SYRACUSE CITY
State of Utah

GENERAL PURPOSE
EXTERNAL FINANCIAL REPORT

For the year ended
June 30, 2008

"Provide quality affordable services while promoting community pride, fostering economic development and managing growth."

SECTION I. INTRODUCTION

	Exhibit	Page
Title Page		I
Table of Contents		II-III

SECTION II. FINANCIAL

Independent Auditor's Report		1-2
Management Discussion and Analysis		3-8
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	A	9
Statement of Activities	B	10
Governmental Funds Statements		
Balance Sheet	C	11
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	14
Proprietary Funds Statements		
Statement of Net Assets	G	15
Statement of Revenues, Expenses, and Changes in Fund Net Assets	H	16
Statement of Cash Flows	I	17
Notes to Financial Statements	K	18-33
Required Supplemental Information	Schedule	
Budgetary Comparisons – Major Governmental Funds		
General Fund	1	34-35
Redevelopment Agency Fund	2	36
Municipal Building Authority Fund	3	37
Supplementary Information		
Budgetary Comparisons		
Capital Projects / Special Improvement District Fund	4	38
Capital Projects / Storm Sewer Construction Fund	5	39
Capital Projects / Building Fund	6	40
Utility Fund	7	41
Secondary Water Fund	8	42
Motor Pool Fund	9	43
State of Utah Impact Fee Reporting	10	44

SYRACUSE CITY, UTAH
GENERAL-PURPOSE EXTERNAL FINANCIAL REPORT
For the Year Ended June 30, 2008

TABLE OF CONTENTS

SECTION III. AUDITORS' REPORTS AND FINDINGS

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*..... 45-46
Independent Auditor's Report – State of Utah Legal Compliance..... 47-48
Schedule of Findings 2008 Year..... 49-50

FINANCIAL SECTION

Wood · Richards
AND ASSOCIATES P.C.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Syracuse City

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Syracuse City, Utah, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Syracuse City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Syracuse City, as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows 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 December 9, 2008, on our consideration of Syracuse City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 important for assessing the results of our audit.

CERTIFIED PUBLIC ACCOUNTANTS
2490 Wall Avenue Ogden, Utah 84401 Phone (801) 621-0440 Fax (801) 399-9264

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 34 through 37, are not a required part of the basic financial statements but are 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 Syracuse City's basic financial statements. The impact fee schedule on page 44 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Wood Richards & Associates

Ogden, Utah
December 9, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTION

The following is a discussion and analysis of Syracuse City's financial performance and activities for the year ended June 30, 2008. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the City's financial performance. Starting with the year ended June 30, 2004 the City implemented new reporting standards established by the Governmental Accounting Standards Board (GASB). These new standards significantly changed the content and structure of the financial statements from earlier years. The new presentations are intended to give current answers to the ongoing questions of "what is the Cities financial condition", "what are the resources of the City", "how much do specific City services cost", and "who pays for which service".

HIGHLIGHTS

The growth of the City continues to slow somewhat from the previous years 8.7% to a more manageable 4.3%. Utility connections increased from the 6,075 of June 2007 to 6,339 for the month of June 2008. Significant additional sales tax revenue has been generated by the commercial development that opened in the new Town Center development this past year.

The bond proceeds borrowed in 2006 to construct a new City Hall and update other city buildings are nearly spent. The City Hall is sized to centralize most of the public business needs at build-out. City Hall and the public works additions are occupied now and the construction finishing touches are being completed. The old City Hall remodel into an expanded police facility will be the last part of this effort. It will not be completed until the fire department moves out of their existing space into their new fire station. Then the old fire department space will be the final phase of buildings updating.

The City entered into a lease agreement with the Municipal Building Authority allowing them to bond for the construction of a new Fremont Fire Station, which construction began this spring. The new station is sized to meet the needs of the community through the next many decades. The building will be operational this coming winter.

The Public Works department re-drilling of a city owned well that was shut down several years ago has been a fantastic success. Bringing this well back on line will greatly secure the City's ability to provide quality affordable culinary water. The well has tested very pure with great volume. After the pump-house is constructed and equipment installed, the well will become operational this coming winter.

OVERVIEW OF THE FINANCIAL STATEMENTS

This presentation is intended to serve as an introduction to the basic financial statements of Syracuse City. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains the required supplementary information, as well as, additional supplementary information informative to the various users of the report.

The financial statements also include information about Syracuse City Redevelopment Agency and the Municipal Building Authority of Syracuse City, blended *component units* of Syracuse City. Both entities are separately legal creations of Syracuse City but are reported here instead of having separate reports. A detailed explanation of the reporting entity is part of the notes to the financial statements.

The government-wide view of the City's finances is a requirement under the GASB Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and became effective for the City for 2004. Fund financial statements have been reported in the past.

Government-wide Statements – Reporting the City as a Whole
The Statement of Net Assets and the Statement of Activities on pages 9 and 10 comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the City's finances as a whole and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or disbursed, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets measure whether the City's overall financial condition is getting better or worse. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the City's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The statement of activities presents information showing how the City'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 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.

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). Syracuse City's ongoing governmental activities include general government, judicial, planning, public safety, roads, and parks and recreation services. Governmental activities also include the City's effort to accumulate and use resources for significant infrastructure, parks, and facilities construction. The City has two business-type activities – 1) operation of the city's Utility services that includes culinary water, sewer, and refuge collection and 2) operation of the City's Secondary Water system.

Fund Financial Statements

The fund financial statements beginning on page 11 provide detailed information about individual funds. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds can be divided into two types: governmental funds, and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This *short-term* view of the City's financial position helps determine whether the City has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds – Proprietary funds are presented using the *full-accrual* basis of accounting. Syracuse City uses two different types of proprietary funds, *Enterprise funds* and *Internal Service funds*. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City has two enterprise funds - Utility Fund, and Secondary Water Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains one internal service fund – Motor Pool Fund. Because those services predominantly benefit governmental rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

Reconciliation between Government-wide and Fund Statements

Because the focus of governmental funds (modified accrual accounting, short-term focus) is narrower than that of the government-wide financial statements (full-accrual accounting, long-term focus), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City'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 on pages 12 and 14 of this report. Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- The value of developers infrastructure contributions are reported as revenue on the government-wide statements but are not reported on the governmental fund statements.

Notes to the Financial Statements
The notes beginning on page 18 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

OVERALL FINANCIAL ANALYSIS OF THE CITY

The opportunity to live in a growing active family oriented community continues to bring citizens to Syracuse. The City's total net assets increased $14.3 million or 20.7% over the prior year. Net assets of governmental activities increased $8.9 million or 23.7%. Net assets of business-type activities increased $5.5 million or 17.1%.

Net Assets
The largest component of the City's net assets, $73,444,024 or 87.8%, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less all-outstanding debt that was issued to buy or build those assets. As Capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources needed to repay capital-related debt are intended to be provided from other sources.

Restricted net assets comprise $7,575,293 or 9.1% of total net assets. These assets are subject to external restrictions on how they may be used. They are designed for transportation, park acquisition and development, water and sewer improvements, and construction of city facilities. These assets are accumulated from State road taxes, impact fees placed on new development, and bonding. They are the funding source to pay for the major improvements needed as the population of the City grows.

The amount of unrestricted net assets at June 30, 2008 is $2,635,967 or 3.1% of total net assets. This may be used at the City's discretion for future spending. The following presentation summarizes the City's financial position as of June 30, 2008 compared with 2007.

	Governmental Activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	$ 11,062,916	$ 12,388,428	$ 3,081,020	$ 4,679,878	$ 14,143,936	$ 17,068,306
Capital Assets	56,611,462	40,458,419	35,023,421	28,275,980	91,634,883	68,734,399
Total Assets	**67,674,378**	**52,846,847**	**38,104,441**	**29,758,504**	**105,778,819**	**85,802,705**
Current and Other Liabilities	4,502,139	1,166,900	329,870	531,441	4,832,009	1,698,341
Long-term Liabilities	16,839,526	12,082,630	452,000	565,000	17,291,526	12,647,630
Total Liabilities	**21,341,665**	**13,249,530**	**781,870**	**977,500**	**22,123,535**	**14,345,971**
Net Assets:						
Invested in Capital Assets Net of related Debt	38,985,603	27,588,419	34,458,421	27,597,980	73,444,024	55,186,399
Restricted	6,675,328	9,614,908	899,965	1,463,766	7,575,293	11,078,674
Unrestricted	671,782	261,718	1,964,185	2,797,671	2,635,967	3,059,389
Total Net Assets	**$ 46,332,713**	**$ 37,465,045**	**$ 37,322,571**	**$ 31,859,417**	**$ 83,655,284**	**$ 69,324,462**

Changes in Net Assets

The $14.3 million increase in Net Assets was generated by developer contributions of roads, water and sewer lines, (infrastructure) and water shares as subdivision improvements were finished and accepted this year by the city.

Syracuse City
Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
General Revenues:						
Taxes	$ 5,340,527	$ 4,132,221	$ -	$ -	$ 5,340,527	$ 4,132,221
Impact fees	262,121	1,877,059	478,946	993,477	741,067	2,870,536
Other General Revenues	1,442,590	257,609	-	-	1,442,590	257,609
Interest Revenue	440,220	483,898	142,153	195,792	582,373	679,690
Program Revenues:						
Charges for Services	2,866,505	1,608,471	4,119,959	4,311,855	6,986,464	5,920,326
Grants	44,000	1,251,946	100,000	-	144,000	1,251,946
Total Revenues	**10,395,963**	**9,611,204**	**4,841,058**	**5,501,124**	**15,237,021**	**15,112,328**
Expenses						
General Governmnet	1,685,040	1,741,641	-	-	1,685,040	1,741,641
Public Safety	3,463,722	2,677,933	-	-	3,463,722	2,677,933
Public Works	3,898,914	1,994,719	-	-	3,898,914	1,994,719
Parks and Recreation	1,004,514	1,091,158	-	-	1,004,514	1,091,158
Interest on Long-term Debt	248,078	198,925	-	-	248,078	198,925
Utilities	-	-	4,484,332	3,043,470	4,484,332	3,043,470
Secondary Water	-	-	1,299,377	1,039,015	1,299,377	1,039,015
Total Expenses	**10,300,268**	**7,704,376**	**5,783,709**	**4,082,485**	**16,083,977**	**11,786,861**
Changes in Net Assets before Contributions	95,695	1,906,828	(942,651)	1,418,639	(846,956)	3,325,467
Infrastructure Contributions from Developers	8,857,057	276,768	6,405,805	1,659,774	15,262,862	1,936,542
Change in Net Assets	**8,952,752**	**2,183,596**	**5,463,154**	**3,078,413**	**14,415,906**	**5,262,009**
Net Assets - Beginning	37,379,961	35,196,365	31,859,417	28,781,004	69,239,378	63,977,369
Net Assets - Ending	**$ 46,332,713**	**$ 37,379,961**	**$ 37,322,571**	**$ 31,859,417**	**$ 83,655,284**	**$ 69,239,378**
Percentage Change from Previous Year	24.0%	6.2%	17.1%	10.7%	20.8%	8.2%

The table below shows to what extent the City's activities relied on taxes and other general revenues to cover all of their costs. For 2008, these programs generated $7.1 million or 49% of their total expenses through charges for services, operating grants, and capital grants. Taxes, impact fees and other general revenues covered the remaining 51% of expenses.

Syracuse City
Net Cost of Activities
For the Year Ended June 30, 2008

	Total Program Expenses	Less Program Revenues	Program Revenue as a Percentage of Total Expenses	Net Program Costs (funded with General revenues)
Governmental Activities:				
General Government	$ 1,685,040	$ 729,610	43%	$ 955,430
Public Safety	3,463,722	275,491	8%	3,188,231
Public Works	3,898,914	1,446,596	37%	2,452,318
Parks and Recreation	1,004,514	458,808	46%	545,706
Business-type Activities:				
Utilities	3,331,631	3,029,712	91%	301,919
Secondary Water	1,109,224	1,190,247	107%	(81,023)
Totals	$ 14,493,045	$ 7,130,464	49%	$ 7,362,581

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The past few budget years, the governing body has chosen to use-up existing fund balances to fund services before going to the citizens for more tax revenue. This year fund balances in the City's governmental funds decreased by 25.3% The most significant activity follows:

The General Fund sales tax from population growth and new commercial businesses continues to be the growing source for funding ongoing operations. Sales tax increased this year by $355,676 or 15%. This years' total of $2,655,060 is 29% of total governmental activities revenues, up from last years 24%.

The Municipal Building Authority recorded large assets and liabilities again this year as they issued additional bonds to finish funding the construction and remodeling of the facilities for the city. $5,940,000 was borrowed of which $4,728,465 was still on hand at June 30, 2008.

The city franchise tax continues to grow. This revenue funds the Capital Improvements Fund. This years' total franchise tax collections of $1,106,962 is an increase of 16% over the previous year.

The Enterprise Funds (Utilities and Secondary Water) had another challenging year of growth. Operating revenues were actually reduced as connection fees for new customers dropped off sharply (81%) from the previous year. The combined operating loss of $314,898 was 8% of total operating revenues of $4,119,959. Total assets continued to accumulate as developers continued building and contributing the infrastructure utility system for new subdivisions.

BUDGET CHANGES

The original fund budgets received only minor changes through the year. A total of $435,000 was added to various operating budgets to accommodate unbudgeted needs in those areas.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets
Syracuse City added $25.7 million in new capital assets during the year ended June 30, 2008. Of that total $15.3 million was contributed by developers as part of new roads, utility lines and shares of water stock as many subdivision improvements finally met the criteria for being accepted by the city. $1.9 million was related to city funded park improvements and utility lines. The MBA City Hall and fire station construction and city shop and police station remodelings added $7.5 million to construction in process. The remaining $1 million related to equipment purchases.

Long-term Debt
The Municipal Building Authority of Syracuse issued $5,954,000 in March 2008. Debt payments for the year totaled $1,487,000. At the end of the current fiscal year the City had $18,001,000 in various debt commitments that were all secured by specific revenue sources.

Syracuse City
Long-term Debt
As of June 30th

	2008	2007
Governmental Activities:		
1999 Excise Tax Road Bonds	$ 170,000	$ 330,000
2001 Special Assessment Bonds	216,000	315,000
2005 Park Development Bonds	1,760,000	1,875,000
2006 MBA Lease Revenue Bonds	9,350,000	9,350,000
2008 MBA Lease Revenue Bonds	5,954,000	-
Capital Improvements Loan	-	1,000,000
Business-type Activities:		
1992 Water Revenue Note A	275,000	330,000
1992 Water Revenue Note B	290,000	348,000
Total Long-term Liabilities	$ 18,015,000	$ 13,548,000

OTHER MATTERS

After a public hearing held August 12, 2007 the governing body decided to "forgive" the $1million loan made by the Utility Fund to the Capital Improvements Fund. As the action was taken, the interest was paid-up current, and the transaction was recorded as a contribution in this years' activity. The loan originated in 2006 to fund the completion of the Community Center.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Syracuse City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to:

LaMar Holt – Finance Director
1979 West 1900 South
Syracuse, Utah 84075

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 8,272,564	$ 2,666,678	$ 10,939,242
Accounts Receivable	73,398	414,342	487,740
Taxes Receivable	2,281,142	-	2,281,142
Prepaid expenses	1,652	-	1,652
Deposits	128,252	-	128,252
Unamortized costs of issuance	305,908	-	305,908
Capital Assets:			
Land and Related Non-depreciable Assets	19,149,745	8,620,828	27,770,573
Depreciable Infrastructure	45,558,785	32,372,636	77,931,421
Buildings, Equipmt., & Other Depreciable Assets	10,277,824	1,561,232	11,839,056
Less Accumulated Depreciation	(18,374,892)	(7,531,275)	(25,906,167)
Total Capital Assets	56,611,462	35,023,421	91,634,883
TOTAL ASSETS	67,674,378	38,104,441	105,778,819
LIABILITIES			
Accounts Payable and Accrued Liabilities	1,779,032	216,870	1,995,902
Deferred Revenue	1,485,000	-	1,485,000
Interest payable	212,248	-	212,248
Long-term Debt:			
Premium on bonds	175,859	-	175,859
Due Within One Year	850,000	113,000	963,000
Due in More Than One Year	16,839,526	452,000	17,291,526
TOTAL LIABILITIES	21,341,665	781,870	22,123,535
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	38,985,603	34,458,421	73,444,024
Restricted for:			
"C" Road activities	(47,119)	-	(47,119)
Impact fees	1,265,826	832,442	2,098,268
Special revenue activities	5,424,461	-	5,424,461
Debt service	32,160	67,523	99,683
Unrestricted	671,782	1,964,185	2,635,967
TOTAL NET ASSETS	$ 46,332,713	$ 37,322,571	$ 83,655,284

The Notes to the Financial Statements are an integral part of this statement.

SYRACUSE CITY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

		Program Revenues		
Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	$ 1,685,040	$ 729,610	$ -	$ -
Public Safety	3,463,722	275,491	-	-
Public Works	3,898,914	1,446,596	-	-
Parks and Recreation	1,004,514	414,808	-	44,000
Interest and Other Charges on Long-term Debt	248,078	-	-	-
Total Governmental Activities	10,300,268	2,866,505	-	44,000
Business-type:				
Utilities	3,331,631	3,029,712	-	-
Secondary Water	1,109,224	1,090,247	-	100,000
Total Business-type Activities	4,440,855	4,119,959	-	100,000
Total Primary Government	$ 14,741,123	$ 6,986,464	$ -	$ 144,000

General Revenues:
Property Tax
Sales Tax
Franchise Tax
Total Taxes
Impact fees
Unrestricted Interest Earned
Other General Revenues:
Miscellaneous
Developers contributions
Transfer in (out)
Total General Revenues
Change in Net Assets
Net Assets-Beginning
Net Assets-Ending

The Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (955,430)	$ -	$ (955,430)
(3,188,231)	-	(3,188,231)
(2,452,318)	-	(2,452,318)
(545,706)	-	(545,706)
(248,078)	-	(248,078)
(7,389,763)	-	(7,389,763)
-	(301,919)	(301,919)
-	81,023	81,023
-	(220,896)	(220,896)
(7,389,763)	(220,896)	(7,610,659)
1,578,505	-	1,578,505
2,655,060	-	2,655,060
1,106,962	-	1,106,962
5,340,527	-	5,340,527
262,121	478,946	741,067
440,220	142,153	582,373
99,736	-	99,736
8,857,057	6,405,805	15,262,862
1,342,854	(1,342,854)	-
16,342,515	5,684,050	22,026,565
8,952,752	5,463,154	14,415,906
37,379,961	31,859,417	69,239,378
$ 46,332,713	$ 37,322,571	$ 83,655,284

SYRACUSE CITY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Redevelopment Fund	Municipal Building Authority Fund
ASSETS			
Cash and Cash Equivalents	$ 1,808,410	$ 13,217	$ 5,492,879
Accounts Receivable	-	-	-
Taxes Receivable	2,166,187	-	-
Due from other funds	612,881	-	-
Prepaid expenses	1,652	-	-
Deposits	128,252	-	-
TOTAL ASSETS	4,717,382	13,217	5,492,879
LIABILITIES			
Accounts Payable and Accrued Liabilities	1,756,310	-	22,722
Due to other funds	-	58,913	-
Deferred income	1,485,000	-	-
TOTAL LIABILITIES	3,241,310	58,913	22,722
FUND BALANCES			
Reserved for "C" Roads	(47,119)	-	-
Reserved for impact fees	1,093,183	-	-
Reserved for Special Revenue Funds	-	(45,696)	5,470,157
Reserved for Debt Service Funds	-	-	-
Unreserved, reported in:			
General Fund	430,008	-	-
Capital Projects Funds	-	-	-
TOTAL FUND BALANCES	1,476,072	(45,696)	5,470,157
TOTAL LIABILITIES AND FUND BALANCES	$ 4,717,382	$ 13,217	$ 5,492,879

The Notes to the Financial Statements are an integral part of this statement.

EXHIBIT C

S.I.D. Debt Service Fund	Storm Water Construction Fund	Capital Improvements Fund	Total Governmental Funds
$ 32,160	$ 172,643	$ 753,255	$ 8,272,564
73,398	-	-	73,398
-	-	114,955	2,281,142
-	-	-	612,881
-	-	-	1,652
-	-	-	128,252
105,558	172,643	868,210	11,369,889
-	-	-	1,779,032
-	-	-	58,913
73,398	-	-	1,558,398
73,398	-	-	3,396,343
-	-	-	(47,119)
-	172,643	-	1,265,826
-	-	-	5,424,461
32,160	-	-	32,160
-	-	-	430,008
-	-	868,210	868,210
32,160	172,643	868,210	7,973,546
$ 105,558	$ 172,643	$ 868,210	$ 11,369,889

SYRACUSE CITY **EXHIBIT D**

RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENT FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balance -- governmental funds		$ 7,973,546
Amount 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 as assets in governmental funds. These assets consist of:		
Land and related non-depreciable assets	8,868,901	
Depreciable Infrastructure	45,558,785	
Buildings, equipment, and other depreciable assets	8,903,799	
Construction in process	10,280,845	
Accumulated Depreciation	(17,724,348)	
Total Capital Assets		55,887,982
Bond issuance costs are amortized over the life of the bonds on the statement of net assets		305,908
Governmental funds defer revenues of accounts receivable that are not available to finance current-period expenditures. The Special Improvement District receivable is a property assessment due in annual installments.		73,398
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net assets.		169,512
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Debt	(17,450,000)	
Compensated absences	(239,526)	
Unamortized premium	(175,859)	
Interest payable	(212,248)	
Total Long-Term Debt		(18,077,633)
Total net assets --- governmental activities		$ 46,332,713

The Notes to the Financial Statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

SYRACUSE CITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Redevelopment Fund
REVENUES:		
Taxes	$ 4,097,863	$ 135,702
Licenses and permits	344,859	-
Impact fees	589,458	-
Intergovernmental revenues	1,090,769	-
Charges for services	602,888	-
Fines and forfeitures	218,843	-
Interest	147,434	1,176
Miscellaneous	35,844	-
Total	7,127,958	136,878
EXPENDITURES:		
Current:		
General government	1,522,231	-
Public safety	3,186,613	-
Public works	2,172,362	84,615
Parks and Recreation	916,204	-
Capital outlay	825,112	-
Debt service:		
Principal retirement	275,000	-
Interest and other	87,768	-
Other interest expense	38,877	-
Total	9,024,167	84,615
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(1,896,209)	52,263
OTHER FINANCING SOURCES (USES):		
Proceeds from borrowings	-	-
Transfers in	400,152	-
Transfers out	(564,500)	-
Total	(164,348)	-
NET CHANGE IN FUND BALANCES	(2,060,557)	52,263
FUND BALANCES, BEGINNING OF YEAR	3,536,630	(97,959)
FUND BALANCES, END OF YEAR	$ 1,476,073	$ (45,696)

The Notes to the Financial Statements are an integral part of this statement.

EXHIBIT E

Municipal Building Authority Fund	S.I.D. Debt Service Fund	Storm Water Construction Fund	Capital Improvements Fund	Total Governmental Funds
$ -	$ -	$ -	$ 1,106,962	$ 5,340,527
-	-	-	-	344,859
-	-	262,121	-	851,579
-	-	-	44,000	1,134,769
-	-	-	-	602,888
-	-	-	-	218,843
259,666	2,352	6,785	22,807	440,220
-	30,191	-	71,170	137,205
259,666	32,543	268,906	1,244,939	9,070,890
7	420	-	6,942	1,529,600
-	-	-	-	3,186,613
-	-	-	-	2,256,977
-	-	-	-	916,204
7,763,263	-	217,770	236,802	9,042,947
399,941	99,000	-	-	773,941
-	19,727	-	6,164	113,659
-	-	-	-	38,877
8,163,211	119,147	217,770	249,908	17,858,818
(7,903,545)	(86,604)	51,136	995,031	(8,787,928)
5,924,230	-	-	-	5,924,230
500,000	64,500	152,701	-	1,117,353
-	-	-	(395,000)	(959,500)
6,424,230	64,500	152,701	(395,000)	6,082,083
(1,479,315)	(22,104)	203,837	600,031	(2,705,845)
6,949,472	54,264	(31,194)	268,179	10,679,392
$ 5,470,157	$ 32,160	$ 172,643	$ 868,210	$ 7,973,547

SYRACUSE CITY **EXHIBIT F**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008

Net change in fund balance - total governmental funds		$ (2,705,845)
Amount reported for governmental activities in the statement of activities are different because:		
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. Capital purchases $9,303,361 exceeded depreciation $1,885,056 during the current period.		7,418,305
The governmental funds report the amount due from future year property tax assessments as deferred revenue rather than revenue. The statement of net assets recognizes those revenues. This is the current year change in the deferred revenue of the S.I.D Debt Service Fund.		(17,781)
The long-term portion of the liability for compensated absences is not recorded in the fund level, but is reported in the statement of net assets. This is the current year change in the liability, reported as an expense in the statement of activities.		(52,896)
The governmnetal funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The governmental funds report interest expense when it is paid, however the statement of net assets reports interest when it accrues. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Bond proceeds	(5,954,000)	
Discount on issuance	29,770	
Amortization of premium	10,281	
Cost of issuance	65,343	
Amortization of cost of issuance	(12,028)	
Accrued interest	(62,051)	
Repayment of bond principal	374,000	(5,548,685)
A long-term liability due to the Business-type activities from the Governmental activities was forgiven. Long-term liabilities are not reported in the fund statements.		1,000,000
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		2,597
Governmental funds do not report contributions of infrastructure from developers as a revenue in the governmental statements. It is recorded as part of the entity wide presentation.		8,857,057
Changes in net assets of governmental activities		$ 8,952,752

The Notes to the Financial Statements are an integral part of this statement.

SYRACUSE CITY **EXHIBIT G**

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Utility Fund	Secondary Water Fund	Total Enterprise Funds	Motor Pool Fund
ASSETS				
CURRENT ASSETS:				
Cash and investments	$ 2,666,678	$ -	$ 2,666,678	$ -
Accounts reveivable (net)	300,894	113,448	414,342	-
Due from other funds	45,709	-	45,709	-
Total Current Assets	3,013,281	113,448	3,126,729	-
NONCURRENT ASSETS:				
Capital Assets:				
Water Stock	476,250	8,098,145	8,574,395	-
Land	20,308	26,125	46,433	-
Land improvements	-	1,004,658	1,004,658	-
Buildings	56,700	681,500	738,200	-
Furnishings, fixtures, and equipment	533,515	289,517	823,032	1,374,025
Water delivery system	12,780,548	10,742,587	23,523,135	-
Sewer collection system	7,844,843	-	7,844,843	-
Less accumulated depreciation	(4,554,134)	(2,977,141)	(7,531,275)	(650,545)
Total capital assets	17,158,030	17,865,391	35,023,421	723,480
Total Noncurrent Assets	17,158,030	17,865,391	35,023,421	723,480
TOTAL ASSETS	20,171,311	17,978,839	38,150,150	723,480
LIABILITIES				
CURRENT LIABILITIES:				
Due to other funds	-	45,709	45,709	553,968
Accounts payable	110,695	-	110,695	-
Customer deposits	106,175	-	106,175	-
Bonds payable	113,000	-	113,000	-
Total Current Liabilities	329,870	45,709	375,579	553,968
LONG-TERM LIABILITIES - Bonds payable	452,000	-	452,000	-
TOTAL LIABILITIES	781,870	45,709	827,579	553,968
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	16,593,030	17,865,391	34,458,421	723,480
RESTRICTED FOR IMPACT FEES	832,442	-	832,442	-
RESTRICTED FOR DEBT SERVICE	67,523	-	67,523	-
UNRESTRICTED	1,896,446	67,739	1,964,185	(553,968)
TOTAL NET ASSETS	$ 19,389,441	$ 17,933,130	$ 37,322,571	$ 169,512

The Notes to the Financial Statements are an integral part of this statement.

SYRACUSE CITY **EXHIBIT H**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Utility Fund	Secondary Water Fund	Total Enterprise Funds	Motor Pool Fund
OPERATING REVENUES:				
Water sales	$ 1,036,096	$ 1,052,808	$ 2,088,904	$ -
Sewer service charges	708,578	-	708,578	-
Refuse collection charges	1,034,723	-	1,034,723	-
Storm drain user fee	204,987	-	204,987	-
Connection fees	38,150	37,439	75,589	-
Other	7,178	-	7,178	-
Total	3,029,712	1,090,247	4,119,959	-
EXPENSES:				
Salaries, wages, and benefits	520,306	208,233	728,539	-
Contractual services	1,946,316	349,839	2,296,155	-
Operations	397,826	173,869	571,695	-
Depreciation	467,183	371,285	838,468	150,750
Total	3,331,631	1,103,226	4,434,857	150,750
OPERATING INCOME (LOSS)	(301,919)	(12,979)	(314,898)	(150,750)
NONOPERATING REVENUES (EXPENSES):				
Impact fees	314,415	164,531	478,946	-
State grants and allotments	-	100,000	100,000	-
Interest revenue	142,153	-	142,153	-
Interest expense	-	(5,998)	(5,998)	(31,653)
Total	456,568	258,533	715,101	(31,653)
OTHER FINANCING SOURCES(USES)				
Operating transfers	(1,152,701)	(190,153)	(1,342,854)	185,000
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(998,052)	55,401	(942,651)	2,597
CAPITAL CONTRIBUTIONS				
Developers infrastructure contributions	3,546,268	2,859,537	6,405,805	-
NET CHANGE IN ASSETS	2,548,216	2,914,938	5,463,154	2,597
NET ASSETS, BEGINNING OF YEAR	16,841,225	15,018,192	31,859,417	166,915
NET ASSETS, END OF YEAR	$ 19,389,441	$ 17,933,130	$ 37,322,571	$ 169,512

The Notes to the Financial Statements are an integral part of this statement.

SYRACUSE CITY **EXHIBIT I**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Utility Fund	Secondary Water Fund	Proprietary Funds Total	Motor Pool Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 3,033,344	$ 1,069,647	$ 4,102,991	$ -
Cash received from other activities	7,178	-	7,178	-
Cash payments for payroll and benefits	(520,306)	(208,233)	(728,539)	-
Cash payments for goods and services	(2,302,225)	(523,708)	(2,825,933)	-
Net cash provided by operating activities	217,991	337,706	555,697	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned (charged) on cash deposits	142,153	(5,998)	136,155	(31,653)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(152,701)	(190,153)	(342,854)	185,000
Cash lent from (borrowed to) other funds as pooled cash	197,779	(197,779)	-	(153,347)
Federal and State development appropriations	-	-	-	-
Net cash provided by (used in) noncapital financing activities	45,078	(387,932)	(342,854)	31,653
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:				
Impact fees	314,415	164,531	478,946	-
Federal grants	-	100,000	100,000	-
Cash payments for property and equipment purchases	(971,797)	(208,307)	(1,180,104)	-
Cash received from the sale of assets	-	-	-	-
Principal payments on debt	(113,000)	-	(113,000)	-
Interest expense on capital lease	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(770,382)	56,224	(714,158)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(365,160)	-	348,998	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,031,838	-	3,031,838	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,666,678	$ -	$ 2,666,678	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ (301,919)	$ (12,979)	$ (314,898)	$ (150,750)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	467,183	371,285	838,468	150,750
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	10,810	(20,600)	(9,790)	-
Increase (decrease) in accounts payable and accrued liabilities	41,917	-	41,917	-
Total adjustments	519,910	350,685	870,595	150,750
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 217,991	$ 337,706	$ 555,697	$ -
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Developers infrastructure contributions	$ 3,546,268	$ 2,859,537	$ 6,405,805	$ -

The Notes to the Financial Statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO THE FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Syracuse City (the City) conform in all material respects to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the City's significant accounting policies.

A. Reporting Entity

The City is incorporated under the constitutional provisions of the State of Utah. The City operates under a Council-Mayor form of government. The Mayor and the five council members are elected at large with staggered terms. The Mayor is the administrative authority by statute, however, in Syracuse City, that responsibility has been delegated to the City Administrator. Council has budgetary authority over all city departments and is accountable for all fiscal matters. City sales taxes, property taxes, utility user fees and development impact fees fund the majority of the costs of providing services to citizens including general administrative, judicial services (justice court), planning and zoning, public safety (police and fire), public utilities (culinary water, secondary water, sewer and garbage collection), highways and streets, parks-recreation, and public improvements.

The Basic Financial Statements of the City include the financial statements for all activities of the City based on the criteria set forth in GASB Statement 14. In defining the governmental entity for financial reporting purposes other legally separate entities are considered for inclusion as component units of the City entity. The following are the factors to be considered:

1. financial accountability, meaning the City appoints a majority of an organization's governing body *and* either 1) the City can impose its will on the organization, or 2) the organization has the potential to provide specific financial benefits to, or impose specific financial burdens on the City.
2. whether a board or agency is fiscally dependent on the City
3. whether the relationship with the organization is such that it would be misleading to exclude it from the City's financial statements.

Blended Component Units - Blended component units, although legally separate entities, are in substance part of the government's operations. They are reported as part of the primary government and blended with the appropriate funds. The reporting entity of these financial statements includes the Syracuse City Redevelopment Agency and the Municipal Building Authority of Syracuse.

Syracuse City Redevelopment Agency (RDA) is governed by a six-member board comprised of the City Council and Mayor. Its sole purpose is a financing tool that allows Syracuse City to gather property tax increment dollars from increased property values to pay for improvements in designated redevelopment areas. Activities for the RDA are blended with the City's special revenue funds. Separate financial statements are not issued or required for the Authority. The RDA is considered to be a blended component unit because the City's governing body is also their governing body and they exist exclusively to accomplish specific purposes of the City Council.

Municipal Building Authority of Syracuse (MBA) is governed by a six-member board comprised of the City Council and Mayor. Its sole purpose is a financing tool that allows municipal facilities to be funded without requiring a vote of citizens. The MBA, as a separate entity, borrows monies and constructs municipal facilities which it owns. The City leases the structures from the MBA. These lease payments provide the revenue stream for the MBA to make the debt payments as they come due. The facilities are deeded to the government entity at the time the debt is extinguished. Activities for the MBA are blended with the City's special revenue funds. Separate financial statements are not issued or required for the Authority. The MBA is considered to be a blended component unit because the City's governing body is also their governing body and they exist exclusively to accomplish specific purposes of the City Council.

Discretely Presented Component Units - Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City. No entities have been identified as discretely presented component units.

B. Government-wide And Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements - The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of inter-fund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The *Statement of Net Assets* presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable within a specific function. The City does allocate insurance, legal fees, and other entity-wide expenses to individual funds. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements - The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for *governmental* and *proprietary funds*.

GASB 34 introduced the concept of *major funds* to the fund statements. Because governments typically have too many funds to include information on each individual fund with the basic financial statements, criteria has been established to identify those funds that are reported in separate columns *(major funds)* and those that are grouped together (*non-major funds)*. Syracuse City has designated all of its governmental funds as "major". The RDA Fund, MBA Fund, Special Improvement District Debt Service Fund, and the Storm Water Construction Fund did not meet the criteria of a "*major fund*" but were presented in separate columns to simplify the report presentation.

The City reports the following governmental funds:

- **General Fund** – This fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.
- **RDA Fund** – This special revenue fund accounts for all activities of the Syracuse City Redevelopment Agency.
- **MBA Fund** – This special revenue fund accounts for all activities of the Municipal Building Authority of Syracuse.
- **Special Improvement District / Debt Service Fund** – This fund accounts for the receipt of property assessment payments and the repayment of sidewalk improvement debt.
- **Storm Sewer / Capital Projects Fund** – This special revenue fund accounts for the construction of storm sewers throughout the City.
- **Capital Improvements / Capital Projects Fund** – This fund accounts for the monies that are being accumulated to provide additional City facilities as growth creates specific needs.

The City reports the following proprietary funds:

- **Secondary Water Fund** – This fund accounts for the operations of the pressurized irrigation system throughout the City.

- **Utility Fund** – This fund accounts for the operation of the culinary water, sewer, storm sewer, and garbage services of the City.
- **Motor Pool / Internal Service Fund** – Internal Service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City maintains a motor pool fund to allocate the capital cost of general government vehicles over the life of those vehicles. This fund is reported on the proprietary fund statements but is combined with governmental activities on the government-wide statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The proprietary fund statements are also prepared using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating items, such as interest expense and investment earnings, result from non-exchange transactions or ancillary activities.

For business-type activities and enterprise funds, the City follows all GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those standards conflict with a GASB pronouncement.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

D. Assets, Liabilities, and Fund Balances / Net Assets

Following are the City's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Cash and Investments - Cash and cash equivalents consist of demand deposits with a local bank. The City invests any cash that is not anticipated to be required within two weeks in the Public Treasurers Investment Fund (PTIF) administered by the State of Utah Treasurer's Office. Original maturities with PTIF are considered to be less than three months, thus, all deposits and investments are recorded at cost which is also considered to be fair value.

Accounts Receivable - Receivables from other governments are reasonably assured; accordingly, no allowance for uncollectible accounts has been established. Accounts Receivable from utility customers are offset by an allowance of estimated uncollectible accounts.

Taxes Receivable - Taxes receivable include accrued amounts for sales tax and property tax.

Sales tax collected on retail sales though-out the state, are forwarded to the Utah State Tax Commission. These taxes are processed centrally and distributed according to formula to each unit of government imposing a sales tax at the end of the second month after they have been collected by the retailer.

The property tax year runs from Jan 1st – Dec 31st of each year. Governing bodies actually establish a lien against properties as of the January 1st date even though the taxes are not due until November 30th. Each County bills and collects property taxes for all taxing entities within the County. Collections are distributed to the taxing entities monthly, with final settlement due March 31st of the subsequent year. The City records a receivable for those items actually collected by the County Treasurer but not yet transferred to the City and also the amount that is identified as a lien against the property to fund the coming year's services. This is shown as $1,485,000 of the taxes receivable and also a deferred income.

Due to/Due from other funds - All cash and cash equivalents are accounted for in a pooled cash process. The money from each fund is co-mingled to simplify the banking process. A particular fund may make disbursements of funds that have not physically been received. This technically requires that they draw from other fund's resources within the co-mingled total. When this cash deficit occurs a *due to* account is charged in the funds requiring additional funds and a *due from* account is selected to offset the use of funds.

Other Assets - Deposits with vendors and returned checks being held are recorded as other assets.

Capital Assets - The City defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost where historical cost information is not available. Donated capital assets are recorded at estimated fair value on the date of donation.

Capital assets purchased or constructed by governmental funds are recorded as expenditures in the governmental fund statements. Interest expense for capital asset construction related to governmental activities is capitalized. 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.

Water Stock is recorded as a capital asset. It is considered a key element of infrastructure rather than an investment instrument. Infrastructure improvements, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Infrastructure Improvements	30
Buildings	30
Equipment	5 - 20

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Compensated Absences and Post-employment Benefits - City employees accrue vacation leave up to a maximum of 240 hours according to the following schedule:

Years of Service	Hours Accrued Per Pay Period
0 – 4 years	3.08 (10 days per year)
5 – 9 years	3.69 (12 days per year)
10 – 14 years	4.61 (15 days per year)
Over 14 years	6.15 (20 days per year)

Employees are allowed to carry up to 240 hours of unused vacation leave into the next calendar year, and all unused vacation leave is paid to employees upon termination. Employees may also earn compensatory time but only at the discretion of the city administrator. The rate is one and one-half hours for each hour worked, with a maximum accrual of 480 hours for public safety employees and 240 hours for all others.

Vacation and compensatory leave are recorded as expenditures when used in governmental funds and as expenses when earned in proprietary funds and in the government-wide statements. A liability for unused vacation and compensatory leave is recorded in the government-wide Statement of Net Assets.

Permanent full-time employees accrue sick leave at a rate of 3.69 hours for each two-week pay-period while part-time merit employees accrue sick leave at a pro-rated portion. Sick leave may accrue to a maximum of 1,040 hours. Sick leave is recorded as an expenditure/expense when used in all funds, and no liability is recorded for unused sick leave.

Upon retirement, the City will pay the employee for 20% of all unused sick leave hours. The employee who is terminated or resigns shall not be compensated for unused accrued sick leave.

Long-term Obligations - In the government-wide statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Net Assets/Fund Balances - The difference between assets and liabilities is *net assets* on the government-wide and proprietary fund statements, and *fund balance* on the governmental fund statements.

The government wide statements classify net assets and displayed in three components:

a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the governmental fund statements, fund balances are classified as reserved or unreserved. Reserves represent those portions of fund balance that are not appropriable for expenditure or are legally segregated for a specific future use. Unreserved fund balances are available for future appropriation, though some portions may be designated to represent management's tentative plans for specific future uses.

It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

E. Revenues and Expenditures

Following are the City's significant policies related to recognition and reporting of certain revenues and expenditures:

Revenue Availability - Under the modified accrual basis of accounting, revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Syracuse City considers property tax revenues to be "available" if they are collected by the Treasurer's Tax Collection Agency Fund before year-end. Sales taxes are considered revenue when they have been collected at the point of sale. Grants are recognized as revenue when all eligibility requirements have been met. All other revenues are considered to be available if they are received within 60 days after year-end.

Expenditure Recognition - In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. When expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City generally uses restricted resources first, then unrestricted resources.

F. Budgeting and Budgetary Control

Annual budgets are prepared and adopted before June 22nd for the calendar year commencing the following July 1st in accordance with the Uniform Fiscal Procedures Act for Utah Cities. Once a budget has been adopted, it remains in effect until it has been formally revised. If any obligations are contracted for in excess of the adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Adopting the Annual Budget - Each spring budget officer submits a tentative operating budget to the City Council for the calendar year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them. The tentative operating budget is reviewed and tentatively adopted by the City Council they also set a date for a public hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection ten days prior to the budget hearing. After the budget hearing, the tentative budget, with any amendments is legally enacted through passage of a resolution. A copy of the budget is certified by the budget officer and filed with the State Auditor within thirty days of adoption. A copy of the budget is available to the public after adoption.

Control of budgeted expenditures is exercised, under state law, at the department level. Administrative control is maintained through detailed line-item budgets for all departments. All appropriations lapse at the end of the calendar year. Budgets for the General Fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Budgets for proprietary funds are not legally required.

Modifying the Adopted Budget - Transfers of unexpended appropriations from one expenditure account to another in the same department can be made by consent of the department heads. Transfers of unexpended appropriations from one department to another department, as well as budget reductions for any department, may be made with consent of the Council. Expenditure appropriations of the General Fund may be increased by resolution only after a public hearing. Any other fund appropriation may be increased after giving public notice that the City Council will consider such a matter. Notice must be published seven days in advance of the meeting to consider the action. During 2007, the City modified various budgets using the above procedure.

Current Year Excess of Expenditures Over Appropriations - For the year ended June 30, 2008 the blended component Municipal Building Authority Fund had expenditures that exceeded appropriations. The Redevelopment Agency Fund also had a fund balance deficit at year end.

NOTE 2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents". Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (the Act) in handling its depository transactions. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. Utah statutes do not require deposits to be collateralized.

A. Deposits

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. Cash on hand at June 30, 2008 was $950. The carrying amount of deposits was $(101,045) and the bank balance was $112,266. Of the bank balance, $100,000 was covered by federal depository insurance and $12,266 was uninsured and uncollateralized.

B. 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 that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivision 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 (PTIF).

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, 2008, all of the $11,039,337 of City investments were deposited with the PTIF. This investment matures in less than a year and is not rated.

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 manages its exposure to declines in fair value by investing mainly in the Utah Public Treasurers Investment Fund and by adhering to the Money Management Act. 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 of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the previous table.

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.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar held in the portfolio. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2008 are as follows:

Cash on hand and on deposit:	
Cash on hand	$ 950
Cash on deposit	(101,045)
PTIF investment	11,039,337
Total cash and investments	$ 10,939,242

The entire balance is shown as "Cash and cash equivalents" on the combined state of net assets.

NOTE 3. ACCOUNTS RECEIVABLE

Receivables as of the fiscal year end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Special Assessments	$ 73,398	$ -	$ 73,398
Utility and Service Charges	-	419,769	419,769
Gross Receivables	73,398	419,769	493,167
Less: Allowance for uncollectibles	-	(5,427)	(5,427)
Net Total Receivables	$ 73,398	$ 414,342	$ 487,740

NOTE 4. INTERFUND BALANCES

Government-wide statements eliminate balances between funds. The individual fund statements show interfund balances as due to/due from other funds. These balances arise as the pooled-cash balance of a specific fund becomes negative, thus technically drawing on the pooled-cash of other funds. Interfund balances at June 30, 2008 consisted of the following amounts:

Governmental Activities:

General Fund (due from other funds)	$ 612,881
Motor Pool Fund (due to other funds)	$ (553,968)
Redevelopment Agency (due to other funds)	$ (58,913)

Business-type activities:

Utility Fund (due from other funds)	$ 45,709
Secondary Water Fund (due to other funds)	$ (45,709)

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Capital Assets			
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 8,502,634	$ 366,267	$ -	$ 8,868,901
Construction in process	2,756,908	7,523,936	-	10,280,844
Total	11,259,542	7,890,203	-	19,149,745
Capital assets being depreciated:				
Land improvements	3,011,626	443,502	-	3,455,128
Buildings and Improvements	6,025,438	7,500	-	6,032,938
Equipment	3,481,218	876,802	113,135	4,244,885
Infrastructure	33,161,247	8,942,411	-	42,103,658
Total	45,679,529	10,270,215	113,135	55,836,609
Less Accumulated Depreciation for:				
Land improvements	-	101,619	-	101,619
Buildings and Improvements	869,595	200,869	-	1,070,464
Equipment	1,905,640	328,158	113,135	2,120,663
Infrastructure	13,676,982	1,405,164	-	15,082,146
Total	16,452,217	2,035,810	113,135	18,374,892
Capital assets being depreciated, net	29,227,312	8,234,405	-	37,461,717
Governmental Activity Capital Assets, Net	$ 40,486,854	$ 16,124,608	$ -	$ 56,611,462
Business-type Activities:				
Capital assets not being depreciated:				
Water Stock	$ 7,702,520	$ 871,875	$ -	$ 8,574,395
Land	1,051,091	-	-	1,051,091
Total	8,753,611	871,875	-	9,625,486
Capital assets being depreciated:				
Buildings	738,200	-	-	738,200
Equipment	675,805	158,257	11,030	823,032
Infrastructure	24,812,200	6,555,778	-	31,367,978
Total	26,226,205	6,714,035	11,030	32,929,210
Less Accumulated Depreciation for:				
Buildings	2,929	1,134	-	4,063
Equipment	428,769	83,750	11,030	501,489
Infrastructure	6,272,140	753,583	-	7,025,723
Total	6,703,838	838,467	11,030	7,531,275
Capital assets being depreciated, net	19,522,367	5,875,568	-	25,397,935
Business-type Activities Capital Assets, Net	$ 28,275,978	$ 6,747,443	$ -	$ 35,023,421

(a) Capital Assets in these Government-wide Statements includes the Buildings, Equipment, and other Depreciable Assets, net of accumulated depreciation for the Motor Pool Internal Service Fund of $723,480 rather than in the Business-type Activities.

(b) Water Stock has been included as a capital rather than a current asset because of the intended use of the asset. The City Council has acquired the Water Stock as part of the infrastructure of the secondary water delivery system.

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 197,976
Public Safety	104,794
Public Works	1,445,002
Parks and Recreation	137,284
Total Governmental Activities Depreciation Expense	$ 1,885,056
Business-type Activities	
Utility	$ 467,183
Secondary Water	371,285
Total Business-type Activities Depreciation Expense	$ 838,468

NOTE 6. CUSTOMER DEPOSITS

Residential Utility customers pay a $60 deposit when they sign up for utilities. This is held by the City until twelve consecutive timely utility payments are made. It is then refunded to the customer. As of June 30, 2008 the customer deposits balance held by the City was $106,175.

NOTE 7. LONG-TERM LIABILITIES

Changes in Long-term Liabilities (including compensated absences) for the year ended June 30, 2008 were as follows:

	Long-term Liabilities				
	Beginning Balance	**Additions**	**Reduction**	**Ending Balance**	**Due Within One Year**
Governmental Activities:					
1999 Excise Tax Road Bond	$ 330,000	$ —	$ 160,000	$170,000	$ 170,000
2001 Special Assessment Bond	315,000	—	99,000	216,000	105,000
2005 Park Development Bond	1,875,000	—	115,000	1,760,000	120,000
2006 MBA Facilities Bonds	9,350,000	—	—	9,350,000	305,000
2008 MBA Fire Station Bonds		5,954,000	—	5,954,000	—
2006 Capital Impv. Loan	1,000,000	—	1,000,000	—	—
Compensated Absences	186,630	183,540	130,644	239,526	150,000
Total	13,056,630	6,137,540	1,504,644	17,689,526	850,000
Business-type Activities:					
Water Revenue Note 1992A	330,000	—	55,000	275,000	55,000
Water Revenue Note 1992B	348,000	—	58,000	290,000	58,000
Total	678,000	—	113,000	565,000	113,000
Total Long-term Liabilities	$13,734,630	$ 6,137,540	$1,617,644	$18,254,526	$963,000

The compensated absence liability of governmental activities is liquidated in the General Fund, special revenue fund, or internal service fund where the related employing department operates. Additional information related to these long-term liabilities is found in the following tables including debt service requirements to maturity.

A. Excise Tax Road Bonds

In January 1999, the City issued $1.41 million of Series 1999 tax revenue bonds for the purpose of defraying a part of the cost of constructing additions and improvements to certain Class "C" roads within the City. Bonds Payable at June 30, 2008 consists of the following:

1999 Excise Tax Road Refunding Bonds Payable

Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2008
01/12/1999	01/15/2009	4.35%	$ 1,410,000	$ 170,000
Total Excise Tax Road Bonds Payable				$ 170,000

Debt Service Requirement to Maturity

Fiscal Year	Principal	Interest
2009	$ 170,000	$ 5,546
Total	$ 170,000	$ 5,546

B. Special Assessment Bonds

The City authorized and issued Special Assessment Bonds on March 22, 2001 in the principal amount of $865,958 for the purpose of constructing and installing curb, gutter and sidewalk. Bonds payable at June 30, 2008 consists of the following:

1999 Special Assessment Bonds Payable

Issue Date	Maturity Date	Interest Rates	Original Amount	Balance June 30, 2008
03/22/2001	03/15/2010	4.90% -6.20%	$865,958	$ 216,000
Total Special Assessment Bonds Payable				$ 216,000

Debt Service Requirement to Maturity

Fiscal Year	Principal	Interest
2009	$ 105,000	$ 13,287
2010	111,000	6,882
Total	$ 216,000	$ 20,169

C. Park Development Sales Tax Revenue Bonds, Series 2005

On April 5, 2005, the City issued $2,100,000 in Park Development Sales Tax Revenue Bonds for the purpose of financing the acquisition of water shares; the construction of a water reservoir; improvements to the secondary water system; park improvements and other City-owned capital improvements. Park Development Bonds payable at June 30, 2008 consists of the following:

2005 Park Development Sales Tax Revenue Bonds Payable

	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2008
2005	04/28/2005	01/01/2020	3.0-4.3 %	$ 2,100,000	$ 1,760,000
Total Water Revenue Bonds Payable.....					$ 1,760,000

Debt Service Requirement to Maturity

	Principal	Interest
2009	$ 120,000	$ 69,260
2010	125,000	65,480
2011	125,000	61,230
2012	130,000	56,793
2013	135,000	51,983
2014– 2018	770,000	174,065
2019– 2020	355,000	22,918
Total	$ 1,760,000	$ 501,729

D. Municipal Building Authority Lease Revenue Bonds, Series 2006

On December 20, 2006, the MBA issued $9,350,000 in Lease Revenue Bonds for the purpose of financing the construction of a new city hall, a public works addition, and the remodel of public safety structures. MBA Lease Revenue Bonds payable at June 30, 2008 consists of the following:

2006 Municipal Building Authority Lease Revenue Bonds Payable

	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2007
2006	04/28/2005	04/01/2028	4.0-5.0 %	$ 9,350,000	$ 9,350,000
Total Lease Revenue Bonds Payable.....					$ 9,350,000

Debt Service Requirement to Maturity

	Principal	Interest
2009	$ 305,000	$ 399,191
2010	330,000	385,466
2011	335,000	372,266
2012	350,000	358,866
2013	365,000	344,866
2014 – 2018	2,060,000	1,475,020
2019 – 2023	2,515,000	1,017,894
2024 – 2028	3,090,000	428,850
Total	$ 9,350,000	$ 4,782,419

E. Municipal Building Authority Lease Revenue Bonds, Series 2008

On March 18, 2008, the MBA issued $5,594,000 in Lease Revenue Bonds for the purpose of financing the construction of a new city fire station. MBA Lease Revenue Bonds payable at June 30, 2008 consists of the following:

2008 Municipal Building Authority Lease Revenue Bonds Payable

	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2008
2008	03/18/2008	03/15/2028	4.13 %	$ 5,954,000	$ 5,954,000
Total Lease Revenue Bonds Payable					$ 5,954,000

Debt Service Requirement to Maturity

	Principal	Interest
2009	$ -	$ 254,780
2010	212,000	245,900
2011	221,000	237,145
2012	230,000	228,017
2013	240,000	218,518
2014 – 2018	1,357,000	935,486
2019 – 2023	1,661,000	631,188
2024 – 2028	2,033,000	258,704
Total	$ 5,954,000	$ 3,009,738

F. Capital Improvements loan from Utility Fund

On January 24, 2006, the City Council authorized the loan of $1,000,000 of available Utility Fund monies to the Capital Improvements Fund in order to avoid the need to bond for the construction of the Community Center. The loan actually occurred on June 30, 2006. The loan was to be repaid within a three-year period at 5% interest. On August 12, 2007, after a public hearing, the City Council voted to forgive the loan, thus making the $1,000,000 an actual contribution of Utility Fund equity to the capital improvements fund. Accrued interest was paid to that date and the loan is considered forgiven and recorded as a current year transfer.

G. Water Revenue Notes, Series 1992

During January 1992, the City issued $2,200,000 in Water Revenue Notes with the State of Utah. These are zero interest notes available to local units of government for the purpose of water conservation through improved delivery systems. The City used the proceeds from these notes to construct a storage reservoir and upgrade the main transmission lines throughout the City. Water Revenue Notes Payable at June 30, 2008 consists of the following:

1992 Water Revenue Notes Payable

	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2008
1992A	04/28/1992	01/01/2013	0.0%	$ 1,100,000	$ 275,000
1992B	04/28/1992	01/01/2013	0.0%	1,100,000	290,000
Total Water Revenue Bonds Payable					$ 565,000

Debt Service Requirement to Maturity

	Series 1992A		Series 1992B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 55,000	$ -	$ 58,000	$ -	$ 113,000	$ -
2010	55,000	-	58,000	-	113,000	-
2011	55,000	-	58,000	-	113,000	-
2012	55,000	-	58,000	-	113,000	-
2013	55,000	-	58,000	-	113,000	-
Total.....	$ 275,000	$ -	$ 290,000	$ -	$ 565,000	$ -

NOTE 8. INTERFUND TRANSFERS

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in another fund. This year's transfers were as follows:

The General Fund transferred $64,500 to the Special Improvement District Fund.

The Secondary Water Fund transferred $190,153 to the General Fund payments on the Park Development Sales Tax Bond.

The Capital Improvements Fund transferred $185,000 to the Motor Pool Fund to cover the annual depreciation costs for this to relieve the burden on the operating budgets.

The Capital Improvements Fund transferred $210,000 to the General Fund to cover ongoing operations.

The General Fund transferred $500,000 to the Municipal Building Authority (MBA) Special Revenue Fund in order to cover capital costs in excess of the MBA's current resources.

The Utility Fund transferred $152,701 to the Storm Water Fund to cover deficiencies in operations.

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since 1985 the City has purchased commercial insurance through the Utah Local Governments Insurance Trust to mitigate the costs of these risks. The City's responsibility extends only to the payment of premiums and deductibles of $1,000 on general liability claims. This year's premium of $59,822 is part of the non-departmental costs.

NOTE 10. LITIGATION AND CONTINGENCIES

The City records liabilities resulting from claims and legal actions when they become fixed or determinable in amount. The City is currently the defendant in a few pending lawsuits. Legal counsel is of the opinion that potential claims against the City resulting from such litigation not covered by insurance do not pose a threat of significant liability to the City.

The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, the City believes such disallowances, if any, will be immaterial.

NOTE 11. RETIREMENT PLANS

A. Pension Plans

Syracuse City contributes to the Local Government Noncontributory Retirement System, the Firefighters Retirement System, and the Public Safety Noncontributory Retirement System collectively, the Systems), all of which are cost-sharing multiple-employer defined benefit pension plans. The Systems are administered by Utah Retirement Systems (URS) under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the governor. URS is established under and governed by Title 49 of *Utah Code Annotated, 1953*, as amended (UCA). URS publishes an annual financial report that includes financial statements and required supplementary information for all retirement systems and deferred compensation plans administered by it. Copies of the report may be obtained by writing to Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102; by calling 1-800-365-8772.

Retirement benefits, as specified by UCA Title 49, cover substantially all employees of the State, public education, and other political subdivisions of the State. Only the State Legislature can modify benefits. The Systems provide pension, death, and disability benefits for employees who meet all eligibility requirements. Employees are eligible for retirement benefits upon attainment of the age specified for their employment classification or a combination of age plus years of service. A brief summary of eligibility, benefits, and contribution rates of the Systems is provided in the table below.

Expenditures or expenses for retirement costs are recorded in the City's funds as contributions are made to the Systems. Contributions made each year were equal to the contributions required by the City's contract with URS. Therefore, the City has no liability for pension obligations.

	Local Government Noncontributory System	**Firefighters System**	**Public Safety Noncontributory System**
Highest Average Salary	Highest 3 Years	Highest 3 Years	Highest 3 Years
Years of Service and Age of Eligibility	30 years any age 25 years any age (a) 20 years age 60 (a) 10 years age 62 (a) 4 years age 65	20 years any age 10 years age 60 4 years age 65	20 years any age 10 years age 60 4 years age 65
Benefit Percent per Year of Service	2.00% per year	2.50% per year up to 20 years 2.00% per year over 20 years Benefit cannot exceed 70% of final average salary.	2.50% per year up to 20 years 2.00% per year over 20 years Benefit cannot exceed 70% of final average salary.
Annual Cost of Living Adjustment	up to 4.00%	up to 2.50%	up to 2.50%
2007 Rates as Percent of Covered Payroll:			
Employer	11.620%	12.760%	22.610%
Member	0.000%	0.000%	0.000%
Actual City Contributions Made, by year:			
2007	$ 228,883	$ 59,119	$ 164,033
2006	$ 197,689	$ 34,667	$ 134,154
2005	$ 153,066	$ 10,262	$ 92,857

B. Deferred Compensation Plans

The City participates in a 401(k) Plan and a 457 Plan (collectively, the Plans), both of which are defined contribution plans administered by URS. The Plans are in addition to the retirement benefits outlined above. Voluntary contributions may be made to the Plans subject to URS and Internal Revenue Service limitations. The City contributes a matching amount up to 4 percent of eligible employees' salaries to the 401(k) Plan, and employees may contribute to both Plans up to maximum percentages allowed by IRS regulations.

Account balances of the Plans are fully vested to the participants at the time of deposit. All assets and income of the Plans are held by URS for the exclusive benefit of the participants or their beneficiaries. For the year ended June 30, 2008 Syracuse City contributed $134,174 to employees' 401(k) Plans.

NOTE 12. SYRACUSE CITY REDEVELOPMENT AGENCY (RDA)

The Syracuse City Redevelopment Agency was established in 1992 to target specific areas of the City that were planned for improvements. The Agency funds identified improvements to the project area properties. These improvements are authorized to be funded using the concept of property tax increment. This funding is provided by taking the property tax dollars that are paid on any increased value of the properties and improvements from the time the project was identified as those properties are developed until the defined amount has been recovered. These improvements act as a publicly funded stimulation to the project area intended to encourage private development of those areas.

The Agency has established two project areas, 1700 South established in 1993 and 750 West established in 2004. This has been the second year for each of the projects to receive tax increment payments from the property tax system. Infrastructure improvements have been made to the 1700 South project and road improvements are in place on the 750 West project.

These Redevelopment Projects collected $135,702 in tax increment monies in the fiscal year ended June 30, 2008. The collections were used to repay the developer for improvements on the 1700 South project and to reimburse Syracuse City for our funding of the road improvements on the 750 West project.

NOTE 13. MUNICIPAL BUILDING AUTHORITY OF SYRACUSE (MBA)

The Municipal Building Authority of Syracuse was established in August 2006 to allow the City to streamline the funding and construction of city facilities. The MBA borrows funding, constructs facilities, and leases them to the City. The lease payments made by the City provide the revenue for the MBA to make the debt payments. Eventually the debt is paid off and the properties are then deeded to the City.

The initial lease agreement between the City and the MBA is for a new City Hall, an addition to the City Shops, and remodeled/enlarged public safety facilities from the existing City Hall and Public Safety buildings. Bonds were issued in December 2006 and construction of these structures is nearing completion as of the report date.

A supplemental lease agreement was entered into between the City and the MBA this year. This adds a new fire station to the group of buildings constructed on behalf of the City by the MBA. Bonds for the financing of this facility were issued in March 2008 by the MBA. This structure is out of the ground as of the report date and will be occupied this 2008-09 winter.

REQUIRED SUPPLEMENTAL INFORMATION

SYRACUSE CITY

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Taxes:				
Current property taxes	$ 1,199,500	$ 1,199,500	$ 1,235,036	$ 35,536
Fee-in-lieu	130,000	130,000	178,049	48,049
Delinquent prior years' taxes	12,000	12,000	29,718	17,718
Sales tax	2,900,000	2,900,000	2,655,060	(244,940)
Total	4,241,500	4,241,500	4,097,863	(143,637)
Licenses and permits:				
Business licenses	36,000	36,000	50,995	14,995
Building permits	800,000	800,000	293,864	(506,136)
Total	836,000	836,000	344,859	(491,141)
Impact fees:				
Park purchase	550,000	550,000	150,696	(399,304)
Park development	360,000	360,000	82,700	(277,300)
Public safety	210,000	210,000	69,424	(140,576)
Transportation	600,000	600,000	286,638	(313,362)
Total	1,720,000	1,720,000	589,458	(1,130,542)
Intergovernmental revenues:				
Class "C" road fund allotment	650,000	650,000	696,170	46,170
Liquor fund allotments	13,000	13,000	12,449	(551)
Federal appropriations	215,000	215,000	24,207	(190,793)
State grants and reimbursements	20,000	20,000	252,896	232,896
Local governments service agreements	94,000	94,000	105,047	11,047
Total	992,000	992,000	1,090,769	98,769
Charges for services:				
Development reviews and inspections	233,000	233,000	99,885	(133,115)
Recreation fees	120,000	120,000	139,851	19,851
Community Center fees	60,000	60,000	35,466	(24,534)
Ambulance revenue	135,000	135,000	206,067	71,067
Sale of maps and publications	1,000	1,000	240	(760)
Sale of cemetery lots	10,000	10,000	32,490	22,490
Burial fees	12,000	12,000	19,700	7,700
Road cut fees	4,000	4,000	21,131	17,131
Street light installations	20,000	20,000	48,058	28,058
Total	595,000	595,000	602,888	7,888
Justice Court Fines and forfeitures	240,000	240,000	218,843	(21,157)
Interest	195,000	195,000	147,434	(47,566)
Miscellaneous:				
Sale of materials and supplies	2,500	2,500	5,256	2,756
Building rentals	1,000	1,000	8,337	7,337
Park reservations	1,500	1,500	6,095	4,595
Sundry	12,000	12,000	16,156	4,156
Total	17,000	17,000	35,844	18,844
TOTAL REVENUES	$ 8,836,500	$ 8,836,500	$ 7,127,958	$ (1,708,542)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Favorable
EXPENDITURES:	Original	Final	Actual	(Unfavorable)
General government:				
City council	$ 148,176	$ 151,176	$ 150,969	$ 207
City court	162,018	162,018	155,161	6,857
Administration	436,864	386,864	373,795	13,069
Planning and zoning	404,099	354,099	353,925	174
Nondepartmental	317,300	291,300	290,709	591
Buildings and grounds	172,000	202,000	197,672	4,328
Total	1,640,457	1,547,457	1,522,231	25,226
Public safety:				
Police department	1,929,895	1,913,895	1,908,349	5,546
Fire department	1,262,531	1,278,531	1,278,264	267
Total	3,192,426	3,192,426	3,186,613	5,813
Public works:				
Building inspector	526,631	446,631	385,328	61,303
Class "C" roads	1,422,945	1,787,945	1,787,034	911
Total	1,949,576	2,234,576	2,172,362	62,214
Parks and recreation:				
Parks	401,939	402,939	402,779	160
Recreation	542,090	492,090	476,207	15,883
Cemetery	23,477	23,477	17,362	6,115
Museum	25,480	25,480	19,856	5,624
Total	992,986	943,986	916,204	27,782
Capital outlay	1,090,665	830,665	825,112	5,553
Debt Service:				
Debt Principal	176,000	275,000	275,000	-
Debt interest and fees	-	88,000	87,768	232
Total	176,000	363,000	362,768	232
TOTAL EXPENDITURES	9,042,110	9,112,110	8,985,290	126,820
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(205,610)	(275,610)	(1,857,332)	126,820
OTHER FINANCING SOURCES (USES):				
Other interest expense	(35,000)	(39,000)	(38,877)	123
Transfers in	210,000	210,000	400,152	190,152
Transfers out	(750,332)	(750,332)	(564,500)	185,832
Total	(575,332)	(579,332)	(203,225)	376,107
NET CHANGE IN FUND BALANCE	(780,942)	(854,942)	(2,060,557)	502,927
FUND BALANCE, BEGINNING OF YEAR	3,592,941	3,592,941	3,536,630	(56,311)
FUND BALANCE, END OF YEAR	$ 2,811,999	$ 2,737,999	$ 1,476,073	$ 446,616

REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUE:				
Property tax increment	$ 120,000	$ 120,000	$ 135,702	15,702
Interest income	-	-	1,176	1,176
Total	120,000	120,000	136,878	16,878
EXPENDITURES:				
General government:				
Interest expense	-	-	-	-
Repayment to financers	120,000	137,000	84,615	52,385
Total	120,000	137,000	84,615	52,385
EXCESS (DEFICIENDY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	-	(17,000)	52,263	69,263
OTHER FINANCING SOURCES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	(17,000)	52,263	69,263
FUND BALANCE, BEGINNING OF YEAR	134	134	(97,959)	(98,093)
FUND BALANCE, END OF YEAR	$ 134	$ (16,866)	$ (45,696)	$ (28,830)

MUNICIPAL BUILDING AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUE:				
Interest income	$ 100,000	$ 100,000	$ 259,666	$ 159,666
Total	100,000	100,000	259,666	159,666
EXPENDITURES:				
General government:				
General Administrative expenses	5,000	5,000	7	4,993
Bond interest payments	200,000	200,000	399,941	(199,941)
Construction - City Hall	3,800,000	3,800,000	3,632,331	167,669
Construction - Shop Expansion	750,000	750,000	1,271,815	(521,815)
Construction - Police Building	900,000	900,000	633,658	266,342
Construction - Fremont Fire Station	1,441,754	1,441,754	2,225,459	(783,705)
Total	7,096,754	7,096,754	8,163,211	(1,066,457)
EXCESS (DEFICIENDY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(6,996,754)	(6,996,754)	(7,903,545)	(906,791)
OTHER FINANCING SOURCES:				
Bond Proceeds			5,924,230	5,924,230
Transfer from other funds			500,000	500,000
Total	-	-	6,424,230	6,424,230
NET CHANGE IN FUND BALANCE	(6,996,754)	(6,996,754)	(1,479,315)	5,517,439
FUND BALANCE, BEGINNING OF YEAR	6,996,754	6,996,754	6,949,472	(47,282)
FUND BALANCE, END OF YEAR	$ -	$ -	$ 5,470,157	$ 5,470,157

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

SPECIAL IMPROVEMENT DISTRICT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUE:				
Assessments principal	$ 52,000	$ 52,000	$ 30,191	$ (21,809)
Assessments interest	2,400	2,400	2,352	(48)
Late fees	-	-	-	-
Investment interest	-	-	-	-
Total	54,400	54,400	32,543	(21,857)
EXPENDITURES:				
General government:				
Operating supplies	173	1,173	420	753
Debt service:				
Debt principal	99,000	99,000	99,000	-
Debt interest and fees	19,727	19,727	19,727	-
Total	118,900	119,900	119,147	753
EXCESS (DEFICIENDY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(64,500)	(65,500)	(86,604)	(21,104)
OTHER FINANCING SOURCES - Transfer in	64,500	64,500	64,500	-
NET CHANGE IN FUND BALANCE	-	(1,000)	(22,104)	(21,104)
FUND BALANCE, BEGINNING OF YEAR	52,523	52,523	54,264	1,741
FUND BALANCE, END OF YEAR	$ 52,523	$ 51,523	$ 32,160	$ (19,363)

STORM WATER CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Storm drain impact fees	$ 480,000	$ 480,000	$ 262,121	$ (217,879)
Interest	-	-	6,785	6,785
Total	480,000	480,000	268,906	(211,094)
EXPENDITURES:				
Professional & Technical	-	-	132,416	(132,416)
Capital outlay	53,000	233,000	85,354	147,646
Total	53,000	233,000	217,770	15,230
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	427,000	247,000	51,136	(195,864)
FUND BALANCE, BEGINNING OF YEAR	167,108	167,108	(31,194)	(198,302)
FUND BALANCE, END OF YEAR	$ 594,108	$ 414,108	$ 19,942	$ (394,166)

CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Franchise tax	$ 1,000,000	$ 1,000,000	$ 1,106,962	$ 106,962
Cell tower lease	36,000	36,000	46,975	10,975
Interest	12,000	12,000	22,807	10,807
Federal Grant	-	-	44,000	44,000
Miscellaneous	2,000	2,000	24,195	22,195
Total	1,050,000	1,050,000	1,244,939	194,939
EXPENDITURES:				
Capital Equipment purchases	110,000	110,000	229,302	(119,302)
Capital Projects	890,326	705,326	7,500	697,826
MBA Lease payments	100,000	100,000	-	100,000
Debt interest	6,164	6,164	6,164	-
Sundry expenditures	-	-	6,942	(6,942)
Total	1,106,490	921,490	249,908	671,582
EXCESS OF REVENUES OVER EXPENDITURES	(56,490)	128,510	995,031	866,521
OTHER FINANCING USES - Transfer out	(210,000)	(395,000)	(395,000)	-
NET CHANGE IN FUND BALANCE	(266,490)	(266,490)	600,031	866,521
FUND BALANCE, BEGINNING OF YEAR	266,490	266,490	268,179	1,689
FUND BALANCE, END OF YEAR	$ -	$ -	$ 868,210	$ 868,210

UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
OPERATING REVENUE:				
Water sales	$ 1,150,000	$ 1,150,000	$ 1,036,096	$ (113,904)
Sewer service charges	620,000	620,000	708,578	88,578
Refuse collection charges	1,250,000	1,250,000	1,034,723	(215,277)
Storm drain user fees	155,000	155,000	204,987	49,987
Connection fees	150,000	150,000	38,150	(111,850)
Other	44,200	44,200	7,178	(37,022)
Total	3,369,200	3,369,200	3,029,712	(339,488)
OPERATING EXPENDITURES:				
Public works:				
Salaries, wages, and benefits	473,655	473,655	520,306	(46,651)
Contractual services	1,748,000	1,808,000	1,946,316	(138,316)
Operations	430,700	470,700	397,826	72,874
Depreciation	500,000	500,000	467,183	32,817
Total	3,152,355	3,252,355	3,331,631	(79,276)
OPERATING INCOME (LOSS)	216,845	116,845	(301,919)	(418,764)
NONOPERATING REVENUES (EXPENSES):				
Culinary water impact fees	871,680	871,680	314,415	(557,265)
Interest revenue	75,000	75,000	142,153	67,153
Transfer out	(1,000,000)	(1,000,000)	(1,152,701)	(152,701)
Total	(53,320)	(53,320)	(696,133)	(642,813)
INCOME BEFORE CAPITAL CONTRIBUTIONS	163,525	63,525	(998,052)	(1,061,577)
CAPITAL CONTRIBUTIONS				
Developers infrastructure contributions	-	-	3,546,268	3,546,268
NET CHANGE IN ASSETS	163,525	63,525	2,548,216	2,484,691
NET ASSETS, BEGINNING OF YEAR	15,000,000	15,000,000	16,841,225	1,841,225
NET ASSETS, END OF YEAR	$ 15,163,525	$ 15,063,525	$ 19,389,441	$ 4,325,916

SECONDARY WATER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
OPERATING REVENUE:				
Water Sales	$ 950,000	$ 950,000	$ 1,052,808	$ 102,808
Connection fees	135,000	135,000	37,439	(97,561)
Other	500	500	-	(500)
Total	1,085,500	1,085,500	1,090,247	4,747
OPERATING EXPENDITURES:				
Public Works:				
Salaries, wages, and benfits	256,844	256,844	208,233	48,611
Water and pumping	300,000	300,000	349,839	(49,839)
Operating expenses	138,500	138,500	173,869	(35,369)
Depreciation	360,000	360,000	371,285	(11,285)
Total	1,055,344	1,055,344	1,103,226	(47,882)
OPERATING INCOME (LOSS)	30,156	30,156	(12,979)	52,629
NONOPERATING REVENUES (EXPENSES):				
Impact fees	624,000	624,000	164,531	(459,469)
Interest	-	-	(5,998)	(5,998)
Federal capital projects grant	100,000	100,000	100,000	-
Transfer to other funds	(193,000)	(193,000)	(190,153)	2,847
Total	531,000	531,000	68,380	(462,620)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	561,156	561,156	55,401	(409,991)
CAPITAL CONTRIBUTIONS				
Developers infrastructure contributions	-	-	2,859,537	2,859,537
NET CHANGE IN ASSETS	561,156	561,156	2,914,938	2,353,782
NET ASSETS, BEGINNING OF YEAR	15,000,000	15,000,000	15,018,192	18,192
NET ASSETS, END OF YEAR	$ 15,561,156	$ 15,561,156	$ 17,933,130	$ 2,371,974

MOTOR POOL FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
OPERATING REVENUE:				
Department charges	$ 120,000	$ 120,000	$ -	$ (120,000)
State grants and allotments	-	-	-	-
Total	120,000	120,000	-	(120,000)
OPERATING EXPENDITURES:				
General government:				
Operations	-	-	-	-
Depreciation	120,000	155,000	150,750	4,250
Total	120,000	155,000	150,750	4,250
OPERATING INCOME (LOSS)	-	(35,000)	(150,750)	(115,750)
NONOPERATING REVENUES (EXPENSES):				
Utility franchise tax	-	-	-	-
Transfers in	-	-	185,000	185,000
Interest expense	-	(32,000)	(31,653)	347
Total	-	(32,000)	153,347	185,347
NET CHANGE IN ASSETS	-	(67,000)	2,597	(301,097)
NET ASSETS, BEGINNING OF YEAR	160,000	166,915	166,915	-
NET ASSETS, END OF YEAR	$ 160,000	$ 99,915	$ 169,512	$ (301,097)

SYRACUSE CITY **Schedule 10**

STATE OF UTAH IMPACT FEE REPORTING

JUNE 30, 2008

Impact fees are a funding tool used by local governments to place the cost of specific entity improvements to those that are creating the need for the improvements. Syracuse City has established several impact fees that are charged to either the developer or individual property owner. Impact fee balances as of June 30, 2008 are as follows:

GOVERNMENTAL ACTIVITIES

General Fund:	
Park Purchase	$ (243,665)
Park Development	(782,328)
Public Safety	23,598
Transportation	2,095,578
Total General Fund	1,093,183
Storm Water	172,643
Total Governmental activities	$ 1,265,826

BUSINESS-TYPE ACTIVITIES

Culinary Water	$ 832,442
Secondary Water	(168,714)
Total Business-type activities	$ 663,728

The state reporting requirements detailed by individual impact fee follow:

PARK PURCHASE IMPACT FEE

Deficit balance $ (243,665)

Park Purchase Impact Fee became a deficit when Syracuse City purchased 60 acres of Jensen family property in 2005. The remaining $(243,665) shortfall should be made up in the next two years. Land for a regional park in the north part of the City is the next item proposed for this impact fee.

PARK DEVELOPMENT IMPACT FEE

Deficit balance $(782,328)

Park Improvement Impact Fee became a deficit this past year and increased this year as Rock Creek Park phase II grant funding was required to be used currently. The local matching funds were not available to provide the City portion of the project. The current ($775,209) shortfall will take several years to eliminate. Future park improvements will be evaluated each year.

PUBLIC SAFETY IMPACT FEE

Collected 2008 $ 23,598

The Public Safety Impact Fee is accumulated for the purpose of building additional Police and Fire department structures. The current MBA bond projects were supplemented this year with $500,000 of this impact fee. The revenues in the coming years will be used to pay the public safety portion of the MBA debt payments.

TRANSPORTATION IMPACT FEE

Collected 2006	$ 1,064,439
Collected 2007	657,464
Collected 2008	373,313
Total balance	$2,095,578

The Transportation Impact Fee is accumulated to provide additional funding from developers as the City's resource to supplement the State Class "C" road distributions for the improvements to Syracuse City streets as detailed in the master plan. $1,110,000 is budgeted in the coming year for a round-about and overlay on 2700 South.

STORM WATER IMPACT FEE

Balance collected 2008 $172,643

The Storm Water Impact Fee is accumulated to fund the main lines throughout the City that developers connect to. The current balance and future fees are scheduled to fund projects from the Storm Water Master Plan. $53,000 is appropriated in the 2008 year to upsize the Doral Drive line.

CULINARY WATER IMPACT FEE

Collected 2006	30,321
Collected 2007	465,931
Collected 2008	336,190
Total balance	$832,442

The Culinary Water Impact Fee is accumulated to fund the development of water rights owned by the City. This year the City has spent $935,660 of these funds to re-drill the 500 West well site and replace some existing lines. The coming year has $850,000 budgeted to construct and equip the 500 West well.

SECONDARY WATER IMPACT FEE

Deficit balance $(168,714)

The Secondary Water Impact Fee is accumulated to fund the secondary water pump stations and main lines throughout the City. Master plan projects completed this year consumed more monies than were available. The current ($168,714) shortfall will be made up this coming year. No projects are budgeted for this coming year.

AUDITORS' REPORTS AND FINDINGS

Wood · Richards
AND ASSOCIATES P.C.

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

Honorable Mayor and City Council
Syracuse City

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund for Syracuse City, as of and for the year ended June 30, 2008, which collectively comprise the City of Syracuse, Utah's basic financial statements and have issued our report thereon dated December 9, 2008. 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 Syracuse City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Syracuse City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Syracuse City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

CERTIFIED PUBLIC ACCOUNTANTS
2490 Wall Avenue Ogden, Utah 84401 Phone (801) 621-0440 Fax (801) 399-9264

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

Compliance and Other Matters

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

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

Wood Richards & Associates

Ogden, UT
December 9, 2008

INDEPENDENT AUDITOR'S REPORT
STATE OF UTAH LEGAL COMPLIANCE

The Honorable Mayor and City Council
Syracuse City, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Syracuse City, Utah, for the year ended June 30, 2008 and have issued our report thereon dated December 9, 2008. As part of our audit, we have audited Syracuse City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2008. The City received the following major assistance programs from the State of Utah.

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

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

Police Crime Intervention	DUI Over time
Fire	Youth Alcohol Grant
Ambulance Grant	Senior Program

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

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

The management of Syracuse City 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.

CERTIFIED PUBLIC ACCOUNTANTS
2490 Wall Avenue Ogden, Utah 84401 Phone (801) 621-0440 Fax (801) 399-9264

The results of our audit procedures disclosed immaterial instances of noncompliance with 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, Syracuse City, Utah, 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, 2008.

Wood Richards & Associates

Ogden, Utah
December 9, 2008

SYRACUSE CITY
SUMMARY OF FINDINGS

FOR THE YEAR ENDED JUNE 30, 2008

State Compliance Findings:

Finding #08-1: State law requires that expenditures not be incurred in excess of total appropriations in special revenue funds. We noted during the course of the audit that the Municipal Building Authority special revenue fund did not meet this requirement.

Recommendation: We recommend the City maintain expenditures within their appropriations or open and amend the budget to make any necessary changes in order to stay within the appropriations.

Response: The City will be diligent in monitoring budgets throughout the year to ensure that additional funding will be appropriated if necessary.

Finding # 08-2: Utah Code section 10-5-129 was modified in 2006. This law relates to impact fees. The City is required to detail each capital facilities plan by project. There is also a requirement to project the year that each project will be undertaken and its projected cost. The City is currently not in compliance with these provisions.

Recommendation: The City should update each capital facilities plan to ensure compliance.

Response: The City has hired engineers to update all the capital facilities plans and is currently in the process of doing so.

Finding #08-3: Utah State Code requires all funds to have a positive fund balance and not a deficit. We noted one fund, the Redevelopment Agency Fund, had a fund balance deficit.

Recommendation: We recommend the City make the necessary budgetary adjustments and plans to eliminate the deficit.

Response: The City agrees with the recommendation and plans to eliminate the deficit in the future years through tax increment monies.

SYRACUSE CITY
SUMMARY OF FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

Significant Deficiencies in Internal Control Over Financial Reporting:

Finding # 08-4: After a review of the internal controls it came to our attention that journal entries are not being reviewed or approved by anyone other than the person making the general journal entries.

Recommendation: We recommend the City have another individual approve these journal entries with a documented form of approval.

Response: The City agrees with the recommendation and will have someone else review and approve the journal entries.

Finding #08-5: Some lack of separation of duties within the City has created a significant deficiency within the accounts payable and disbursements. One particular individual has access to the check stock, accounting software, and performs the bank reconciliation.

Recommendation: We recommend an individual independent of the payables and disbursements transactions review cancelled checks on the bank statements and document his or her findings and inquiries.

Response: The City agrees with the recommendation and will have someone review the cancelled checks.