Revenues (Continued)

Under state statute, the County Treasurer, acting as a tax collector, must settle and disburse all current tax collections to all taxing units by the end of March following the taxing year. Delinquent taxes are collected throughout the year and disbursed to the taxing units on a quarterly basis.

Property tax revenues are recognized when they become available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year.

Sales taxes are collected by the State Tax Commission and remitted to the City monthly. Franchise fees are collected and remitted to the City by the cable television company quarterly.

Comparative Data

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

3. CASH AND CASH EQUIVALENTS

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 that relate to the deposit and investment of public funds.

Taylorsville City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the City's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that 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.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, Taylorsville City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2006, $658,874 of the City's bank balances of $758,874 was uninsured and uncollateralized.

Cash and cash equivalents per books at June 30, 2006, consist of the following:

Unrestricted:	
General Fund	$ 818,294
Special Revenue Fund	932,701
Capital Projects Fund	2,283
Total unrestricted	1,753,278
Restricted:	
General Fund	204,138
Special Revenue Fund	857,328
Capital Projects Fund	-
Total restricted	1,061,466
Total cash and cash equivalents	$ 2,814,744

The City's cash per the bank is $2,965,549. The difference is principally outstanding checks and deposits in transit.

The Arts Council component unit's cash per books at June 30, 2005 is $39,059. The bank balance is $39,320.

4. INVESTMENTS

The Money Management Act defines the types of securities authorized as appropriate investments for the City 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 classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; bankers' acceptances; obligations of the U.S. Treasury including bills, notes, and bonds; 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 the Act; and the Utah State Public Treasurer's Investment Fund. All investments held by the City at June 30, 2006 comply with the provisions of the Act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated*, 1953, as amended. 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 - net of administration fees, of the PTIF 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.

As of June 30, 2006, the City had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurer's Investment Fund	$2,206,675	$2,206,675			

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments 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 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

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 reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

As of June 30, 2006, the City had the following investments and quality ratings:

		Quality Ratings			
Investment Type	Fair Value	AAA	AA	A	Unrated
State of Utah Public Treasurer's Investment Fund	$2,206,675				$2,206,675

5. RESTRICTED ASSETS

Cash and cash equivalents in the amount of $204,138 are restricted for court trust payments and $857,328 for storm drain impact fees.

6. CAPITAL ASSETS

Changes in capital assets are comprised of the following:

	June 30, 2005	Additions	Deletions	June 30, 2006
Governmental activities:				
Capital assets, not being depreciated:				
Land and water rights	$ 11,815,813	$ 3,000	$ -	$ 11,818,813
Construction in progress	1,831,774	4,999,020	(1,563,704)	5,267,090
Total capital assets, not being depreciated	13,647,587	5,002,020	(1,563,704)	17,085,903
Capital assets, being depreciated:				
Buildings and improvements	10,273,600	85,040	-	10,358,640
Office furniture and equipment	1,272,350	117,291	-	1,389,641
Vehicles and equipment	1,416,538	262,913	(198,550)	1,480,901
Infrastructure	156,781,796	1,557,104	-	158,338,900
Total capital assets, being depreciated	169,744,284	2,022,348	(198,550)	171,568,082
Accumulated depreciation for:				
Buildings and improvements	1,223,069	365,928	-	1,588,997
Office furniture and equipment	621,742	237,082	-	858,824
Vehicles and equipment	179,770	309,141	(23,578)	465,333
Infrastructure	22,233,858	2,798,809	-	25,032,667
Total accumulated depreciation	24,258,439	3,710,960	(23,578)	27,945,821
Total capital assets, being depreciated, net	145,485,845	(1,688,612)	(174,972)	143,622,261
Governmental activities capital assets, net	$ 159,133,432	$ 3,313,408	$ (1,738,676)	$ 160,708,164

For the year ended June 30, 2006, depreciation expense was charged to functions of the City as follows:

Governmental activities:	
General government	$ 394,266
Public safety	2,360,386
Highway and public improvements	598,606
Community and economic development	291,500
Parks and public property	12,398
Non-departmental	53,804
Total depreciation expense, governmental activities	$ 3,710,960

Discretely presented component unit activity for the Arts Council for the year ended June 30, 2006 was as follows:

	June 30, 2005	Additions	Deletions	June 30, 2006
Capital assets, being depreciated:				
Equipment	$ 11,759	$ -	$ -	$ 11,759
Total capital assets, being depreciated	11,759	-	-	11,759
Accumulated depreciation for:				
Equipment	4,220	1,235	-	5,455
Total accumulated depreciation	4,220	1,235	-	5,455
Component unit capital assets, net	$ 7,539	$ (1,235)	$ -	$ 6,304

7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2006 is as follows:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Due Within One Year
Governmental activities:					
Leases payable	$ 1,308,318	$ -	$ (331,308)	$ 977,010	$ 341,757
Compensated absences	182,510	234,124	-	416,634	-
Total governmental long-term liabilities	$ 1,490,828	$ 234,124	$ (331,308)	$ 1,393,644	$ 341,757

Lease Commitments

The City has purchased certain police cars under non-cancelable capital leases, expiring between 2003 and 2010. The outstanding lease commitments are included in the general long-term debt account group. The present value of future minimum lease payments under the lease agreements is as follows:

Year ending June 30,	
2007	$ 373,730
2008	373,730
2009	181,413
2010	115,458
2011	-
Thereafter	-
Total minimum lease payments	1,044,331
Less: amounts representing interest	(67,321)
Present value of minimum capital lease payments	$ 977,010

8. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
Due from/to other funds:		
General Fund	Storm Drain Fund	$ -
Total		$ -

During the year ended June 30, 2006, the General Fund transferred $1,800,000 to the Infrastructure Impact Fund and $70,000 to the Building Fund, both for project expenses.

9. DEFERRED PROPERTY TAXES

In conjunction with the Implementation of GASB pronouncement 33 "*Accounting and Financial Reporting for Nonexchange Transactions*", the City has accrued a property tax receivable and a deferred property tax revenue in the amount of $4,018,100.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1 and then are due and payable at November 30. Since the property tax levied on October 1, 2006 was not expected to be received within 60 days after the year ended June 30, 2006, the City was required to record a receivable and a deferred revenue of the estimated amount of the total property tax to be levied on October 1, 2006.

10. RETIREMENT PLAN

Plan Description. The City contributes to the Local Governmental Noncontributory Retirement System and the Public Safety Retirement System for employers with (without) Social Security coverage, all of which are cost sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems).

Retirement Systems provide refunds, retirement benefits, annual cost of living allowances, and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the state legislature.

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

Funding Policy. The City is required to contribute a percent of covered salary to the respective systems, 11.09% to the Noncontributory System and 19.34% to the Public Safety Noncontributory System. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Taylorsville City's contributions to the Noncontributory System for the years ending June 30, 2006, 2005, and 2004 were $153,900, $124,753, and $86,370, respectively. Salaries subject to noncontributory contributions were $1,387,739, $1,124,916, and $897,817, for the same years. The Public Safety System contributions for June 30, 2006, 2005, and 2004 were $340,462, $74,444, and $0, respectively. Salaries subject to public safety contributions were $1,760,407, $390,168, and $0, for the same years. The contributions were equal to the required contributions for each year.

11. DEFERRED COMPENSATION 457 PLAN

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

The City has adopted the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective July 1, 1997. The 457 deferred compensation plan in which the City participates was amended such that all income and assets of the Plan are now held in trust for the exclusive benefit of the participants. This modification aligned the City with the new laws governing 457 deferred compensation plans. Accordingly, GASB No. 32 required that the assets associated with this Plan be removed from the financial statements, as they are no longer a legal asset of the City. For the years ending June 30, 2006, 2005, and 2004, employee contributions to this plan were $74,097, $19,108, and $1,800, respectively.

12. EMPLOYEE BENEFIT PLAN

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

The City's contributions to the Taylorsville City Employees' 401(k) Plan for the years ending June 30, 2006, 2005, and 2004 were $163,883, $63,060, and $23,939, respectively. Employee contributions were $105,333, $52,936, and $34,037, for the same years. Plan assets are held by the Utah Retirement Systems.

13. RESERVED FUND BALANCES

Reserves are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. At June 30, 2006, Taylorsville City's reserved fund balances are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
Reserved for prepaid expenses and impact fees	$ 202	$ 857,328	$ -	$ 857,530
	$ 202	$ 857,328	$ -	$ 857,530

14. LITIGATION

The City is a defendant in certain legal actions pending or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material effect on the City's financial statements.

15. COMMITMENTS

The City has entered into several contracts with Salt Lake County to provide various services. These services include Public Works, Police dispatch and record management, and Animal Control. The term of each of these contracts is one year or less.

The City has also contracted with outside entities for fire protection and emergency medical, plan Review/Building Inspection, Engineering and Technical Services, and civil, prosecutorial and indigent defense legal services. The term of each contract is one year.

16. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; 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, 2006, there were no outstanding unpaid claims. Also, the City had no claim settlements during the three years ending June 30, 2006, which exceeded its insurance coverage. The City also has a fidelity bond coverage with a private carrier.

17. SUBSEQUENT EVENT

Subsequent to June 30, 2006, the City issued $10,000,000 of sales tax revenue bonds, series 2006. The bond official statement is dated October 18, 2006. Principal and interest payments are due on May 1 and November 1 of each year, commencing on May 1, 2007. The interest rate ranges from 5.00% to 4.00%. The bonds mature on November 1, 2026.

SUPPLEMENTARY INFORMATION

THE CITY OF TAYLORSVILLE

Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2006

	Special Revenue Funds	Capital Projects Funds	
	Park Impact	Building	Totals June 30, 2006
ASSETS			
Assets:			
Cash and cash equivalents	$ 231,581	$ 2,283	$ 233,864
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Intergovernmental	-	-	-
Other	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Total assets	$ 231,581	$ 2,283	$ 233,864
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	$ 2,571	$ -	$ 2,571
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	2,571	-	2,571
Fund balances:			
Reserved	-	-	-
Unreserved -- undesignated	229,010	2,283	231,293
Total fund balances (deficit)	229,010	2,283	231,293
Total liabilities and fund equity	$ 231,581	$ 2,283	$ 233,864

THE CITY OF TAYLORSVILLE

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2006

	Special Revenue Funds	Capital Project Funds	
	Park Impact	Building	Totals June 30, 2006
Revenues:			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest income	-	-	-
Impact fees	108,147	-	108,147
Miscellaneous revenue	-	-	-
Rental income	-	-	-
Total revenues	108,147	-	108,147
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Highway and public improvements	-	-	-
Parks, recreation, and public property	-	-	-
Capital outlay	49,169	68,087	117,256
Principal payment on debt	-	-	-
Interest on debt	-	-	-
Total expenditures	49,169	68,087	117,256
Excess (deficiency) of revenues over expenditures	58,978	(68,087)	(9,109)
Other financing sources (uses):			
Operating transfers in	-	70,000	70,000
Operating transfers (out)	-	-	-
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses)	-	70,000	70,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	58,978	1,913	60,891
Fund balance (deficit), beginning of year	170,032	370	170,402
Fund balance (deficit), end of year	$ 229,010	$ 2,283	$ 231,293

THE CITY OF TAYLORSVILLE

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual -- Parks Special Revenue Fund
For the Fiscal Year Ended June 30, 2006

	Parks Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest income	-	-	-
Impact fees	101,000	108,147	7,147
Miscellaneous revenues	-	-	-
Rental income	-	-	-
Total revenues	101,000	108,147	7,147
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Highway and public improvements	-	-	-
Parks, recreation, and public property	-	-	-
Capital outlay	135,245	49,169	86,076
Principal payment on debt	-	-	-
Interest on debt	-	-	-
Total expenditures	135,245	49,169	86,076
Excess (deficiency) of revenues over expenditures	(34,245)	58,978	93,223
Other financing sources (uses):			
Operating transfers in	2,151,599	-	(2,151,599)
Operating transfers (out)	(2,381,018)	-	2,381,018
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses)	(229,419)	-	229,419
Excess (deficiency) of revenues and other sources over expenditures and other uses	(263,664)	58,978	322,642
Fund balance (deficit) -- beginning of year	170,032	170,032	-
Fund balance (deficit) -- end of year	$ (93,632)	$ 229,010	$ 322,642

THE CITY OF TAYLORSVILLE

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual -- Capital Projects Fund -- Building
For the Fiscal Year Ended June 30, 2006

	Capital Projects - Building		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest income	-	-	-
Impact fees	-	-	-
Miscellaneous revenues	-	-	-
Rental income	-	-	-
Total revenues	-	-	-
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Highway and public improvements	-	-	-
Parks, recreation, and public property	-	-	-
Capital outlay	75,350	68,087	7,263
Principal payment on debt	-	-	-
Interest on debt	-	-	-
Total expenditures	75,350	68,087	7,263
Excess (deficiency) of revenues over expenditures	(75,350)	(68,087)	7,263
Other financing sources (uses):			
Operating transfers in	2,381,018	70,000	(2,311,018)
Operating transfers (out)	(2,321,018)	-	2,321,018
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses)	60,000	70,000	10,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	(15,350)	1,913	17,263
Fund balance -- beginning of year	370	370	-
Fund balance -- end of year	$ (14,980)	$ 2,283	$ 17,263

The City of Taylorsville

Schedule of Impact Fees

Comparative Schedules By Impact Type, Year Received, and Planned Use

The City of Taylorsville charges impact fees on all new residential and commercial construction within the city limits. The three impact fees charged are Park Impact Fees, Fire Station Impact Fees, and Storm Drain Impact Fees. The City of Taylorsville has been in existence for ten years. The related projects built over that period have exceeded the fees received to date with the exception of Storm Drain Impact Fees . The City's Storm Drain is divided into two basins, Taylorsville and Bennion. Impact fees collected are identified by basin and projects expended are allocated to that impacted basin, with unspent funds being restricted and earning interest.

Bennion Basin has a greater amount of new construction and collects more impact fees. New construction permits issued require contractors to install infrastructure and charge impact fees, which to date have not been needed for upkeep but are being restricted for future projects.

Impact Fee Activity by Fiscal Year

	Parks	Fire Station	Storm Drain	
			Taylorsville Basin	Bennion Basin
Collections				
Transferred from SL Co.	-	-	177,356	262,477
FY 1997	-	-	22,617	45,283
Interest earned	-	-	4,501	6,702
Balance FY 1997	-	-	204,474	314,462
FY1998	286,728	16,525	57,564	112,289
Interest earned	19,418	398	12,450	18,124
Project	(28,927)	-	-	-
Balance FY 1998	277,219	16,923	274,488	444,875
FY1999	234,152	15,928	2,665	15,932
Interest earned	33,226	1,086	14,431	22,614
Project	(4,878,033)	-	-	-
Balance FY 1999	(4,333,436)	33,937	291,584	483,421
FY 2000	177,131	12,760	21,870	185,682
Interest earned	49,814	-	14,422	30,894
Project	(2,359,973)	(2,028,042)	(319,989)	-
Balance FY 2000	(6,466,464)	(1,981,345)	7,887	699,997
FY 2001	193,774	17,904	17,592	21,428
Interest earned	66,039	-	-	38,126
Project	(1,731,415)	-	(317,014)	(49,732)
Balance FY 2001	(7,938,066)	(1,963,441)	(291,535)	709,819
FY 2002	161,062	15,892	18,454	52,551
Interest earned	-	-	-	20,094
Project	(1,463,152)	-	(448,278)	-
Balance FY 2002	(9,240,156)	(1,947,549)	(721,359)	782,464

The City of Taylorsville

Schedule of Impact Fees

Comparative Schedules By Impact Type, Year Received, and Planned Use

FY 2003	192,215	16,191	5,964	27,040
Interest earned	-	-	-	15,012
Project	(1,661,377)	-	(13,198)	(1,000)
Balance FY 2003	(10,709,318)	(1,931,358)	(728,593)	823,516
FY 2004	248,281	14,320	-	135,633
Interest earned	-	-	-	13,254
Project	(1,125,039)	-	-	-
Balance FY 2004	(11,586,076)	(1,917,038)	(728,593)	972,403
FY 2005	116,801	36,932	36,932	7,530
Interest earned	-	-	-	23,719
Project	(211,594)	-	(128,799)	-
Balance FY 2005	(11,680,869)	(1,880,106)	(820,460)	1,003,652
FY 2006	108,147	12,351	101,499	13,569
Interest earned	-	-	-	38,138
Project	(19,952)	-	-	(198,031)
Balance FY 2006	(11,592,674)	(1,867,755)	(718,961)	857,328
Total impact feed received	1,718,291	158,803	462,513	879,414
Interest earned on fees	168,497	1,484	45,804	226,677
Projects	(13,479,462)	(2,028,042)	(1,227,278)	(248,763)
Impact fees to be used/(overspent)	(11,592,674)	(1,867,755)	(718,961)	857,328
Major Projects Completed:				
City Center Property	4,812,379			
Vista Park	420,997			
Taylorsville Park	2,249,560			
Historical Museaum Property	735,061			
Harper Landfill Property	296,497			
Millrace Park	2,914,376			
Jordan River Trail System	315,143			
Skateboard Park	551,387			
Fire Station		2,028,042		
50th South & Redwood Road			126,430	
3600 West 4700 South			351,355	
1175 West 4650 South			196,318	
Mariana Street			144,792	
3200 West			35,173	
Millrace Park			53,657	
2200 West 4800 South			316,748	
Redwood Road Beautification				198,031
Storm Drain Master Plan				49,732
Total Major Projects	12,295,400	2,028,042	1,224,473	247,763
Percent of total projects	91.22%	100.00%	99.77%	99.60%

The City of Taylorsville

Schedule of Impact Fees

Comparative Schedules by Impact Type, Year Received, and Planned Use

	Approved Budget 2007	Planned Budget 2008	Planned Budget 2009	Planned Budget 2010
Drainage				
Storm Drain Impact fees provide partial funding for the following Storm Drain Projects:				
1) 3200 W 5090 S to 4700 S Culvert	$ 30,000	$ 270,000	$ -	$ -
2) Misty Drive Storm Drain System/Culvert Project	$ 160,000	$ 1,460,000	$ -	$ -
3) 1950 West Storm Drain Project	$ 20,000	$ 230,000	$ -	$ -
4) 4200 South 1400 West Project	$ 420,000	$ -	$ -	$ -
5) Inlet Box Replacement	$ 300,000	$ 100,000	$ 100,000	$ 10,000
6) Atherton ICU Storm Drain Culvert	$ -	$ 100,000	$ -	$ -
7) Blake Drive Storm Drain	$ 12,000	$ 1,088,000	$ -	$ -
Fire				
Fire Impact fees provide partial funding for Fire Supression and Medical Response Services Facilities:				
1) Fire and Medical Response Study	$ -	$ 30,000	$ -	$ -
2) Physical Facilities Improvements & Additions	$ 10,000	$ 15,000	$ 185,000	$ 2,000,000
Parks				
Parks Impact fees provide partial funding for the followoing Parks and Recreation Facilities:				
1) Taylorsville Youth Baseball Complex	$ 20,000	$ 250,000	$ 25,000	$ 25,000
2) Taylorsville Park/Historic Museum Park Trail and Improvements	$ -	$ 150,000	$ -	$ -
3) Valley Regional Park Swimming Pool	$ -	$ -	$ -	$ 250,000

STATISTICAL SECTION

CITY OF TAYLORSVILLE
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS (1)
(Accrual Basis of Accounting)
(Amounts expressed in thousands)

	2006	2005	2004	2003
Governmental activities:				
Invested in capital assets, net of related debt	$ 159,299	$ 157,622	$ 158,228	$ 179,651
Restricted	857	1,994	992	923
Unrestricted	1,728	3,824	4,254	3,767
Total governmental activities net assets	$ 161,884	$ 163,440	$ 163,474	$ 184,341

(1) Information is only presented for the last 4 years due to GASB 34 being applicable for only 4 years.

CITY OF TAYLORSVILLE
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS (1)
(Accrual Basis of Accounting)
(Amounts expressed in thousands)

	2006	2005	2004	2003
Expenses				
Governmental activities:				
General government	$ 1,414	$ 2,065	$ 1,771	$ 1,752
Public safety	12,124	11,080	8,304	7,225
Highways and public improvements	3,075	2,947	5,242	4,885
Community and economic development	1,497	1,597	1,004	1,197
Parks and public property	64	47	250	161
Non-departmental	276	243	-	-
Principal payment on debt	331	-	-	-
Interest on debt	16	21	-	-
Total governmental activities expenses	$ 18,797	$ 18,000	$ 16,571	$ 15,220
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 262	$ 221	$ 23	$ -
Public safety	-	-	1,402	1,175
Community and economic development	236	178	860	791
Operating grants and contributions	2,584	2,331	2,227	2,391
Capital grants and contributions	13	1,308	1,348	742
Total governmental activities program revenues	$ 3,095	$ 4,038	$ 5,860	$ 5,099
Net (expense)/revenue				
Governmental activities:	$ (15,702)	$ (13,962)	$ (10,711)	$ (10,121)
General Revenues				
Governmental activities:				
Property taxes	$ 4,084	$ 4,028	$ 4,075	$ 4,059
Other taxes	7,466	6,701	6,543	6,359
Earnings on investments	148	121	67	118
Gain on sale of capital assets	33	880	101	146
Miscellaneous	2,415	2,198	80	29
Total governmental activities general revenues	$ 14,146	$ 13,928	$ 10,866	$ 10,711
Change in Net Assets				
Governmental activities	$ (1,556)	$ (34)	$ 155	$ 590
Prior period adjustment	-	-	(21,022)	(40)
Net assets, beginning	163,440	163,474	184,341	183,791
Net assets, ending	$ 161,884	$ 163,440	$ 163,474	$ 184,341

(1) Information is only presented for the last 4 years due to GASB 34 being applicable for only 4 years.

CITY OF TAYLORSVILLE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Amounts expressed in thousands)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General fund										
Reserved	$ -	$ -	$ 20	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,101
Unreserved	1,323	2,338	2,394	2,294	2,498	2,552	2,696	5,065	5,926	2,433
Total general fund	$ 1,323	$ 2,338	$ 2,414	$ 2,294	$ 2,498	$ 2,552	$ 2,696	$ 5,065	$ 5,926	$ 4,534
All other governmental funds										
Reserved	$ 857	$ 1,198	$ 972	$ 823	$ 602	$ 608	$ 834	$ 1,263	$ 1,290	$ 798
Unreserved, reported in:										
Special revenue funds	174	2,113	1,838	1,553	2,218	3,266	5,048	-	-	-
Capital projects funds	231	170	21	20	3,128	1,324	718	1,537	689	(106)
Total all other governmental funds	$ 1,262	$ 3,481	$ 2,831	$ 2,396	$ 5,948	$ 5,198	$ 6,600	$ 2,800	$ 1,979	$ 692

CITY OF TAYLORSVILLE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Amounts expressed in thousands)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues										
Taxes	$ 11,550	$ 10,729	$ 10,618	$ 10,443	$ 11,082	$ 10,244	$ 9,833	$ 9,565	$ 9,095	$ 7,262
Licences and permits	649	663	645	633	626	632	576	612	615	648
Intergovernmental revenues	2,598	2,331	2,623	2,811	3,859	2,252	1,990	2,066	1,894	1,104
Charges for services	262	221	283	158	150	119	133	146	218	-
Fines and forfeitures	1,588	1,439	1,401	1,175	-	-	-	-	-	-
Interest income	148	121	80	133	-	-	-	-	-	181
Impact fees	236	178	398	241	310	272	358	284	390	781
Miscellaneous revenues	171	30	61	69	1,433	1,625	1,413	1,028	308	3
Rental income	6	66	-	-	-	-	-	-	-	-
Total revenues	17,208	15,778	16,109	15,663	17,460	15,144	14,303	13,701	12,520	9,979
Expenditures										
General government	1,631	1,393	1,331	1,470	3,249	2,252	2,164	2,053	1,806	867
Public safety	9,764	8,969	8,188	7,107	6,642	5,131	3,961	3,940	3,702	3,153
Highway and public improvements	2,476	2,386	2,466	2,095	1,950	1,867	1,668	1,628	1,691	361
Community and economic develop.	1,206	1,293	991	1,044	987	863	343	356	404	1,666
Parks, recreation, and public prop.	51	38	36	20	25	168	139	138	124	3
Non-departmental	222	196	223	530	-	-	-	-	-	-
Capital outlay	5,186	3,168	2,419	7,496	3,911	6,235	4,423	5,582	-	-
Debt service:										
Principal	-	-	-	-	-	173	173	1,020	11	762
Interest	-	-	-	-	-	-	-	23	3	95
Total expenditures	20,536	17,443	15,654	19,762	16,764	16,689	12,871	14,740	7,741	6,907
Excess of revenues over (under) expenditures	(3,328)	(1,665)	455	(4,099)	696	(1,545)	1,432	(1,039)	4,779	3,072
Other financing sources (uses)										
Operating transfers in	1,870	2,192	2,167	4,879	4,031	4,771	7,720	4,925	-	35
Operating transfers (out)	(1,870)	(2,192)	(2,167)	(4,879)	(4,031)	(4,771)	(7,720)	(4,925)	-	(35)
Prior period adjustment	-	-	-	(40)	-	-	-	-	-	-
Proceeds on sale of assets	33	880	101	382	-	-	-	-	-	-
Proceeds of issuance of debt	-	1,308	-	-	-	-	-	998	-	2,100
Total other financing sources (uses)	33	2,188	101	342	-	-	-	998	-	2,100
Net change in fund balances	$ (3,295)	$ 523	$ 556	$ (3,757)	$ 696	$ (1,545)	$ 1,432	$ (41)	$ 4,779	$ 5,172
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	2.1%	12.9%	0.2%	14.2%

CITY OF TAYLORSVILLE

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Real Property		Personal Property		Total		
Fiscal Year	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	Assessed Valuation	Estimated Actual Valuation	Ratio of Total Assessed Value to Total Estimated Actual Value
1997	No valuation of property was assessed this year.*						
1998	$ 1,306,463	$ 2,096,114	$ 86,055	$ 93,802	$ 1,392,518	$ 2,189,916	63.59%
1999	1,385,960	2,223,698	106,251	115,541	1,492,211	2,339,239	63.79%
2000	1,451,405	2,318,081	115,266	115,266	1,566,671	2,433,347	64.38%
2001	1,552,869	2,475,958	101,592	101,592	1,654,461	2,577,550	64.19%
2002	1,628,664	2,597,151	151,308	151,308	1,779,972	2,748,459	64.76%
2003	1,717,749	2,744,979	124,131	124,131	1,841,880	2,869,110	64.20%
2004	1,718,979	2,750,689	117,424	117,424	1,836,403	2,868,113	64.03%
2005	1,842,680	2,948,634	93,857	93,857	1,936,537	3,042,491	63.65%
2006	2,102,847	3,037,093	96,129	96,129	2,240,142	3,133,222	71.50%

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

* The City of Taylorsville was incorporated July 1, 1996. Taxes were not assessed during the first six months of operations. The City was in agreement with the County that the County would continue to collect the taxes and pay the City a prorated portion of the collected taxes; therefore, there were no assessed values for that year.

CITY OF TAYLORSVILLE

PROPERTY TAX RATES - ALL DIRECT OVERLAPPING GOVERNMENTS
(Per $1,000 of Assessed Value)
LAST TEN FISCAL YEARS

Fiscal Year	Salt Lake County	So. Salt Lake County Mosquito Abatement District	Salt Lake County Water Conservancy District	Central Utah Water Conservancy District	Other District Ranges (1)		Total Tax Rate Range (2)	
					Low	High	Low	High
1997	No valuation of property was assessed this year.*							
1998	4.159	0.013	0.400	0.400	6.051	8.213	11.823	13.985
1999	3.412	0.013	0.403	0.397	5.957	7.976	10.182	12.201
2000	3.871	0.013	0.404	0.396	7.273	9.275	11.957	13.959
2001	3.500	0.012	0.400	0.377	6.932	9.032	11.221	13.321
2002	3.789	0.014	0.400	0.369	6.711	8.648	11.283	13.220
2003	3.683	0.017	0.392	0.358	6.666	8.550	11.116	13.000
2004	3.427	0.034	0.397	0.358	6.950	9.082	11.166	13.298
2005	3.378	0.030	0.400	0.400	8.383	10.593	12.591	14.801
2006	2.988	0.027	0.352	0.357	7.544	10.554	11.268	14.278

Source: Information was summarized from the "Tax Rate/Mill Levy File Listing" sheets that were obtained from the Salt Lake County Auditors Office.

* The City of Taylorsville was incorporated July 1, 1996. Taxes were not assessed during the first six months of operations. The City was in agreement with the County that the County would continue to collect the taxes and pay the City a prorated portion of the collected taxes; therefore, there were no assessed values for that year.

(1) The City of Taylorsville is divided into six tax districts. All six districts are taxed by the 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 rates: Granite School District (5.827), Taylorsville-Bennion Improvement District (0.175), Granger-Hunter Improvement District (0.800), Kearns Improvement District (0.800), Salt Lake County Service Area (1.542), and Jordan School District (8.655). 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 of the other taxing entities.

(2) The total tax rate range represents the range within which all the property tax rates in the City of Taylorsville will fall.

CITY OF TAYLORSVILLE
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2006
(Per $1,000 of Assessed Value)

	2005			1998		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
American Express	$ 34,578	1	1.88%	$ 27,123	1	2.08%
Hermes Associates, LTD	33,362	2	1.81%	23,700	2	1.81%
Fairstone Cascade LLC	22,188	3	1.20%	-		0.00%
Pacificorp	20,589	4	1.12%	20,589	3	1.58%
Hermes Associates, LTD	17,622	5	0.96%	16,739	4	1.28%
Carramerica Realty LP	15,967	6	0.87%	13,140	6	1.01%
Taylorsville 8-B LLC	14,233	7	0.77%	-		0.00%
DDR Family Centers LP	13,213	8	0.72%	-		0.00%
Mikami Brothers	12,390	9	0.67%	-		0.00%
ICU Medical Inc.	12,165	10	0.66%	-		0.00%
Security Capital Pacific	-		0.00%	14,180	5	1.09%
ERP Operating Limited	-		0.00%	10,667	8	0.82%
Fairway Associates LC	-		0.00%	10,312	9	0.79%
Sorenson Research Co., Inc.	-		0.00%	-		0.00%
Rural Enterprises	-		0.00%	11,212	7	0.86%
Summerwood Associates	-		0.00%	9,967	10	0.76%
Totals	$ 196,307		10.66%	$ 157,629		12.08%

Source: Information was obtained from the Salt Lake County Auditors Office.

CITY OF TAYLORSVILLE
PROPERTY TAX LEVIES AND COLLECTIONS
(BASED ON TAX YEAR RATHER THAN ON FISCAL YEAR)
LAST TEN FISCAL YEARS

General Fund

Fiscal Year	Total Tax Levy	Current Tax Collection	Percent of Taxes Collected	Deliquent Tax Collected	Total Tax Collected	Collection as a Percentage of Current Levy
1997	No tax levies were assessed for this year*					
1998	$ 2,236,383	$ 2,173,393	97.18%	$ 16,572	$ 2,189,965	97.92%
1999	2,424,844	2,355,646	97.15%	42,267	2,397,913	98.89%
2000	2,577,345	2,461,748	95.51%	64,265	2,526,013	98.01%
2001	2,915,159	2,814,373	96.54%	72,196	2,886,569	99.02%
2002	3,446,447	3,301,190	95.79%	70,073	3,371,263	97.82%
2003	3,490,514	3,369,276	96.53%	108,341	3,477,617	99.63%
2004	3,548,098	3,426,232	96.57%	112,666	3,538,898	99.74%
2005	3,531,032	3,424,997	97.00%	98,760	3,523,757	99.79%
2006	3,567,498	3,464,828	97.12%	97,359	3,562,187	99.85%

Source Information was summarized from schedules in the Salt Lake County Comprehensive Annual Financial Report, which were prepared by the Salt Lake County Auditors Office.

* The City of Taylorsville was incorporated July 1, 1996. Taxes were not assessed during the first six months of operations. The City was in agreement with the County that the County would continue to collect the taxes and pay the City a prorated portion of the collected taxes; therefore, there were no assessed values for that year.

CITY OF TAYLORSVILLE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

	Governmental Activities				
Fiscal Year	Capital Leases	Notes	Bonds	Percentage of Personal Income	Per Capita
1997	$ 35	$ 2,100	$ -	1.77%	$ 37.56
1998	33	-	-	0.20%	$ 0.57
1999	-	1,020	-	0.00%	$ 17.32
2000	-	174	-	0.06%	$ 2.93
2001	-	-	-	0.00%	$ -
2002	-	-	-	0.00%	$ -
2003	-	-	-	0.00%	$ -
2004	-	-	-	0.00%	$ -
2005	1,308	-	-	0.30%	$ 21.45
2006	977	-	-	0.21%	$ 15.88

Source: Information was taken from the Utah State Tax Commission for personal income.

CITY OF TAYLORSVILLE

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT – GENERAL OBLIGATION BONDS

June 30, 2006

Name of Governmental Units	Net Debt Outstanding	Percentage Applicable to City of Taylorsville	Amount Applicable to City of Taylorsville
Direct - City of Taylorsville	$ -	100.00%	$ -
Overlapping:			
State of Utah	1,587,804,000	2.53%	40,171,441
Salt Lake County	204,440,000	3.80%	7,768,720

Source: Information was obtained from the Salt Lake County Auditors Office.

CITY OF TAYLORSVILLE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Amounts expressed in thousands)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Debt limit	$ 79,147	$ 75,358	$ 73,458	$ 73,675	$ 71,199	$ 66,178	$ 62,667	$ 59,688	$ -	$ -
Total net debt applicable to limit	-	-	-	-	-	-	174	347	-	-
Legal debt margin	$ 79,147	$ 75,358	$ 73,456	$ 73,675	$ 71,199	$ 66,178	$ 62,493	$ 59,341	$ -	$ -
Total net debt applicable to the limit as a percentage of debt limit	0.00%									

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	$ 1,978,687
Add back: exempt real property	-
Total assessed value	1,978,687
Debt limit (4% of total assess. value)	79,147
Debt applicable to limit:	
General obligation bonds	-
Less: amount set aside for repayment of gen. ob. debt	-
Total net debt applicable to limit	-
Total debt margin	$ 79,147

CITY OF TAYLORSVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Square Miles	New Subdivision Lots Approved	Total Housing Units	Unemployment Rate
1997	56,859	$ 120,487	$ 2,119	10.7	437	17,467	2.70%
1998	57,992	178,277	3,074	10.7	231	17,698	2.80%
1999	58,900	254,910	4,328	10.7	20	17,718	2.70%
2000	59,253	307,601	5,191	10.7	210	17,861	2.80%
2001	58,439	342,733	5,865	11.0	149	18,010	3.80%
2002	58,805	378,194	6,431	11.0	104	18,128	5.00%
2003	59,887	403,009	6,729	10.9	120	20,005	5.40%
2004	60,174	389,087	6,466	10.7	287	20,098	4.60%
2005	60,988	441,026	7,231	10.7	97	20,195	5.00%
2006	61,532	462,037	7,509	10.7	245	20,440	3.40%

Source: The City of Taylorsville, the Utah State Tax Commission, and the Utah Unemployment Agency.

CITY OF TAYLORSVILLE

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	General Property Tax	General Sales and Use Taxes	Franchise Taxes	Total Tax Revenue
1997	$ 1,523,327	$ 5,586,897	$ 151,292	$ 7,261,516
1998	2,826,142	6,106,813	162,486	9,095,441
1999	2,822,818	6,574,128	168,203	9,565,149
2000	2,880,391	6,777,222	175,105	9,832,718
2001	3,373,330	6,663,433	207,403	10,244,166
2002	3,987,443	6,859,434	234,690	11,081,567
2003	4,059,152	6,150,980	233,458	10,443,590
2004	4,074,852	6,336,038	207,566	10,618,456
2005	4,028,194	6,478,319	222,774	10,729,287
2006	4,084,327	7,232,232	233,583	11,550,142

(1) Includes the General Fund.

CITY OF TAYLORSVILLE
PRINCIPAL EMPLOYERS
June 30, 2006

Principal Employers:	Number of Employees
CONVERGYS	1300
CONVERGYS	1200
AMERICAN EXPRESS	773
ICU MEDICAL (UTAH), INC.	520
WAL-MART STORES, INC.	450
CONVERGYS	400
NELSON LABORATORIES, INC.	211
ADECCO USA, INC	190
G E CAPITAL FINANCIAL	171
HARMON'S (TAYLORSVILLE)	157
R C WILLEY HOME FURNISHINGS	122
OLD SPAGHETTI FACTORY OF UTAH	120
SORENSON COMMUNICATIONS, INC.	109
24 HOUR FITNESS USA, INC. #431	104
ALBERTSON'S	102
MERIDIAS CAPITAL, INC.	95
IHC TAYLORSVILLE HEALTH CENTER	94
ALBERTSON'S	94
ITT TECHNICAL INSTITUTE	92
TEXAS ROADHOUSE	89
K MART #7512	87
WESTAFF (USA), INC.	87
HERITAGE BENNION CARE CENTER	86
SHOPKO STORES, INC. #085	86
REAM'S #6	84
FUTUREVISION TECHNOLOGIES	77
DATACHEM LABORATORIES	73
APPLEBEE'S NEIGHBORHOOD GRILL	70
NEW SINGULAR WIRELESS SVC, INC.	65
JO-ANN	65
MERIDIAS CAPITAL, INC.	65
PERFORMANCE PLUS STAFFING	57
QUARTZDYNE, INC.	53
AMERICAN EXPRESS CENTURION BANK	53

Source: City of Taylorsville Business License Department.

CITY OF TAYLORSVILLE
PROPERTY VALUE AND CONSTRUCTION ACTIVITY
LAST TEN FISCAL YEARS

Fiscal Year	Property Value (1)	Commercial Construction		Residential Construction	
		Permits Issued	Value	Permits Issued	Value
1997	No valuation for this year**				
1998	$ 2,096,114,000	43	$ 9,105,400	184	$ 18,043,630
1999	2,223,698,000	9	4,579,827	197	20,348,343
2000	2,318,081,000	4	1,180,000	146	20,853,809
2001	2,475,958,000	5	6,151,200	149	24,130,950
2002	2,633,566,000	7	10,712,568	120	21,487,970
2003	2,727,428,453	8	6,965,909	151	26,428,354
2004	2,753,937,274	5	2,660,000	86	23,848,821
2005	2,793,820,525	10	23,909,941	73	18,975,275
2006	2,823,736,972	10	11,475,516	75	18,440,930

Source: Community Development Department of the City of Taylorsville.

(1) Estimated value of real property.

* The City of Taylorsville was incorporated July 1, 1996. Taxes were not assessed during the first six months of operations. The City was in agreement with the County that the County would continue to collect the taxes and pay the City a prorated portion of the collected taxes; therefore, there were no assessed values for that year.

Note: This schedule generally includes information on bank deposits. This data is not shown for the following reason: Utah is a branch banking State, where bank assets are accumulated by financial institution for the entire State. Official bank deposit data, by City, is therefore not available.

CITY OF TAYLORSVILLE
MISCELLANEOUS STATISTICS
June 30, 2006

Date of incorporation	July 1, 1996
Form of Government	Mayor/Council
Number of employees	147 (105 FTE)
Appointed	8
Elected	6*
Area in square miles	10.7
Registered voters	28,376

City of Taylorsville facilities and services:

Culture and Recreation:	
Swimming pools	2
Parks	9 (including County owned)
Developed	6
Undeveloped	3
Libraries (County)	1
Golf courses	2
Fire Protection:	
Number of stations/COP	2
Fire service	Contract with Unified Fire Authority
Education:	
Number of elementary schools	9**
Number of secondary schools	2**
Number of high schools	1**

* Not included in number of employees.

** City of Taylorsville residents attend two additional elementary schools, 1 additional secondary school, and 1 additional high school outside the City of Taylorsville boundaries.

Haynie &
Company

Certified Public Accountants (a professional corporation)
1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

REPORT ON LEGAL COMPLIANCE APPLICABLE TO UTAH STATE LAWS AND REGULATIONS

The Honorable Mayor and
Members of the City Council
City of Taylorsville

We have audited the basic financial statements of the **City of Taylorsville** (the City) for the year ended June 30, 2006 and have issued our report thereon dated December 7, 2006. As part of our audit, we have audited the **City of Taylorsville's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting, and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's *Legal Compliance Audit Guide* for the year ended June 30, 2006. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)

The City also received the following nonmajor grants that are not required to be audited for specific compliance requirements. However, these programs were subject to test work as part of the audit of the **City of Taylorsville's** basic financial statements:

Liquor Law Enforcement (State Tax Commission)
State of Utah Justice Grant
State of Utah Law Enforcement Grants
State of Utah Historical Society Grant

Our audit also included test work on the City's compliance with those general compliance requirements identified in the State of Utah *Legal Compliance Audit Guide*, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
Justice Courts Compliance
B & C Road Funds
Other General Compliance Issues
Uniform Building Code Standards
Impact Fees

The management of the **City of Taylorsville** is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Associate Office At
5974 South Fashion Pointe Dr., Suite 200
South Ogden, UT 84403
(801) 479-4800
Fax (801) 479-8941

THE INTERNATIONAL GROUP OF ACCOUNTING FIRMS

Associate Office At
4910 Campus Drive
Newport Beach, CA 92660
(949) 724-1880
Fax (949) 724-1889

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the **City of Taylorsville** complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Haynie & Co

Salt Lake City, Utah
December 7, 2006

THE CITY OF TAYLORSVILLE

Schedule of Findings - Compliance - State of Utah
For the Year Ended June 30, 2006

CURRENT YEAR FINDINGS

Statement of Condition - 06-1:

We noted instances in 5 of 30 sample items where receipts were not deposited daily or within three banking days.

Criteria

Receipts should be deposited daily or within three banking days, as required by *Utah Code* 51-4-2(2).

Cause

The City is just not completing the deposit and ensuring that it is taken to the bank at least every three business days.

Effect

The City is not in compliance with State law.

Recommendation

We recommend that procedures be established to assure that deposits are made in accordance with the compliance requirement.

Response

We concur with the recommendation and will establish corrective procedures.

PRIOR YEAR FINDINGS

None.

SINGLE AUDIT SECTION

Haynie &
Company

Certified Public Accountants (a professional corporation)
1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

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*

The Honorable Mayor and
Members of the City council
City of Taylorsville

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Taylorsville (the City) as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Haynie & Co

Salt Lake City, Utah
December 7, 2006

Associate Office At
5974 South Fashion Pointe Dr., Suite 200
South Ogden, UT 84403
(801) 479-4800
Fax (801) 479-8941

agaf
THE INTERNATIONAL GROUP OF ACCOUNTING FIRMS

Associate Office At
4910 Campus Drive
Newport Beach, CA 92660
(949) 724-1880
Fax (949) 724-1889

Haynie &
Company

Certified Public Accountants (a professional corporation)
1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and
Members of the City Council
City of Taylorsville

Compliance

We have audited the compliance of the **City of Taylorsville** (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Associate Office At
5974 South Fashion Pointe Dr., Suite 200
South Ogden, UT 84403
(801) 479-4800
Fax (801) 479-8941

THE INTERNATIONAL GROUP OF ACCOUNTING FIRMS

Associate Office At
4910 Campus Drive
Newport Beach, CA 92660
(949) 724-1880
Fax (949) 724-1889

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Haynie & Co

Salt Lake City, Utah
December 7, 2006

THE CITY OF TAYLORSVILLE

Schedule of Findings and Questioned Costs
For the year ended June 30, 2006

I. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of the City of Taylorsville.

2. No reportable conditions were disclosed during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of the City of Taylorsville were disclosed during the audit.

4. No reportable conditions were disclosed during the audit of the major federal award programs.

5. The auditors' report on compliance for the major federal award programs for the City of Taylorsville expresses an unqualified opinion.

6. The audit disclosed no findings required to be reported by OMB Circular A-133.

7. The program tested as a major program was the Community Development Block Grant - CFDA #14.218.

8. The threshold for distinguishing Types A and B programs was $300,000.

9. The City of Taylorsville was determined to be a low-risk auditee.

II. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

III. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

None

THE CITY OF TAYLORSVILLE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Grant Name	Federal CFDA Number	Federal Award Contract No.	Expenditures
U.S. Department of Housing and Urban Development			
Direct Program:			
*Community Development Block Grant	14.218	B-04-MC-49-0009	$ 470,434
Passed Through Salt Lake County:			
Home Funds	14.239	B04136C	162,205
Subtotal			632,639
Total Federal Expenditures			$ 632,639

*Major Program

THE CITY OF TAYLORSVILLE

Notes to Schedule of Expenditures of Federal Awards

1. SIGNIFICANT ACCOUNTING POLICIES

General - The *Schedule of Expenditures of Federal Awards* presents the activity of all federal awards of the City of Taylorsville. Federal awards received directly from federal agencies as well as federal awards passed-through other governmental agencies are included on the *Schedule of Expenditures of Federal Awards*.

Basis of Accounting - The *Schedule of Expenditures of Federal Awards* is presented using the modified accrual basis of accounting.