

SYRACUSE CITY CORPORATION

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

Prepared by:

Amber Fowles
Finance Manager

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INTRODUCTORY SECTION



Mayor
Jamie Nagle

City Council
Alan L. Clark
D. Mathew Kimmel
Matt D. Ocana
Douglas Peterson
Larry D. Shingleton

December 15, 2010

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Syracuse:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of Syracuse City Corporation for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of Syracuse City Corporation. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of Syracuse City Corporation has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Syracuse City Corporation's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Syracuse City Corporation's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Wood Richards and Associates, P. C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Syracuse City Corporation for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Syracuse City Corporation's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Syracuse City Corporation's MD&A can be found immediately following the report of the independent auditors.

Entities receiving funding from the federal government are federally mandated to undergo a "Single Audit" designed to meet the special needs of federal grantor agencies. The Single Audit Act of 1996 and the U. S. Office of Management and Budget's Circular A-133 governing single audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Although the City received funds under federal financial assistance programs, the revenue was not sufficient to require a single audit.

The State of Utah requires the City to be audited in accordance with Government Auditing Standards (GAO Yellow Book 2003 Revision) and sets forth general requirements for auditors to follow in its Compliance Manual for Audits of Local Governments. The City is responsible for compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; and other special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah Legal Compliance Audit Guide.

Profile of the Government

Syracuse City was incorporated on September 3, 1935. It is located in the northern part of the state along the Wasatch Front. Syracuse became linked to Antelope Island State Park in 1969, with construction of a causeway. The City is the gateway to Antelope Island bringing 273,510 visitors in 2009, through the heart of the city. Syracuse City Corporation currently occupies a land area of 9.5 square miles and serves a population of approximately 21,100. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

Syracuse City Corporation is governed by a six member council form of government. Policy-making and legislative authority are vested in a governing council consisting of a mayor and five other members, known as the City Council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's administrator. The City Administrator is responsible for carrying out the policies and ordinances of the governing council and for overseeing the day-to-day operations of the City. The Mayor and City Council are elected on a non-partisan, at-large basis and serve four-year staggered terms.

Syracuse City Corporation provides a full range of services, including police and fire protection; culinary water, secondary water, sewer and sanitation; construction and maintenance of highways, streets, and other infrastructure; and recreational activities. The governing council of the City also serves as the Board of Directors for the Syracuse City Redevelopment Agency (RDA) and the Municipal Building Authority of Syracuse (MBA). The RDA and MBA are separate legal entities, but due to the oversight responsibilities of the City's governing council in the decision making process, they are reported within the financial statements of Syracuse City Corporation. Additional information on the RDA and MBA can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for Syracuse City Corporation's financial planning and control. All departments of the City are required to submit requests for appropriations to the Budget Officer in March of each year. The Budget Officer and City Administrator use these requests as the starting point for developing a tentative budget. The Budget Officer then presents the tentative budget to the governing council at their first meeting in May. The council is required to hold public hearings on the tentative budget and to adopt a final budget no later than June 22nd. The appropriated budget is prepared by fund, and department (e.g., police). Department Directors may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the major governmental funds, this comparison is presented on pages 40-43 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the major governmental funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 73.

Cash Management

Syracuse City Corporation follows the requirements of the Utah Money Management Act (Act) in handling its depository and temporary investment transactions. This law requires the deposit of City funds in a "qualified depository". The Act defines "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The Act also defines the types of securities allowed as appropriate for temporary investments of the City and the conditions for making investment transactions. The provisions of this act substantially protect the City from loss of investment principal; therefore the City's investments are not collateralized as allowed by State law. The City has never lost any invested funds.

Cash temporarily idle during the year was invested with the Utah State Treasurer's Investment Pool (the Pool), which is approved by the Utah Money Management Council. Total funds in custody of the City Treasurer as of June 30, 2010 were \$5,690,584, of which \$5,301,946 were

deposited with the State Treasurer's Investment Pool. Statutes allow cities to invest in the Pool, even though deposits are uninsured. The average yield on cash invested in the Pool was 0.6627%. At June 30, 2010 the portfolio yield on an actual 365 day year was 0.5965%.

Independent Audit

The State Uniform Fiscal Procedures Act (10-6-151) requires an annual audit of the City's accounts by an independent auditor. The City has complied with this requirement and the auditor's opinion has been included in this report.

Acknowledgements

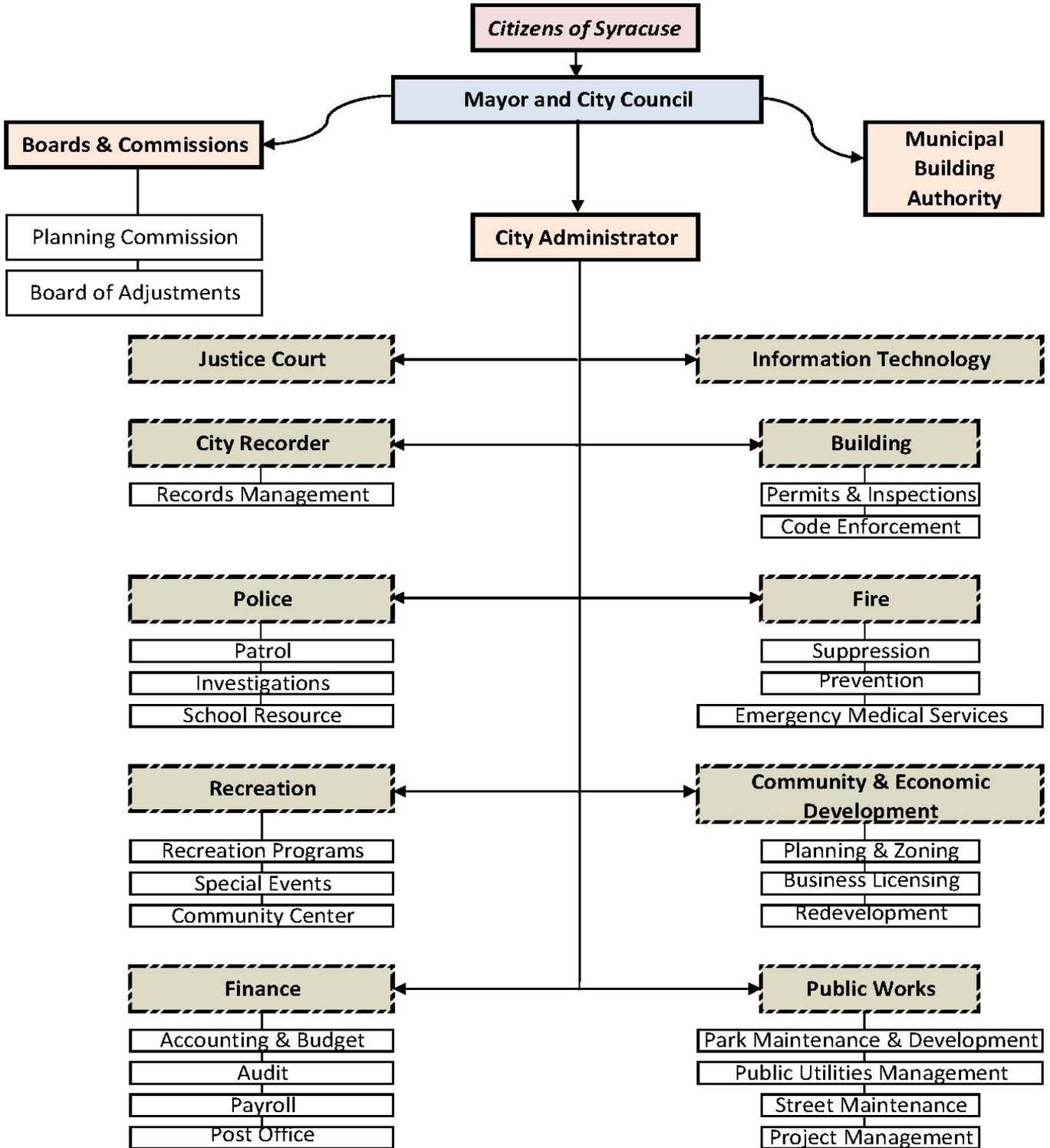
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Management Services Department. I would like to express my appreciation to all members of the City who assisted and contributed to the preparation of this report, and to our auditors, Wood Richards and Associates, P. C., for their cooperation. Credit must also be given to the Mayor, City Council, and City Administrator for their unfailing support for maintaining the highest standards of professionalism in the management of Syracuse City Corporation's finances.

Respectfully submitted,



Amber Fowles
Finance Manager

SYRACUSE CITY CORPORATION
Organizational Chart



SYRACUSE CITY CORPORATION
List of Elected and Appointed Officials
June 30, 2010

Elected Officials

Jamie Nagle	-----	Mayor
Alan L. Clark	-----	City Councilmember
Douglas Hammond	-----	City Councilmember
D. Matthew Kimmel	-----	City Councilmember
Douglas Peterson	-----	City Councilmember
Larry D. Shingleton	-----	City Councilmember

Executive, Legal and Budgetary Officials

Rodger Worthen	-----	City Administrator
Mazuran & Hayes	-----	City Attorneys
Amber Fowles	-----	Budget Officer

Statutory Appointed Officials

Brian N. Wallace	-----	Chief of Police
Cassie Z. Brown	-----	City Recorder
Rodger Worthen	-----	City Treasurer
Epic Engineering	-----	City Engineers

Department Directors

Jason C. VanAusdal	-----	Building Official
Amber Fowles	-----	Finance Manager
Craig N. Cottrell	-----	Fire Chief
T.J. Peace	-----	Information Technology Director
Joseph M. Bean	-----	Justice Court Judge
Michael D. Waite	-----	Public Works Director
Kresta Robinson	-----	Recreation Director

FINANCIAL SECTION

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, each major fund, and the aggregate remaining fund information of Syracuse City, Utah, as of and for the year ended June 30, 2010, 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. 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, each major fund, and the aggregate remaining fund information of Syracuse City, as of June 30, 2010, 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 October 5, 2010, on our consideration of Syracuse City's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis on pages 15 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Syracuse City's financial statements as a whole. The introductory section and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Wood Richards & Associates

Ogden, UT

October 5, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Syracuse City's financial performance and activities for the year ended June 30, 2010. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview and analysis will assist the reader to gain a more complete knowledge of the City's financial performance.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, we encourage readers to consider the information presented in conjunction with the letter of transmittal and the City's financial statements.

Financial Highlights

- ❖ The City's net assets increased by \$5,345,778. \$8,616,786 of the increase is attributable to operations of the utility funds, while governmental activities decreased \$3,271,008. The decrease in governmental activities, \$5,635,254, can be attributed to moving the Storm Water Fund to a business-type activity. Previously it had been included in the governmental activities.
- ❖ The net assets of Syracuse City Corporation exceeded its liabilities at the close of the most recent fiscal year by \$87,013,444 (net assets). Of this amount, \$4,205,678 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,780,284, an increase of \$442,443 in comparison with the prior year. Approximately \$1 million of the total amount is available for spending at the City's discretion (unreserved fund balance).
- ❖ At the close of the fiscal year, unreserved fund balance for the general fund was \$625,254 or 9.36% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

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 separate 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.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the City's finances in a manner similar to a private-sector business. The governmental and business-type activities are consolidated into columns which add to a total for the primary government.

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 may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, the reader will need to consider other non-financial factors. This statement combines and consolidates governmental fund's current financial resources with capital assets and long-term obligations.

The *statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of Syracuse City Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Syracuse City Corporation include general government, public safety, highways and streets, community and economic development, redevelopment, culture and recreation and park development. The business-type activities of Syracuse City Corporation include the Secondary Water Fund, Culinary Water Fund, Sewer Utility Fund, Storm Sewer Utility Fund, and Garbage Utility Fund.

Fund Financial Statements

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

Governmental funds. These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of*

spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. Syracuse City Corporation maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Secondary Water Utility, Culinary Water Utility, Sewer Utility, Storm Sewer Utility, and Garbage Utility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. Syracuse City Corporation uses internal service funds to account for its motor pool activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Syracuse City Corporation's assets exceeded liabilities by \$87,013,444 at the close of the most recent year, June 30, 2010.

By far, the largest portion of the City's net assets, 93.51%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, 1.66%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$4,205,678, may be used to meet the City's ongoing obligations to citizens and creditors.

The following table reflects the condensed statement of net assets:

Syracuse City Corporation's Net Assets						
(Stated in Thousands of Dollars)						
As of June 30						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$3,761	\$4,919	\$5,072	\$2,615	\$8,833	\$7,534
Capital assets	55,509	59,551	42,052	35,632	97,561	95,183
Total assets	<u>59,270</u>	<u>64,470</u>	<u>47,124</u>	<u>38,247</u>	<u>106,394</u>	<u>102,717</u>
Long-term debt outstanding	15,511	16,082	226	207	15,737	16,289
Other liabilities	3,063	4,422	580	339	3,643	4,761
Total liabilities	<u>18,574</u>	<u>20,504</u>	<u>806</u>	<u>546</u>	<u>19,380</u>	<u>21,050</u>
Net assets:						
Invested in capital assets net of related debt	39,655	42,374	41,712	35,180	81,367	77,554
Restricted	727	867	714	136	1,441	1,003
Unrestricted	314	725	3,892	2,385	4,206	3,110
Total net assets	<u>\$40,696</u>	<u>\$43,966</u>	<u>\$46,318</u>	<u>\$37,701</u>	<u>\$87,014</u>	<u>\$81,667</u>

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

The Motor Pool Fund and Special Improvement District were the only funds reporting a deficit in unrestricted net assets, \$305,997 and \$14,567, respectively. The Motor Pool Fund was initially used to purchase vehicles and individual departments were charged a portion of the fund expenditures. This fund is no longer being used and now only holds the assets. The deficit will eventually be eliminated when the assets are fully depreciated. The Special Improvement District began in 2001 with the issuance of Special Assessment Bonds for the purpose of constructing and installing curb, gutter and sidewalk in a portion of the city. The bonds are now paid in full but there are a few property owners who are delinquent with their payments. Once the payments are received, this fund will be eliminated.

Governmental activities decreased Syracuse City's net assets by \$3,271,008, while business-type activities increased net assets by \$8,616,786. The decrease in governmental activities, \$5,635,254, can be attributed to moving the Storm Water Fund to a business-type activity. Previously it had been included in the governmental activities. Key elements of the City's increase in net assets can be found in the table below:

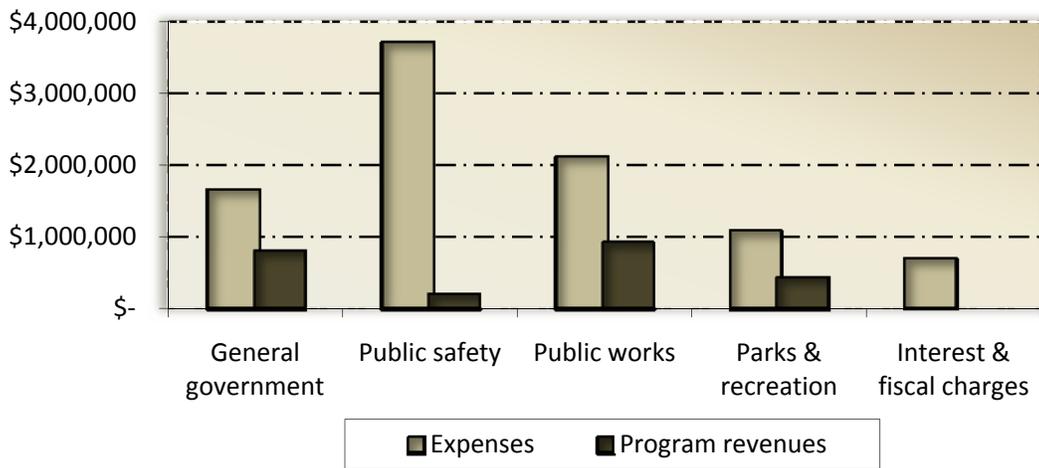
Syracuse City Corporation's Changes in Net Assets						
(Stated in Thousands of Dollars)						
As of June 30						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
General Revenues:						
Taxes	\$ 5,668	\$ 5,598	\$ -	\$ -	\$ 5,668	\$ 5,598
Impact fees	482	620	502	328	984	948
Other	42	147	-	-	42	147
Interest	10	143	21	55	31	198
Program Revenues:						
Charges for services	2,374	2,504	5,294	4,593	7,668	7,097
Grants	2,886	90	2,337	165	5,223	255
Total revenues	<u>11,462</u>	<u>9,102</u>	<u>8,154</u>	<u>5,141</u>	<u>19,616</u>	<u>14,243</u>
Expenses:						
General government	1,663	2,107	-	-	1,663	2,107
Public safety	3,724	3,945	-	-	3,724	3,945
Public works	2,121	3,810	-	-	2,121	3,810
Parks and recreation	1,083	1,160	-	-	1,083	1,160
Interest on long-term Debt	696	784	-	-	696	784
Utilities	-	-	4,982	4,426	4,982	4,426
Total expenses	<u>9,287</u>	<u>11,806</u>	<u>4,982</u>	<u>4,426</u>	<u>14,269</u>	<u>16,232</u>
Changes in net assets before transfers	2,175	(2,704)	3,172	715	5,347	(1,989)
Transfers	<u>190</u>	<u>337</u>	<u>(190)</u>	<u>(337)</u>	<u>-</u>	<u>-</u>
Change in net assets	2,365	(2,367)	2,982	378	5,347	(1,989)
Net assets - beginning	<u>38,331</u>	<u>46,333</u>	<u>43,336</u>	<u>37,323</u>	<u>81,667</u>	<u>83,656</u>
Net assets – ending	<u>\$40,696</u>	<u>\$43,966</u>	<u>\$46,318</u>	<u>\$37,701</u>	<u>\$87,014</u>	<u>\$81,667</u>

Governmental activities. The governmental activities portion of the increase in net assets accounted for 44% of the total growth for the City as a whole.

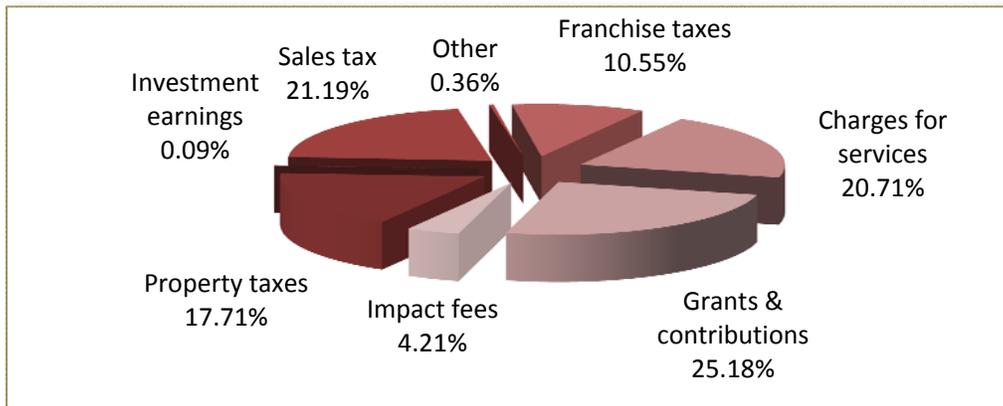
- ❖ Overall, property taxes increased by \$140,860 in the governmental funds from FY 2009. Property taxes in the general fund increased by \$14,013, while the increment received by the RDA increased \$80,626. The remaining increase was from fee-in-lieu received from motor vehicle registrations and delinquent property taxes.
- ❖ Sales tax revenue decreased 4.5% or \$114,335 over the previous fiscal year while franchise taxes increased 3.74% or \$43,605.
- ❖ Class C Road funds received were up 3.04%, \$19,436, from 2009.
- ❖ Impact fees related to new development increased by 24.19%, \$93,915.
- ❖ The City made final acceptance of several subdivisions during FY 2010 Infrastructure received from the developers, including streets, sidewalks, and curb and gutter totaled \$2,694,536.
- ❖ Operating expenses in total did not fluctuate significantly. With the slow economy, cuts were made in expenditures from 2009 to 2010.
- ❖ Interest earnings decreased by 93% or \$132,678.

The following graphs display a different perspective on governmental activities reflected in the City’s statement of activities:

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



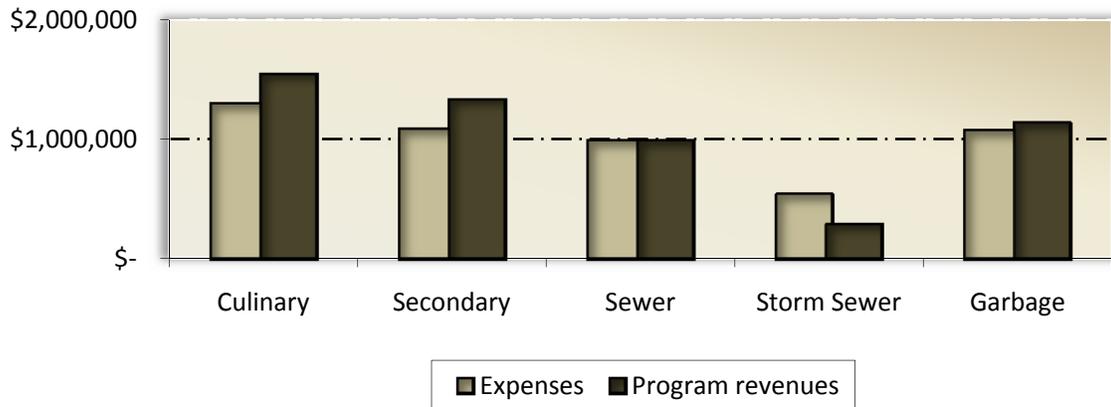
Business-type activities. The business-type activities portion of the increase in net assets was 56% of the total growth for the City. At the end of the current fiscal year, all of the City's business-type funds reported positive net assets.

Key elements of the increase to net assets of business-type activities include:

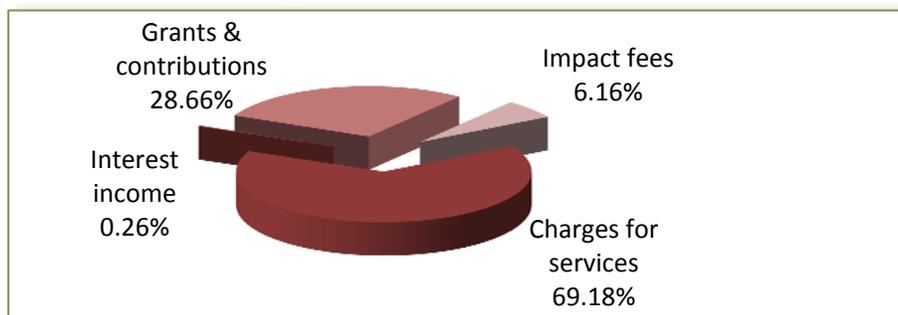
- ❖ User fee revenue from culinary water, secondary water, sewer, storm sewer and garbage services had an increase of \$420,029.
- ❖ Impact fees related to new development decreased by 10.38%, \$58,119.
- ❖ Revenue from late utility bills, new connection fees, and ownership transfer fees increased by \$6,990.
- ❖ The City made final acceptance of several subdivisions during FY 2010. Infrastructure received from the developers, including culinary water, secondary water, sewer and storm sewer lines totaled \$2,337,093.

The following graphs display a different perspective on business-type activities reflected in the City's statement of activities:

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government’s Funds

As noted earlier, Syracuse City Corporation uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$1,780,284, an increase of \$442,443 from the prior year. Approximately 56.43%, or \$1,004,619, of this amount constitutes unreserved fund balance, which is available for spending at the City’s discretion. The remainder of fund balance is

reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) to pay debt service, or 3) for a variety of restricted purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$625,254, while the total fund balance was \$1,147,190. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 9.36% of total general fund expenditures, while total fund balance represents 17.17% of that same amount.

During the fiscal year, the fund balance of Syracuse City Corporation's general fund (budget basis) increased by \$579,497. Key factors in the change are as follows:

- ❖ Revenue from park maintenance and street lighting fees had an increase of \$259,688. A new park maintenance fee and street lighting fee was implemented in May 2009. This fiscal year, 2010, represents the first full year that these fees were collected.
- ❖ Revenue from justice court fines was up 12.81%, or \$33,529.
- ❖ Revenue from post office commissions was up 64.02%, or \$20,040. This was also the first full fiscal year the post office was in operation. The post office opened in September 2008.
- ❖ Revenue from fee-in-lieu collected on motor vehicle registrations was up 15.2%, or \$26,668.
- ❖ Revenue from building permits was down 11.23%, or \$32,257.
- ❖ Wages and benefits expenditures decreased 6.85%, or \$374,099.75. Three employees left during the year and their positions were not replaced. This included Human Resource Director, Community & Economic Development Director and Building Inspector. The city council stopped receiving retirement benefits in January 2010 and the city no longer pays for museum staff.
- ❖ City-wide departments worked to keep expenditures down. The majority of departments did not expend all of their budgeted funds. General government was under budget by \$106,644; public safety under budget by \$14,578; public works under by \$894,416; and parks and recreation under budget by \$89,897.

Included in the *governmental funds* is \$521,936 which was raised for specific purposes. At June 30, 2010, available balances in these designated funds included Class "C" Roads \$61,925; Impact Fees \$411,617; Park Maintenance \$11,263; and Street Lighting \$37,131.

Proprietary funds. Syracuse City Corporation's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Prior to FY 2010, the storm water fund was reported as a governmental fund. Since this fund collects user fees and these fees should support the operations of the City's storm water

system, this fund should be classified as a proprietary funds. This resulted in a shift of \$5,635,254 in net assets from governmental funds to proprietary funds.

Unrestricted net assets of the culinary water fund at the end of the fiscal year were \$1,692,909, for the sewer utility fund unrestricted net assets were \$434,456, for the garbage utility fund unrestricted net assets were \$206,979, for the secondary water utility fund unrestricted net assets were \$1,282,493, and for the storm water utility fund unrestricted net assets were \$275,052. Net assets for all five utilities grew in FY 2010. Change for the culinary water utility fund totaled \$1,166,024, sewer utility fund \$607,881, garbage utility fund \$65,135, secondary water utility fund \$630,367, and storm water utility fund \$512,125.

Operating revenues for the culinary water utility fund increased 15.34% from the prior year. In July 2009, the minimum usage rate was lowered from 10,000 to 8,000 gallons per month. Customers now pay usage fees when they use over 8,000 gallons per month instead of 10,000. Expenditures decreased 1.45%. Infrastructure contributions from developers increased net assets by \$685,215.

Operating revenues for the sewer utility fund increased 17.03% from the prior year and expenditures increased 10.32%. Sewer rates were increased in July 2009 from \$10.50 to \$12.30 per household per month. This was a result of North Davis Sewer increasing their disposal fees; this increase was passed to the users and therefore increased revenues and expenditures. Infrastructure contributions from developers increased net assets by \$609,972.

Operating revenues for the garbage utility fund increased slightly by 2.12% from the prior year, while the change in expenditures was negligible.

Revenue from operations of the secondary water utility fund increased slightly 3.3%, while expenditures were down 4.58%. The decrease in expenditures is a result of lower depreciation expense this year compared to last year. Infrastructure contributions from developers increased net assets by \$437,157.

For the storm water utility fund, service revenues were up slightly 2.06% while expenditures were up 80.26%. The increase in expenditures can be attributed to changing the storm water utility fund from a governmental fund to a proprietary fund. Previously this fund did not have depreciation expense. Depreciation expense accounted for 72.25% of the increase. Infrastructure contributions from developers increased net assets by \$604,749.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and other financing uses was amended from an original total of \$7,562,299 to a final budget of \$7,367,678, a decrease of \$194,621. Some of the more significant changes to individual revenue and expenditure items are as follows:

- ❖ \$270,000 decrease in sales tax revenue. The original budget was prepared with a 6% increase over the prior year. As the year progressed, it was evident that consumer spending was not increasing and actually decreased 4.67% compared to the prior year.
- ❖ \$35,000 increase in revenue from court fines.
- ❖ \$133,900 decrease in employee wages and benefits. Three employees left during the year and their positions were not replaced. This included Human Resource Director, Community & Economic Development Director and Building Inspector.
- ❖ \$10,000 decrease in grants from a tree grant that was not obtained.
- ❖ \$10,000 reduction in legal services.
- ❖ \$22,500 reduction in election expenses due to the City Recorder working diligently to reduce expenses.
- ❖ \$14,000 increase in fees in lieu received from Davis County. This includes motor vehicle registrations.
- ❖ \$13,407 decrease in recreation expenditures. Reduced costs due to the reduction in available revenues.

Budget to actual. At the conclusion of the fiscal year, there were some differences between final budgeted revenues and expenditures and actual results. Most revenue classifications exceeded budget. The most noteworthy fee in lieu of taxes, building permits, and sale of capital assets exceeded expectations by \$28,112, \$25,102, and \$29,440, respectively. The \$29,440 was from the sale of an old sewer truck in May. In total, general fund revenue exceeded budget by \$71,915 or 1.3%.

Capital Assets and Debt Administration

Capital assets. Syracuse City Corporation's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$81,366,779 (net of related debt). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 4.92% (a 2.37% increase in governmental activities and a 2.55% increase in business-type activities).

Major capital asset events during the current fiscal year include the following:

- ❖ Purchase brush truck, \$80,424.
- ❖ Purchase two police vehicles and equipment, \$72,280
- ❖ Purchase Jacobsen Mower, \$44,900.
- ❖ Finish constructing roundabout on 1000 West and 2700 South, \$11,810.
- ❖ Theater Participation on 2500 West and 1700 South, \$9,390.
- ❖ Reconstruct 2700 South roadway from 1000 West to 2000 West, \$173,270.
- ❖ Finish Police Station Remodel, \$200,096.

- ❖ Finish Fire Station construction, \$52,299.
- ❖ Install secondary waterline on 2700 South from 1000 West to 2000 West, \$113,978.
- ❖ Finish upgrade to culinary waterline on 1700 S from 1000 W to 2000 W, \$13,413.
- ❖ Upgrade culinary waterline on 2700 South from 1000 West to 2000 W, \$91,878.
- ❖ Infrastructure from developers through acceptance of new subdivision, \$5,031,628. Includes curb, gutter, sidewalks, roads, culinary water lines, secondary water lines, sewer lines, storm drains, and land drains.

Syracuse City Corporation's Capital Assets (Stated in Thousands of Dollars and Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land, water stock & CIP	\$ 9,194	\$ 12,059	\$ 8,827	\$ 9,011	\$ 18,021	\$ 21,070
Infrastructure	39,305	46,311	45,809	33,347	85,114	79,658
Buildings and equipment	25,355	22,064	1,860	1,895	27,215	23,959
Accumulated depreciation	(18,345)	(20,883)	(14,445)	(8,621)	(32,790)	(29,504)
Total capital assets	<u>\$55,509</u>	<u>\$59,551</u>	<u>\$42,051</u>	<u>\$35,632</u>	<u>\$97,560</u>	<u>\$95,183</u>

Additional information on Syracuse City Corporation's capital assets can be found in note 5 on pages 62-63 of this report.

Long-term debt. In 1992, the City issued \$2,200,000 in Water Revenue Notes with the State of Utah to finance the construction of a storage reservoir and upgrade the main transmission lines throughout the City. These are zero interest bearing notes and mature in January 2013 with principal payments due annually. The balance due on the notes at June 30, 2010 is \$339,000.

The City issued Special Assessment Bonds in March 2001 for the purpose of constructing and installing curb, gutter and sidewalk. This debt is fully retired with the final payment that was made in May 2010.

In April 2005, the City issued \$2,100,000 in sales tax revenue bonds to fund the acquisition of water shares, the construction of a water reservoir, and improvements to the parks and secondary water system. Principal payments are due annually in April through 2020. Interest is due semi-annually in April and October. The balance due on the bonds at June 30, 2010 is \$1,515,000.

At the end of the current fiscal year, the City's blended component unit, the Municipal Building Authority of Syracuse City (MBA), had total bonded debt outstanding of \$14,457,000. The bonds were issued for the purpose of financing the construction of a new city hall, a public works addition, remodel of the police station and construction of a new city fire station. The bonds mature in 2028 with principal payments due annually in March. Interest is due semi-annually in March and September.

**Syracuse City Corporation's Long-term Debt
As of June 30**

	2010	2009
Governmental Activities:		
2001 Special Assessment Bonds	\$ -	\$ 111,000
2005 Park Development Bonds	1,515,000	1,640,000
2006 MBA Lease Revenue Bonds	8,715,000	9,045,000
2008 MBA Lease Revenue Bonds	5,742,000	5,954,000
Business-type Activities:		
1992 Water Revenue Note A	165,000	220,000
1992 Water Revenue Note B	174,000	232,000
Total	\$ 16,311,000	\$ 17,202,000

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$40,768,783. Syracuse City Corporation currently does not have any outstanding general obligation debt. In addition, state statutes allow for an additional 4% to be used for water, sewer and electrical projects thus resulting in a debt limit of 8% of total taxable value. The City's water and sewer utility is allowed an additional \$40,768,783 in debt obligation.

Additional information on Syracuse City Corporation's long-term debt activity can be found in note 7 on pages 64-67 of this report.

Request for Information

This financial report is designed to provide a general overview of Syracuse City Corporation's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, 1979 West 1900 South, Syracuse, Utah 84075.

BASIC FINANCIAL STATEMENTS

SYRACUSE CITY

STATEMENT OF NET ASSETS JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 425,819	\$ 3,825,026	\$ 4,250,845
Accounts Receivable	106,043	533,515	639,558
Taxes Receivable	2,201,064	-	2,201,064
Prepaid Expenses	9,081	-	9,081
Deposits	15,896	-	15,896
Unamortized Costs of Issuance	275,628	-	275,628
Restricted Cash	727,271	713,716	1,440,987
Capital Assets:			
Land and Related Non-Depreciable Assets	9,194,429	8,826,684	18,021,113
Depreciable Infrastructure	39,304,499	45,809,497	85,113,996
Buildings, Equipmt, & Other Depreciable Assets	25,354,634	1,859,911	27,214,545
Less Accumulated Depreciation	(18,344,608)	(14,444,762)	(32,789,370)
Total Capital Assets	55,508,954	42,051,330	97,560,284
TOTAL ASSETS	59,269,756	47,123,587	106,393,343
LIABILITIES			
Accounts Payable and Accrued Liabilities	421,482	466,652	888,134
Deferred Revenue	1,565,559	-	1,565,559
Interest Payable	183,175	-	183,175
Long-term Debt:			
Premium on Bonds	158,133	-	158,133
Due Within One Year	734,388	113,000	847,388
Due in More Than One Year	15,511,510	226,000	15,737,510
TOTAL LIABILITIES	18,574,247	805,652	19,379,899
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	39,654,449	41,712,330	81,366,779
Restricted for:			
Class "C" Road Activities	61,925	-	61,925
Impact Fees	411,617	646,193	1,057,810
Special Revenue Activities	253,729	-	253,729
Debt Service	-	67,523	67,523
Unrestricted	313,789	3,891,889	4,205,678
TOTAL NET ASSETS	\$ 40,695,509	\$ 46,317,935	\$ 87,013,444

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	\$ 1,663,029	\$ 809,304	\$ 115,149	\$ -
Public Safety	3,723,979	205,056	-	-
Public Works	2,121,006	924,269	-	2,694,536
Parks and Recreation	1,083,622	435,647	-	76,119
Interest and Other Charges on Long-term Debt	696,289	-	-	-
Total Governmental Activities	9,287,925	2,374,276	115,149	2,770,655
Business-type:				
Culinary Water	1,296,665	1,549,213	-	685,215
Sewer	992,129	988,612	-	609,972
Garbage	1,072,037	1,136,501	-	-
Secondary Water	1,084,825	1,335,134	-	437,157
Storm Drain	536,507	284,340	-	604,749
Total Business-type Activities	4,982,163	5,293,800	-	2,337,093
Total Primary Government	\$ 14,270,088	\$ 7,668,076	\$ 115,149	\$ 5,107,748

General Revenues:
 Property Tax
 Sales Tax
 Franchise Tax
 Total Taxes
 Impact Fees
 Unrestricted Interest Earned
 Transfer in (out)
Other General Revenues:
 Miscellaneous
 Gain or (loss) on sale of asset
 Total General Revenues
 Change in Net Assets
 Net Assets-Beginning
 Net Asset Reclassification
 Net Assets-Beginning, Restated
 Net Assets-Ending

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (738,576)	\$ -	\$ (738,576)
(3,518,923)	-	(3,518,923)
1,497,799	-	1,497,799
(571,856)	-	(571,856)
(696,289)	-	(696,289)
<u>(4,027,845)</u>	<u>-</u>	<u>(4,027,845)</u>
-	937,763	937,763
-	606,455	606,455
-	64,464	64,464
-	687,466	687,466
-	352,582	352,582
-	2,648,730	2,648,730
<u>(4,027,845)</u>	<u>2,648,730</u>	<u>(1,379,115)</u>
2,030,318	-	2,030,318
2,428,517	-	2,428,517
1,208,895	-	1,208,895
5,667,730	-	5,667,730
482,160	501,982	984,142
9,968	21,300	31,268
190,480	(190,480)	-
91,410	-	91,410
(49,657)	-	(49,657)
<u>6,392,091</u>	<u>332,802</u>	<u>6,724,893</u>
2,364,246	2,981,532	5,345,778
43,966,517	37,701,149	81,667,666
(5,635,254)	5,635,254	-
38,331,263	43,336,403	81,667,666
<u>\$ 40,695,509</u>	<u>\$ 46,317,935</u>	<u>\$ 87,013,444</u>

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General Fund	Redevelopment Fund	Municipal Building Authority Fund
ASSETS			
Cash and Cash Equivalents	\$ 139,762	\$ -	\$ -
Restricted Cash	473,542	244,381	9,348
Due from Other Funds	320,564	-	-
Accounts Receivable	35,331	-	-
Taxes Receivable	2,139,775	-	-
Prepaid Expenses	9,081	-	-
Deposits & Inventories	15,896	-	-
TOTAL ASSETS	\$ 3,133,951	\$ 244,381	\$ 9,348
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 421,202	\$ -	\$ -
Due to Other Funds	-	-	-
Deferred Income	1,565,559	-	-
TOTAL LIABILITIES	1,986,761	-	-
FUND BALANCES			
Reserved for:			
Class "C" Roads	61,925	-	-
Impact fees	411,617	-	-
Special Revenue Funds	-	244,381	9,348
Debt Service Funds	-	-	-
Unreserved, reported in:			
Designated for Park Maintenance	11,263	-	-
Designated for Street Lighting	37,131	-	-
Unreserved, reported in:	625,254	-	-
TOTAL FUND BALANCES	1,147,190	244,381	9,348
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,133,951	\$ 244,381	\$ 9,348

S.I.D. Debt Service Fund	Capital Improvements Fund	Total Governmental Funds
\$ -	\$ 286,057	\$ 425,819
-	-	727,271
-	-	320,564
23,846	46,866	106,043
-	61,289	2,201,064
-	-	9,081
-	-	15,896
<u>\$ 23,846</u>	<u>\$ 394,212</u>	<u>\$ 3,805,738</u>
\$ -	\$ 280	\$ 421,482
14,567	-	14,567
23,846	-	1,589,405
<u>38,413</u>	<u>280</u>	<u>2,025,454</u>
-	-	61,925
-	-	411,617
-	-	253,729
-	-	-
-	-	11,263
-	-	37,131
(14,567)	393,932	1,004,619
<u>(14,567)</u>	<u>393,932</u>	<u>1,780,284</u>
<u>\$ 23,846</u>	<u>\$ 394,212</u>	<u>\$ 3,805,738</u>

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SYRACUSE CITY

RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENT FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2010

Total fund balance -- governmental funds \$ 1,780,284

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	9,021,159	
Depreciable Infrastructure	39,304,499	
Buildings, equipment, and other depreciable assets	24,075,295	
Construction in process	173,270	
Accumulated Depreciation	<u>(17,540,778)</u>	
Total Capital Assets		55,033,445

Bond issuance costs are amortized over the life of the bonds on the statement of net assets 275,628

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. 23,846

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	(15,972,000)	
Compensated absences	(273,898)	
Unamortized premium	(158,133)	
Interest payable	<u>(183,175)</u>	
Total Long-Term Debt		<u>(16,587,206)</u>

Total net assets --- governmental activities \$ 40,695,509

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General Fund	Redevelopment Fund	Municipal Building Authority Fund
REVENUES:			
Taxes	\$ 4,199,180	\$ 284,503	\$ -
Licenses and permits	321,654	-	-
Impact fees	482,160	-	-
Intergovernmental revenues	821,797	-	115,149
Charges for services	907,170	-	-
Fines and forfeitures	295,248	-	-
Interest	4,213	826	-
Miscellaneous	63,197	-	-
Total	<u>7,094,619</u>	<u>285,329</u>	<u>115,149</u>
EXPENDITURES:			
Current:			
General government	1,174,765	-	8,021
Public safety	3,221,583	-	-
Public works	1,136,292	116,392	-
Parks and Recreation	955,982	-	-
Capital outlay	-	-	252,395
Debt service:			
Principal retirement	125,000	-	542,000
Interest and other	67,980	-	631,366
Total	<u>6,681,602</u>	<u>116,392</u>	<u>1,433,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>413,017</u>	<u>168,937</u>	<u>(1,318,633)</u>
OTHER FINANCING SOURCES (USES):			
Lease revenue (payments)	-	-	1,082,820
Transfers in	290,480	-	50,000
Transfers out	(124,000)	-	-
Total	<u>166,480</u>	<u>-</u>	<u>1,132,820</u>
NET CHANGE IN FUND BALANCES	579,497	168,937	(185,813)
FUND BALANCES, BEGINNING OF YEAR	<u>567,693</u>	<u>75,444</u>	<u>195,161</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,147,190</u>	<u>\$ 244,381</u>	<u>\$ 9,348</u>

S.I.D. Debt Service Fund	Capital Improvements Fund	Total Governmental Funds
\$ -	\$ 1,208,895	\$ 5,692,578
-	-	321,654
-	-	482,160
-	-	936,946
-	-	907,170
-	-	295,248
250	2,877	8,166
<u>24,295</u>	<u>139,686</u>	<u>227,178</u>
<u>24,545</u>	<u>1,351,458</u>	<u>8,871,100</u>
396	-	1,183,182
-	-	3,221,583
-	-	1,252,684
-	-	955,982
-	152,703	405,098
111,000	-	778,000
<u>6,882</u>	<u>-</u>	<u>706,228</u>
<u>118,278</u>	<u>152,703</u>	<u>8,502,757</u>
<u>(93,733)</u>	<u>1,198,755</u>	<u>368,343</u>
-	(1,082,820)	-
74,000	-	414,480
<u>-</u>	<u>(216,380)</u>	<u>(340,380)</u>
<u>74,000</u>	<u>(1,299,200)</u>	<u>74,100</u>
(19,733)	(100,445)	442,443
<u>5,166</u>	<u>494,377</u>	<u>1,337,841</u>
<u>\$ (14,567)</u>	<u>\$ 393,932</u>	<u>\$ 1,780,284</u>

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SYRACUSE CITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balance - total governmental funds	\$	442,443	
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. Depreciation of \$2,087,988 exceeded capital purchases of \$644,469 during the current period.			(1,443,519)
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.			(24,848)
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.			(13,970)
The governmental 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:			
Amortization of premium		8,863	
Amortization of cost of issuance		(15,140)	
Accrued interest		18,818	
Repayment of bond principal		<u>778,000</u>	790,541
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets sold.			
Gain or (loss) on sale of assets		(49,657)	
Proceeds from sale of assets		<u>(31,280)</u>	(80,937)
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.			<u>2,694,536</u>
Changes in net assets of governmental activities	\$		<u><u>2,364,246</u></u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes:				
Current property taxes	\$ 1,524,067	\$ 1,524,067	\$ 1,515,516	\$ (8,551)
Fee-in-lieu	160,000	174,000	202,112	28,112
Delinquent prior years' taxes	20,000	50,000	53,035	3,035
Sales tax	2,700,000	2,430,000	2,428,517	(1,483)
Total	4,404,067	4,178,067	4,199,180	21,113
Licenses and permits:				
Business licenses	60,000	50,000	51,652	1,652
Building permits	230,000	230,000	255,102	25,102
Burial permits	15,000	15,000	14,900	(100)
Total	305,000	295,000	321,654	26,654
Impact fees:				
Park purchase	50,000	50,000	83,513	33,513
Park development	243,000	243,000	202,689	(40,311)
Public safety	29,000	29,000	38,719	9,719
Transportation	150,000	150,000	157,239	7,239
Total	472,000	472,000	482,160	10,160
Intergovernmental revenues:				
Class "C" road fund allotment	700,000	700,000	658,050	(41,950)
Liquor fund allotments	15,000	21,700	21,702	2
State and local grants and reimbursements	62,000	118,580	124,818	6,238
Local governments service agreements	15,000	17,200	17,227	27
Total	792,000	857,480	821,797	(35,683)
Charges for services:				
Development reviews and inspections	125,000	125,000	119,933	(5,067)
Recreation fees	180,000	163,000	169,947	6,947
Community Center fees	41,000	35,500	33,599	(1,901)
Ambulance revenue	200,000	200,000	189,022	(10,978)
Traffic school and other police charges	-	-	16,034	16,034
Road cut fees	20,000	20,000	2,773	(17,227)
Post Office commissions	40,000	40,000	51,342	11,342
Parks Maintenance fee	226,075	226,075	222,048	(4,027)
Street lighting fee	116,820	116,820	102,472	(14,348)
Total	948,895	926,395	907,170	(19,225)
Justice Court Fines and forfeitures	250,000	285,000	295,248	10,248
Interest	21,000	21,000	4,213	(16,787)
Miscellaneous:				
Sale of materials and supplies	2,000	3,400	2,454	(946)
Sale of cemetery lots	25,000	16,000	15,900	(100)
Buildings and Parks rentals	8,009	8,009	10,053	2,044
Sundry	15,000	10,000	34,790	24,790
Total	50,009	37,409	63,197	25,788
TOTAL REVENUES	\$ 7,242,971	\$ 7,072,351	\$ 7,094,619	\$ 22,268

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

EXPENDITURES:	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General government:				
City council	\$ 70,943	\$ 61,943	\$ 54,594	\$ 7,349
City court	176,965	176,965	176,768	197
Administration	299,037	227,137	191,767	35,370
Planning and zoning	363,008	288,008	264,985	23,023
Nondepartmental	281,100	261,100	238,168	22,932
Buildings and grounds	211,998	211,998	200,844	11,154
Post Office	54,258	54,258	47,639	6,619
Total	1,457,309	1,281,409	1,174,765	106,644
Public safety:				
Police department	1,942,008	1,968,708	1,965,403	3,305
Fire department	1,265,466	1,267,453	1,256,180	11,273
Total	3,207,474	3,236,161	3,221,583	14,578
Public works:				
Building inspector	324,930	314,930	256,813	58,117
Class "C" roads	1,136,820	1,715,778	879,479	836,299
Total	1,461,750	2,030,708	1,136,292	894,416
Parks and recreation:				
Parks	536,383	536,383	465,796	70,587
Recreation	470,874	457,467	447,216	10,251
Cemetery	52,029	52,029	42,970	9,059
Total	1,059,286	1,045,879	955,982	89,897
Debt Service:				
Debt principal	193,480	125,000	125,000	-
Debt interest and fees	35,000	103,480	67,980	35,500
Total	228,480	228,480	192,980	35,500
TOTAL EXPENDITURES	7,414,299	7,822,637	6,681,602	1,141,035
EXCESS (DEFICIENCY) OF REVENUES FINANCING SOURCES (USES)	(171,328)	(750,286)	413,017	(1,118,767)
OTHER FINANCING SOURCES (USES):				
Transfers in	319,328	319,328	290,480	(28,848)
Transfers out	(124,000)	(124,000)	(124,000)	-
Appropriations of Fund Balance	(24,000)	578,958	-	(578,958)
Total	171,328	774,286	166,480	(607,806)
NET CHANGE IN FUND BALANCE	-	24,000	579,497	(1,726,573)
FUND BALANCE, BEGINNING OF YEAR	567,693	567,693	567,693	-
FUND BALANCE, END OF YEAR	\$ 567,693	\$ 591,693	\$ 1,147,190	\$ (1,726,573)

SYRACUSE CITY

REDEVELOPMENT AGENCY - SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUE:				
Property tax increment	\$ 250,000	\$ 250,000	\$ 284,503	34,503
Interest income	2,000	2,000	826	(1,174)
Total	<u>252,000</u>	<u>252,000</u>	<u>285,329</u>	<u>33,329</u>
EXPENDITURES:				
General government:				
Operating supplies	100	100	37,000	(36,900)
Capital Outlay	151,900	151,900	-	151,900
Interest expense	-	-	-	-
Repayment to financiers	100,000	100,000	79,392	20,608
Total	<u>252,000</u>	<u>252,000</u>	<u>116,392</u>	<u>135,608</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>168,937</u>	<u>168,937</u>
OTHER FINANCING SOURCES - Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>168,937</u>	<u>168,937</u>
FUND BALANCE, BEGINNING OF YEAR	<u>75,444</u>	<u>75,444</u>	<u>75,444</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 75,444</u>	<u>\$ 75,444</u>	<u>\$ 244,381</u>	<u>\$ 168,937</u>

SYRACUSE CITY

MUNICIPAL BUILDING AUTHORITY - SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUE:				
Lease payments	\$ 1,037,000	\$ 1,037,000	\$ 1,082,820	\$ 45,820
Interest income	2,000	2,000	-	(2,000)
Federal Grant	-	-	115,149	115,149
Total	1,039,000	1,039,000	1,197,969	158,969
EXPENDITURES:				
General government:				
General Administrative expenses	-	-	8,021	(8,021)
Bond payments	1,187,000	1,187,000	1,173,366	13,634
Construction - City Hall	50,000	50,000	-	50,000
Construction - Police Building	250,000	250,000	200,096	49,904
Construction - Fremont Fire Station	100,000	100,000	52,299	47,701
Total	1,587,000	1,587,000	1,433,782	153,218
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(548,000)	(548,000)	(235,813)	312,187
OTHER FINANCING SOURCES:				
Transfer (contribution) from other funds	50,000	50,000	50,000	-
Appropriations from fund balance	498,000	498,000	-	(498,000)
Total	548,000	548,000	50,000	(498,000)
NET CHANGE IN FUND BALANCE	-	-	(185,813)	(185,813)
FUND BALANCE, BEGINNING OF YEAR	195,161	195,161	195,161	-
FUND BALANCE, END OF YEAR	\$ 195,161	\$ 195,161	\$ 9,348	\$ (185,813)

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2010**

	Culinary Water Fund	Sewer Fund
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 1,678,729	\$ 389,886
Accounts receivable (net)	164,697	95,571
Total Current Assets	1,843,426	485,457
NONCURRENT ASSETS:		
Restricted Cash	351,130	-
Capital Assets:		
Water Stock	476,250	-
Land	20,308	-
Land improvements	-	-
Buildings	56,700	-
Furnishings, fixtures, and equipment	567,513	282,119
Work in Process	91,878	-
Delivery/Collection system	14,802,278	8,454,815
Less Accumulated depreciation	(3,959,950)	(1,921,286)
Total capital assets	12,054,977	6,815,648
Total Noncurrent Assets	12,406,107	6,815,648
TOTAL ASSETS	14,249,533	7,301,105
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	53,609	46,776
Accrued liabilities	10,012	4,225
Customer deposits	86,896	-
Due to other funds	-	-
Bonds payable	113,000	-
Total Current Liabilities	263,517	51,001
LONG-TERM LIABILITIES - Bonds payable	226,000	-
TOTAL LIABILITIES	489,517	51,001
NET ASSETS		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	11,715,977	6,815,648
RESTRICTED FOR IMPACT FEES	283,607	-
RESTRICTED FOR DEBT SERVICE	67,523	-
UNRESTRICTED	1,692,909	434,456
TOTAL NET ASSETS	\$ 13,760,016	\$ 7,250,104

Garbage Fund	Secondary Water Fund	Storm Water Fund	Total Enterprise Funds	Motor Pool Fund
\$ 179,783	\$ 1,178,947	\$ 397,681	\$ 3,825,026	\$ -
114,300	129,714	29,233	533,515	-
<u>294,083</u>	<u>1,308,661</u>	<u>426,914</u>	<u>4,358,541</u>	<u>-</u>
-	18,903	343,683	713,716	-
-	8,098,145	-	8,574,395	-
-	26,125	-	46,433	-
-	1,004,658	-	1,004,658	-
-	681,500	-	738,200	-
-	272,079	-	1,121,711	1,279,339
-	113,978	-	205,856	-
-	11,221,033	10,326,713	44,804,839	-
-	(3,765,457)	(4,798,069)	(14,444,762)	(803,830)
-	<u>17,652,061</u>	<u>5,528,644</u>	<u>42,051,330</u>	<u>475,509</u>
-	<u>17,670,964</u>	<u>5,872,327</u>	<u>42,765,046</u>	<u>475,509</u>
<u>294,083</u>	<u>18,979,625</u>	<u>6,299,241</u>	<u>47,123,587</u>	<u>475,509</u>
85,963	21,257	148,601	356,206	-
1,141	4,911	3,261	23,550	-
-	-	-	86,896	-
-	-	-	-	305,997
-	-	-	113,000	-
<u>87,104</u>	<u>26,168</u>	<u>151,862</u>	<u>579,652</u>	<u>305,997</u>
-	-	-	226,000	-
<u>87,104</u>	<u>26,168</u>	<u>151,862</u>	<u>805,652</u>	<u>305,997</u>
-	17,652,061	5,528,644	41,712,330	475,509
-	18,903	343,683	646,193	-
-	-	-	67,523	-
<u>206,979</u>	<u>1,282,493</u>	<u>275,052</u>	<u>3,891,889</u>	<u>(305,997)</u>
<u>\$ 206,979</u>	<u>\$ 18,953,457</u>	<u>\$ 6,147,379</u>	<u>\$ 46,317,935</u>	<u>\$ 169,512</u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Culinary Water Fund	Sewer Fund
OPERATING REVENUES:		
Monthly service charges	\$ 1,496,483	\$ 958,290
Connection fees	34,369	30,322
Other	18,361	-
Total	<u>1,549,213</u>	<u>988,612</u>
EXPENSES:		
Salaries, wages, and benefits	166,595	152,805
Contractual services	394,984	552,829
Operations	281,577	50,349
Depreciation	453,509	236,146
Total	<u>1,296,665</u>	<u>992,129</u>
OPERATING INCOME (LOSS)	<u>252,548</u>	<u>(3,517)</u>
NONOPERATING REVENUES (EXPENSES):		
Impact fees	218,774	-
Gain on sale of asset	-	-
Grants and allotments	-	-
Interest revenue	9,487	1,426
Interest expense	-	-
Total	<u>228,261</u>	<u>1,426</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>480,809</u>	<u>(2,091)</u>
Developers infrastructure contributions	685,215	609,972
Operating transfers	-	-
NET CHANGE IN ASSETS	<u>1,166,024</u>	<u>607,881</u>
NET ASSETS, BEGINNING OF YEAR	12,593,992	6,642,223
NET ASSET RECLASSIFICATION	-	-
NET ASSETS, BEGINNING, RESTATED	12,593,992	6,642,223
NET ASSETS, END OF YEAR	<u><u>\$ 13,760,016</u></u>	<u><u>\$ 7,250,104</u></u>

Garbage Fund	Secondary Water Fund	Storm Water Fund	Total Enterprise Funds	Motor Pool Fund
\$ 1,126,901	\$ 1,304,751	\$ 284,340	\$ 5,170,765	\$ -
-	30,107	-	94,798	-
9,600	276	-	28,237	-
<u>1,136,501</u>	<u>1,335,134</u>	<u>284,340</u>	<u>5,293,800</u>	<u>-</u>
34,812	168,076	114,170	636,458	-
1,002,284	273,937	-	2,224,034	-
34,941	271,648	249,741	888,256	-
-	371,164	172,596	1,233,415	115,618
<u>1,072,037</u>	<u>1,084,825</u>	<u>536,507</u>	<u>4,982,163</u>	<u>115,618</u>
<u>64,464</u>	<u>250,309</u>	<u>(252,167)</u>	<u>311,637</u>	<u>(115,618)</u>
-	127,481	155,727	501,982	-
-	-	-	-	1,840
-	-	-	-	-
671	5,900	3,816	21,300	-
-	-	-	-	(2,602)
<u>671</u>	<u>133,381</u>	<u>159,543</u>	<u>523,282</u>	<u>(762)</u>
65,135	383,690	(92,624)	834,919	(116,380)
-	437,157	604,749	2,337,093	-
-	(190,480)	-	(190,480)	116,380
<u>65,135</u>	<u>630,367</u>	<u>512,125</u>	<u>2,981,532</u>	<u>-</u>
141,844	18,323,090	-	37,701,149	169,512
-	-	5,635,254	5,635,254	-
141,844	18,323,090	5,635,254	43,336,403	169,512
<u>\$ 206,979</u>	<u>\$ 18,953,457</u>	<u>\$ 6,147,379</u>	<u>\$ 46,317,935</u>	<u>\$ 169,512</u>

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Culinary Water Fund	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,859,580	\$ 893,041
Cash received from other activities	18,361	-
Cash payments for payroll and benefits	(166,595)	(152,805)
Cash payments for goods and services	(619,871)	(552,177)
Net cash provided by operating activities	<u>1,091,475</u>	<u>188,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned (charged) on cash deposits	<u>9,487</u>	<u>1,426</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from (to) other funds	-	-
Cash lent from (borrowed to) other funds as pooled cash	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Impact fees	218,774	-
Cash payments for property and equipment purchases	(105,291)	-
Cash received from the sale of assets	-	-
Principal payments on debt	(113,000)	-
Net cash provided by (used in) noncapital financing activities	<u>483</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,101,445	189,485
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	928,414	200,401
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,029,859</u>	<u>\$ 389,886</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 252,548	\$ (3,517)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	453,509	236,146
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	328,728	(95,571)
Increase (decrease) in accounts payable and accrued liabilities	56,690	51,001
Total adjustments	<u>838,927</u>	<u>191,576</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,091,475</u>	<u>\$ 188,059</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developers infrastructure contributions	\$ 685,215	\$ 609,972

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

Garbage Fund	Secondary Water Fund	Storm Drain Fund	Proprietary Funds Total	Motor Pool Fund
\$ 1,012,601	\$ 1,336,593	\$ 284,280	\$ 5,386,095	\$ -
9,600	276	-	28,237	-
(34,812)	(168,076)	(114,170)	(636,458)	-
(950,121)	(519,417)	(97,879)	(2,739,465)	-
<u>37,268</u>	<u>649,376</u>	<u>72,231</u>	<u>2,038,409</u>	<u>-</u>
<u>671</u>	<u>5,900</u>	<u>3,816</u>	<u>21,300</u>	<u>(2,602)</u>
-	(190,480)	-	(190,480)	116,380
-	-	-	-	(115,618)
-	(190,480)	-	(190,480)	762
-	127,481	155,727	501,982	-
-	(113,978)	-	(219,269)	-
-	-	-	-	1,840
-	-	-	(113,000)	-
-	13,503	155,727	13,986	1,840
<u>37,939</u>	<u>478,299</u>	<u>231,774</u>	<u>1,869,229</u>	<u>-</u>
<u>141,844</u>	<u>719,551</u>	<u>509,590</u>	<u>2,499,800</u>	<u>-</u>
<u>\$ 179,783</u>	<u>\$ 1,197,850</u>	<u>\$ 741,364</u>	<u>\$ 4,538,742</u>	<u>\$ -</u>
\$ 64,464	\$ 250,309	\$ (252,167)	\$ 311,637	\$ (115,618)
-	371,164	172,596	1,233,415	115,618
(114,300)	1,735	(60)	120,532	-
87,104	26,168	151,862	372,825	-
(27,196)	399,067	324,398	1,726,772	115,618
<u>\$ 37,268</u>	<u>\$ 649,376</u>	<u>\$ 72,231</u>	<u>\$ 2,038,409</u>	<u>\$ -</u>
\$ -	\$ 437,157	\$ 604,749	\$ 2,337,093	\$ -

NOTES TO THE FINANCIAL STATEMENTS

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, storm water 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 chosen to present each of the funds in separate columns and thus designated all of its funds as “major”. The Motor Pool Fund, RDA Fund, Special Improvement District Debt Service Fund, and the Storm Water Fund did not meet the criteria of a “*major fund*”.

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.
- **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 Utility Fund** – This fund accounts for the operations of the pressurized irrigation system throughout the City.
- **Culinary Water Utility Fund** – This fund accounts for the operation of the culinary water service of the City.
- **Sewer Utility Fund** – This fund accounts for the maintenance of the city portion of the North Davis Sewer District collection system.

- **Garbage Utility Fund** – The fund accounts for the costs of the system of garbage collection and disposition.
- **Storm Water Utility Fund** – This fund accounts for the maintenance and construction of storm sewers throughout 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 is 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 throughout 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 \$1,565,559 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 combined 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 combined 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:

<u>Asset Class</u>	<u>Years</u>
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:

<u>Years of Service</u>	<u>Hours Accrued Per Pay Period</u>
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 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 an 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 the 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 the year the City modified various budgets using the above procedure.

Current Year Excess of Expenditures Over Appropriations - For the year ended June 30, 2010 the Storm Water Utility Fund had expenditures that exceeded appropriations

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, 2010 was \$1,250. The carrying amount of deposits was \$388,637 and the bank balance was \$627,874. Of the bank balance, \$261,726 was covered by federal depository insurance and \$366,148 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, 2010, all of the \$5,301,945 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, 2010 are as follows:

Cash on hand and on deposit:	
Cash on hand	\$ 1,250
Cash on deposit	388,637
PTIF investment	<u>5,301,945</u>
Total cash and investments	<u>\$ 5,691,832</u>

Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	\$ 4,250,845
Restricted cash	<u>1,440,987</u>
Total cash and investments	<u>\$ 5,691,832</u>

NOTE 3. ACCOUNTS RECEIVABLE

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Receivables:			
Accounts Receivable	\$ 82,197	\$ -	\$ 82,197
Taxes Receivable	2,201,064	-	2,201,064
Special Assessments	23,846	-	23,846
Utility and Service Charges	-	555,027	555,027
Gross Receivables	<u>2,307,107</u>	<u>555,027</u>	<u>2,862,134</u>
Less: Allowance for Uncollectibles	<u>-</u>	<u>(21,512)</u>	<u>(21,512)</u>
Net Total Receivables	<u>\$ 2,307,107</u>	<u>\$ 533,515</u>	<u>\$ 2,840,622</u>

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, 2010 consisted of the following amounts:

Governmental activities:

General Fund (due from other funds)	\$ 320,564
Motor Pool Fund (due to other funds)	\$ (305,997)
Special Improvement District (due to other funds)	\$ (14,567)

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 9,021,159	\$ -	\$ -	\$ 9,021,159
Construction in Process	<u>3,037,375</u>	<u>173,270</u>	<u>(3,037,375)</u>	<u>173,270</u>
Total capital assets, not being depreciated	<u>12,058,534</u>	<u>173,270</u>	<u>(3,037,375)</u>	<u>9,194,429</u>
Capital assets, being depreciated				
Land Improvements	3,455,128	-	-	3,455,128
Buildings and Improvements	17,941,226	3,289,770	-	21,230,996
Equipment	4,123,119	197,604	(197,085)	4,123,638
Infrastructure	<u>42,855,600</u>	<u>2,715,736</u>	<u>(9,721,966)</u>	<u>35,849,370</u>
Total capital assets, being depreciated	<u>68,375,073</u>	<u>6,203,110</u>	<u>(9,919,051)</u>	<u>64,659,132</u>
Accumulated Depreciation for:				
Land Improvements	(216,790)	(115,171)	-	(331,961)
Buildings and Improvements	(1,552,879)	(704,194)	-	(2,257,073)
Equipment	(2,152,635)	(374,187)	116,148	(2,410,674)
Infrastructure	<u>(16,960,318)</u>	<u>(1,010,054)</u>	<u>4,625,473</u>	<u>(13,344,899)</u>
Total accumulated depreciation	<u>(20,882,622)</u>	<u>(2,203,606)</u>	<u>4,741,621</u>	<u>(18,344,607)</u>
Total capital assets, being depreciated, net	<u>47,492,451</u>	<u>3,999,504</u>	<u>(5,177,430)</u>	<u>46,314,525</u>
Governmental activities capital assets, net	<u>\$ 59,550,985</u>	<u>\$ 4,172,774</u>	<u>\$(8,214,805)</u>	<u>\$ 55,508,954</u>

The table above includes net capital assets of \$475,509 from the Motor Pool Fund and \$115,618 in depreciation expense.

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 428,877
Public Safety	502,397
Public Works	1,099,792
Parks and Recreation	<u>172,540</u>
Total Depreciation Expense	<u>\$ 2,203,606</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Water Stock	\$ 8,574,395	\$ -	\$ -	\$ 8,574,395
Land	46,433	-	-	46,433
Construction in Process	390,127	205,856	(390,127)	205,856
Total capital assets, not being depreciated	<u>9,010,955</u>	<u>205,856</u>	<u>(390,127)</u>	<u>8,826,684</u>
Capital assets, being depreciated				
Land Improvements	1,004,658	-	-	1,004,658
Buildings	738,200	-	-	738,200
Equipment	1,156,587	-	(34,876)	1,121,711
Infrastructure	32,342,242	12,462,597	-	44,804,839
Total capital assets, being depreciated	<u>35,241,687</u>	<u>12,462,597</u>	<u>(34,876)</u>	<u>47,669,408</u>
Accumulated Depreciation for:				
Land Improvements	(94,586)	(20,093)	-	(114,679)
Buildings	(52,524)	(23,851)	-	(76,375)
Equipment	(650,867)	(113,228)	34,876	(729,219)
Infrastructure	(7,822,774)	(5,701,715)	-	(13,524,489)
Total accumulated depreciation	<u>(8,620,751)</u>	<u>(5,858,887)</u>	<u>34,876</u>	<u>(14,444,762)</u>
Total capital assets, being depreciated, net	<u>26,620,936</u>	<u>6,603,710</u>	<u>-</u>	<u>33,224,646</u>
Business-type activities capital assets, net	<u>\$ 35,631,891</u>	<u>\$ 6,809,566</u>	<u>\$(390,127)</u>	<u>\$ 42,051,330</u>

Depreciation expense was charged to functions as follows:

Business-type Activities:

Culinary Water	\$ 453,509
Sewer	236,146
Secondary Water	371,164
Storm Water	<u>172,596</u>
Total Depreciation Expense	<u>\$ 1,233,415</u>

In 2010, the storm water fund was reclassified from a governmental activity to a business-type activity. This resulted in beginning net capital assets of \$5,096,492 being transferred from governmental to business-type activities and shows above as a decrease in governmental activities and increase in business-type activities.

NOTE 6. CUSTOMER DEPOSITS

Residential utility customers pay a \$75 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, 2010 the customer deposits balance held by the City was \$86,896.

NOTE 7. LONG-TERM LIABILITIES

Changes in Long-term Liabilities (including compensated absences) for the year ended June 30, 2010 were as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Governmental Activities:					
2001 Special Assessment Bond	\$ 111,000	\$ -	\$ (111,000)	\$ -	\$ -
2005 Park Development Bond	1,640,000	-	(125,000)	1,515,000	125,000
2006 MBA Facilities Bond	9,045,000	-	(330,000)	8,715,000	335,000
2008 MBA Fire Station Bond	5,954,000	-	(212,000)	5,742,000	221,000
Compensated Absences	259,928	236,890	(222,920)	273,898	53,388
<i>Total Governmental Activities</i>	<u>17,009,928</u>	<u>236,890</u>	<u>(1,000,920)</u>	<u>16,245,898</u>	<u>734,388</u>
Business-type Activities:					
Water Revenue Note 1992A	\$ 220,000	\$ -	\$ (55,000)	\$ 165,000	\$ 55,000
Water Revenue Note 1992B	232,000	-	(58,000)	174,000	58,000
<i>Total Business-type Activities</i>	<u>452,000</u>	<u>-</u>	<u>(113,000)</u>	<u>339,000</u>	<u>113,000</u>
Total Long-term Liabilities	<u>\$17,461,928</u>	<u>\$ 236,890</u>	<u>\$(1,113,920)</u>	<u>\$16,584,898</u>	<u>\$ 847,388</u>

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. 2001 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. This debt is fully retired with the final payment that was made May 2010.

B. 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, 2010 consists of the following:

2005 Park Development Sales Tax Revenue Bonds Payable					
	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2010</u>
2005	4/28/2005	1/1/2020	3.0 - 4.3%	\$ 2,100,000	\$ 1,515,000
Total Sales Tax Revenue Bonds Payable					<u>\$ 1,515,000</u>

<u>Year Ended June 30,</u>	<u>Debt Service Requirement to Maturity</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 125,000	\$ 61,230	\$ 186,230
2012	130,000	56,793	186,793
2013	135,000	51,983	186,983
2014	140,000	46,853	186,853
2015	150,000	41,253	191,253
2016-2020	835,000	108,875	943,875
Totals	<u>\$ 1,515,000</u>	<u>\$ 366,987</u>	<u>\$ 1,881,987</u>

C. 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, 2010 consists of the following:

2006 Municipal Building Authority Lease Revenue Bonds Payable					
	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2010</u>
2006	4/28/2005	4/1/2028	4.0 - 5.0%	\$ 9,350,000	\$ 8,715,000
Total Lease Revenue Bonds Payable					<u>\$ 8,715,000</u>

Year Ended June 30,	Debt Service Requirement to Maturity		
	Principal	Interest	Total
2011	\$ 335,000	\$ 372,266	\$ 707,266
2012	350,000	358,866	708,866
2013	365,000	344,866	709,866
2014	375,000	330,266	705,266
2015	390,000	315,266	705,266
2016-2020	2,245,000	1,295,055	3,540,055
2021-2025	2,725,000	805,000	3,530,000
2026-2028	1,930,000	176,175	2,106,175
Totals	\$ 8,715,000	\$ 3,997,760	\$ 12,712,760

D. Municipal Building Authority Lease Revenue Bonds, Series 2008

On March 18, 2008, the MBA issued \$5,954,000 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, 2010 consists of the following:

2008 Municipal Building Authority Lease Revenue Bonds Payable					
	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2010
2008	3/18/2008	3/15/2028	4.13%	\$ 5,954,000	\$ 5,742,000
Total Lease Revenue Bonds Payable					<u>\$ 5,742,000</u>

Year Ended June 30,	Debt Service Requirement to Maturity		
	Principal	Interest	Total
2011	\$ 221,000	\$ 237,145	\$ 458,145
2012	230,000	228,017	458,017
2013	240,000	218,518	458,518
2014	250,000	208,606	458,606
2015	260,000	198,281	458,281
2016-2020	1,471,000	821,085	2,292,085
2021-2025	1,801,000	491,181	2,292,181
2026-2028	1,269,000	106,224	1,375,224
Totals	\$ 5,742,000	\$ 2,509,057	\$ 8,251,057

E. 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, 2010 consists of the following:

1992 Water Revenue Notes Payable

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2010</u>
1992A	4/28/1992	1/1/2013	no rate	\$ 1,100,000	\$ 165,000
1992B	4/28/1992	1/1/2013	no rate	1,100,000	174,000
Total Water Revenue Notes Payable					<u>\$ 339,000</u>

Debt Service Requirement to Maturity

	<u>Series 1992A</u>		<u>Series 1992B</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 55,000	\$ -	\$ 58,000	\$ -	\$ 113,000	\$ -
2012	55,000	-	58,000	-	113,000	-
2013	55,000	-	58,000	-	113,000	-
	<u>\$ 165,000</u>	<u>\$ -</u>	<u>\$ 174,000</u>	<u>\$ -</u>	<u>\$ 339,000</u>	<u>\$ -</u>

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 \$74,000 to the Special Improvement District Fund as the City's portion of the District improvements and also \$50,000 of public safety impact fee monies to the Municipal Building Authority to assist in the completion of those projects.

The Secondary Water Fund transferred \$190,480 to the General Fund payments for the Park Development Sales Tax Bond.

The Capital Improvements Fund transferred \$116,380 to the Motor Pool Fund to cover the annual depreciation costs for this to relieve the burden on the operating budgets and \$100,000 to the General Fund to make up the revenue short-all to keep the fund balance at the required minimum amount

NOTE 9. THEATER DEVELOPMENT AGREEMENT

Under Utah law, a city has the authority to participate with a developer to the extent of the future benefit from sales and property tax generated by a proposed development. The Syracuse City Council entered into an agreement with HBN Real Estate LLC in fiscal year 2009. The City agreed to participate in their development of a theater complex. The financial commitment of the city is not to exceed \$750,000. As of June 30, 2010 the participation of the City has been \$619,861. Participation from the City has been in the form of both not charging impact fees and also paying for specific improvements that are the developer's responsibility. These costs have been incurred in various impact fee funds. These impact fee funds must be made whole by the general fund over the next several (maximum 20) years.

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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 \$74,000 is part of the non-departmental costs.

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.

	Local Government Noncontributory <u>System</u>	Firefighters <u>System</u>	Public Safety Noncontributory <u>System</u>
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%
2010 Rates as Percent of Covered Payroll:			
Employer	11.660%	13.490%	23.340%
Member	0.000%	0.000%	0.000%
Actual City Contributions Made, by year (ended 6/30):			
2010	\$ 223,689	\$ 69,411	\$ 188,848
2009	\$ 248,159	\$ 67,628	\$ 180,510
2008	\$ 228,883	\$ 59,119	\$ 164,033

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.

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 has for many years contributed 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. As budget cuts were implemented in February 2009 this matching contribution was suspended for the time being.

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, 2010 Syracuse City contributed \$24,004 to employees' 401(k) Plans.

NOTE 12. 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 one pending lawsuit. The City's 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. However, on August

3, 2010, the City settled a lawsuit and paid the plaintiff the sum of \$158, 624. This amount has been accrued as a payable.

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 13. 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 is the third 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 \$284,503 in tax increment monies in the fiscal year ended June 30, 2010. The collections were used to repay the developer for improvements on the 1700 South project and to reimburse Syracuse City for its funding of the road improvements on the 750 West project.

NOTE 14. 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 has been completed on all structures.

A supplemental lease agreement was entered into between the City and the MBA in 2007. 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 modern new fire house was completed last winter and is now occupied by the department.

NOTE 15. NET ASSET RECLASSIFICATION

The Storm Water Utility fund of the City has been treated and accounted for as a governmental fund in the past. In 2010, the City determined the fund could now be treated as an enterprise fund. The net assets of the Storm Water Utility fund is included in the governmental activities' beginning net assets amount, therefore, a reclassification of net assets is necessary to move the net assets of the Storm Water Utility fund to the enterprise funds. The amount of the adjustment is \$5,635,254 which includes the fund balance of \$538,762 and \$5,096,492 of net capital assets.

SUPPLEMENTAL INFORMATION

SYRACUSE CITY

SPECIAL IMPROVEMENT DISTRICT - DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUE:				
Assessments principal	\$ 30,000	\$ 30,000	\$ 21,343	\$ (8,657)
Assessments interest	-	-	1,802	1,802
Late fees	-	-	1,150	1,150
Investment interest	10,000	10,000	250	(9,750)
Total	40,000	40,000	24,545	(15,455)
EXPENDITURES:				
General government:				
Operating supplies	1,131	1,131	396	735
Debt service:				
Debt principal	111,000	111,000	111,000	-
Debt interest and fees	7,500	7,500	6,882	618
Total	119,631	119,631	118,278	1,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(79,631)	(79,631)	(93,733)	(14,102)
OTHER FINANCING SOURCES - Transfer in	74,000	74,000	74,000	-
NET CHANGE IN FUND BALANCE	(5,631)	(5,631)	(19,733)	(14,102)
FUND BALANCE, BEGINNING OF YEAR	5,166	5,166	5,166	-
FUND BALANCE, END OF YEAR	\$ (465)	\$ (465)	\$ (14,567)	\$ (14,102)

SYRACUSE CITY

CAPITAL IMPROVEMENTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Franchise tax	\$ 1,250,000	\$ 1,250,000	\$ 1,208,895	\$ (41,105)
Cell tower lease	45,000	45,000	61,487	16,487
Interest	10,000	10,000	2,877	(7,123)
Contributions	-	-	76,119	76,119
Miscellaneous	12,000	12,000	2,080	(9,920)
Total	1,317,000	1,317,000	1,351,458	34,458
EXPENDITURES:				
Capital Equipment purchases	68,000	68,000	152,703	(84,703)
MBA Lease payments	1,135,000	1,135,000	1,082,820	52,180
Total	1,203,000	1,203,000	1,235,523	(32,523)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	114,000	114,000	115,935	1,935
OTHER FINANCING USES - Transfer out	(250,848)	(250,848)	(216,380)	34,468
NET CHANGE IN FUND BALANCE	(136,848)	(136,848)	(100,445)	36,403
FUND BALANCE, BEGINNING OF YEAR	494,377	494,377	494,377	-
FUND BALANCE, END OF YEAR	\$ 357,529	\$ 357,529	\$ 393,932	\$ 36,403

SYRACUSE CITY

CULINARY WATER UTILITY FUND

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUE:				
Water sales	\$ 1,385,000	\$ 1,406,000	\$ 1,496,483	\$ 90,483
Connection fees	29,250	29,250	34,369	5,119
Other	1,100	16,100	18,361	2,261
Total	<u>1,415,350</u>	<u>1,451,350</u>	<u>1,549,213</u>	<u>97,863</u>
OPERATING EXPENDITURES:				
Public works:				
Salaries, wages, and benefits	181,320	181,320	166,595	14,725
Contractual services	598,000	598,000	394,984	203,016
Operations	317,396	353,396	281,577	71,819
Depreciation	350,000	350,000	453,509	(103,509)
Total	<u>1,446,716</u>	<u>1,482,716</u>	<u>1,296,665</u>	<u>186,051</u>
OPERATING INCOME (LOSS)	<u>(31,366)</u>	<u>(31,366)</u>	<u>252,548</u>	<u>283,914</u>
NONOPERATING REVENUES (EXPENSES):				
Culinary water impact fees	220,000	220,000	218,774	(1,226)
Grants and allotments	476,750	476,750	-	(476,750)
Interest revenue	18,000	18,000	9,487	(8,513)
Total	<u>714,750</u>	<u>714,750</u>	<u>228,261</u>	<u>(486,489)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:	<u>683,384</u>	<u>683,384</u>	<u>480,809</u>	<u>(202,575)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Developers infrastructure contributions	-	-	685,215	685,215
Transfer to/from other funds	-	-	-	-
NET CHANGE IN ASSETS	<u>683,384</u>	<u>683,384</u>	<u>1,166,024</u>	<u>482,640</u>
NET ASSETS, BEGINNING OF YEAR	<u>12,593,992</u>	<u>12,593,992</u>	<u>12,593,992</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 13,277,376</u>	<u>\$ 13,277,376</u>	<u>\$ 13,760,016</u>	<u>\$ 482,640</u>

SYRACUSE CITY

SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUE:				
Sewer service charges	\$ 964,000	\$ 964,000	\$ 958,290	\$ (5,710)
Connection fees	27,000	27,000	30,322	3,322
Other	500	500	-	(500)
Total	991,500	991,500	988,612	(2,888)
OPERATING EXPENDITURES:				
Public Works:				
Salaries, wages, and benefits	160,418	160,418	152,805	7,613
Contracted services	560,000	560,000	552,829	7,171
Operating expenses	73,082	73,082	50,349	22,733
Depreciation	200,000	265,000	236,146	28,854
Total	993,500	1,058,500	992,129	66,371
OPERATING INCOME (LOSS)	(2,000)	(67,000)	(3,517)	(69,259)
NONOPERATING REVENUES (EXPENSES):				
Interest	2,000	2,000	1,426	(574)
Total	2,000	2,000	1,426	(574)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:	-	(65,000)	(2,091)	(69,833)
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Developers infrastructure contributions	-	-	609,972	609,972
Transfer to/from other funds	-	-	-	-
NET CHANGE IN ASSETS	-	(65,000)	607,881	540,139
NET ASSETS, BEGINNING OF YEAR	6,642,223	6,642,223	6,642,223	-
NET ASSETS, END OF YEAR	\$ 6,642,223	\$ 6,577,223	\$ 7,250,104	\$ 540,139

SYRACUSE CITY

GARBAGE UTILITY FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUE:				
Garbage collection fees	\$ 1,120,000	\$ 1,120,000	\$ 1,126,901	\$ 6,901
Other	4,000	4,000	9,600	5,600
Total	<u>1,124,000</u>	<u>1,124,000</u>	<u>1,136,501</u>	<u>12,501</u>
OPERATING EXPENDITURES:				
Public Works:				
Salaries, wages, and benefits	32,895	32,895	34,812	(1,917)
Contractual services	996,000	996,000	1,002,284	(6,284)
Operating expenses	97,105	97,105	34,941	62,164
Depreciation	-	-	-	-
Total	<u>1,126,000</u>	<u>1,126,000</u>	<u>1,072,037</u>	<u>53,963</u>
OPERATING INCOME (LOSS)	<u>(2,000)</u>	<u>(2,000)</u>	<u>64,464</u>	<u>(41,462)</u>
NONOPERATING REVENUES (EXPENSES):				
Impact fees	-	-	-	-
Interest	2,000	2,000	671	(1,329)
Total	<u>2,000</u>	<u>2,000</u>	<u>671</u>	<u>(1,329)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:	<u>-</u>	<u>-</u>	<u>65,135</u>	<u>(42,791)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Transfer to/from other funds	-	-	-	-
NET CHANGE IN ASSETS	<u>-</u>	<u>-</u>	<u>65,135</u>	<u>(42,791)</u>
NET ASSETS, BEGINNING OF YEAR	<u>141,844</u>	<u>141,844</u>	<u>141,844</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 141,844</u>	<u>\$ 141,844</u>	<u>\$ 206,979</u>	<u>\$ (42,791)</u>

SYRACUSE CITY

SECONDARY WATER UTILITY FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUE:				
Water Sales	\$ 1,290,000	\$ 1,290,000	\$ 1,304,751	\$ 14,751
Connection fees	27,000	27,000	30,107	3,107
Other	-	-	276	276
Total	<u>1,317,000</u>	<u>1,317,000</u>	<u>1,335,134</u>	<u>18,134</u>
OPERATING EXPENDITURES:				
Public Works:				
Salaries, wages, and benefits	182,271	182,271	168,076	14,195
Water and pumping	385,000	385,000	273,937	111,063
Operating expenses	181,249	181,249	271,648	(90,399)
Depreciation	380,000	380,000	371,164	8,836
Total	<u>1,128,520</u>	<u>1,128,520</u>	<u>1,084,825</u>	<u>43,695</u>
OPERATING INCOME (LOSS)	<u>188,480</u>	<u>188,480</u>	<u>250,309</u>	<u>(25,561)</u>
NONOPERATING REVENUES (EXPENSES):				
Impact fees	150,000	150,000	127,481	(22,519)
Interest	2,000	2,000	5,900	3,900
Total	<u>152,000</u>	<u>152,000</u>	<u>133,381</u>	<u>(18,619)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:	<u>340,480</u>	<u>340,480</u>	<u>383,690</u>	<u>(44,180)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Developers infrastructure contributions	-	-	437,157	437,157
Transfer to/from other funds	(193,480)	(193,480)	(190,480)	3,000
NET CHANGE IN ASSETS	<u>147,000</u>	<u>147,000</u>	<u>630,367</u>	<u>395,977</u>
NET ASSETS, BEGINNING OF YEAR	<u>18,323,090</u>	<u>18,323,090</u>	<u>18,323,090</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 18,470,090</u>	<u>\$ 18,470,090</u>	<u>\$ 18,953,457</u>	<u>\$ 395,977</u>

SYRACUSE CITY

STORM WATER UTILITY FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
OPERATING REVENUES:				
Storm water impact fees	\$ 150,000	\$ 150,000	\$ 155,727	\$ 5,727
Storm water user fees	285,000	285,000	284,340	(660)
Total	435,000	435,000	440,067	5,067
OPERATING EXPENDITURES:				
Payroll & benefits	122,580	122,580	114,170	8,410
Operating costs	163,420	363,420	249,741	113,679
Depreciation	-	-	172,596	(172,596)
Capital outlay	-	-	-	-
Total	286,000	486,000	536,507	(50,507)
OPERATING INCOME (LOSS)	149,000	(51,000)	(96,440)	(45,440)
NONOPERATING REVENUES (EXPENSES):				
Interest	6,000	6,000	3,816	(2,184)
Total	6,000	6,000	3,816	(2,184)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:	155,000	(45,000)	(92,624)	(47,624)
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Developers infrastructure contributions	-	-	604,749	604,749
Transfer to/from other funds	(155,000)	-	5,096,492	5,096,492
NET CHANGES IN ASSETS	-	(45,000)	5,608,617	5,653,617
NET ASSETS, BEGINNING OF YEAR	538,762	538,762	538,762	-
NET ASSETS, END OF YEAR	\$ 538,762	\$ 493,762	\$ 6,147,379	\$ 5,653,617

SYRACUSE CITY

MOTOR POOL FUND - INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUE:				
Department charges	\$ -	\$ -	\$ -	\$ -
State grants and allotments	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENDITURES:				
General government:				
Operations	-	-	-	-
Depreciation	106,000	106,000	115,618	(9,618)
Total	<u>106,000</u>	<u>106,000</u>	<u>115,618</u>	<u>(9,618)</u>
OPERATING INCOME (LOSS)	<u>(106,000)</u>	<u>(106,000)</u>	<u>(115,618)</u>	<u>(9,618)</u>
NONOPERATING REVENUES (EXPENSES):				
Gain on sale	-	-	1,840	1,840
Interest expense	(19,000)	(19,000)	(2,602)	16,398
Total	<u>(19,000)</u>	<u>(19,000)</u>	<u>(762)</u>	<u>18,238</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:	<u>(125,000)</u>	<u>(125,000)</u>	<u>(116,380)</u>	<u>8,620</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Transfers in	125,000	125,000	116,380	(8,620)
NET CHANGE IN ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, BEGINNING OF YEAR	<u>169,512</u>	<u>169,512</u>	<u>169,512</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 169,512</u>	<u>\$ 169,512</u>	<u>\$ 169,512</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of Syracuse City Corporation’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Page
FINANCIAL TRENDS <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	82
REVENUE CAPACITY <i>These schedules contain information to help the reader assess the City’s most significant local revenue sources, the sales tax and property tax.</i>	93
DEBT CAPACITY <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	99
DEMOGRAPHICS AND ECONOMIC INFORMATION <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	102
OPERATING INFORMATION <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the government provides and the activities it performs.</i>	104

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

SYRACUSE CITY
GOVERNMENT-WIDE REVENUES
Last Seven Fiscal Years

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	Total
2009-10	\$ 7,668,076	\$ 115,149	\$ 5,107,748	\$ 5,667,730	\$ 31,268	\$ 1,025,895	\$ 19,615,866
2008-09	7,485,359	255,432	-	5,597,745	198,054	707,227	14,243,817
2007-08	6,986,464	-	144,000	5,340,527	582,373	840,803	13,894,167
2006-07	5,920,326	865,103	386,843	4,132,221	679,690	2,935,145	14,919,328
2005-06	5,441,945	814,478	1,503,364	3,503,382	427,447	4,559,759	16,250,375
2004-05	4,823,724	673,663	51,196	2,749,144	178,844	2,948,371	11,424,942
2003-04	4,255,492	585,427	-	2,247,177	103,713	2,894,597	10,086,406

Note:

Financial reports were only available for the last seven fiscal years.

SYRACUSE CITY CORPORATION
GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Seven Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Interest and Fiscal Charges	Culinary Water Utility	Sewer Utility	Garbage Utility	Secondary Water Utility	Storm Water Utility	Total
2009-10	\$ 1,663,029	\$ 3,723,979	\$ 2,121,006	\$ 1,083,622	\$ 696,289	\$ 1,296,665	\$ 992,129	\$ 1,072,037	\$ 1,084,825	\$ 536,507	\$ 14,270,088
2008-09	2,106,972	3,944,700	3,809,582	1,159,929	783,675	1,315,738	899,303	1,071,645	1,139,891	-	16,231,435
2007-08	1,685,040	3,463,722	3,898,914	1,004,514	248,078	3,331,631	-	-	1,109,224	-	14,741,123
2006-07	1,741,641	2,677,933	1,994,719	1,091,158	198,925	3,043,470	-	-	846,015	-	11,593,861
2005-06	942,801	2,749,374	1,517,152	796,333	142,648	2,986,192	-	-	1,129,502	-	10,264,002
2004-05	951,595	2,277,896	1,325,077	559,582	93,907	2,483,785	-	-	824,374	-	8,516,216
2003-04	999,187	1,650,640	1,631,681	485,077	116,070	2,275,780	-	-	759,798	-	7,918,233

Note:

Prior to FY 2010, the Storm Water Utility Fund was combined with Public Works

Prior to FY 2009, the Sewer Utility Fund and Garbage Utility Fund were combined with the Culinary Water Utility Fund

Financial reports were only available for the last seven fiscal years

SYRACUSE CITY CORPORATION
GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES
Last Seven Fiscal Years

<u>FISCAL YEAR</u>	<u>TAXES</u>	<u>LICENSES AND PERMITS</u>	<u>IMPACT FEES</u>	<u>INTERGOV-ERNMENTAL</u>	<u>CHARGES FOR SERVICES</u>	<u>FINES AND FORFEITURES</u>	<u>INTEREST AND MISC</u>	<u>TOTAL</u>
2009-10	\$ 4,199,180	\$ 321,654	\$ 482,160	\$ 821,797	\$ 907,170	\$ 295,248	\$ 67,410	\$ 7,094,619
2008-09	4,253,282	357,501	388,245	888,120	675,457	261,720	138,000	6,962,325
2007-08	4,097,863	344,859	589,458	1,090,769	602,888	218,843	183,278	7,127,958
2006-07	3,132,601	819,988	1,547,289	1,231,946	579,603	208,880	267,987	7,788,294
2005-06	2,562,266	913,927	2,348,471	1,640,792	582,145	197,755	267,468	8,512,824
2004-05	2,002,561	749,411	1,348,894	724,859	559,906	179,377	73,556	5,638,564
2003-04	1,790,455	709,376	1,481,496	609,626	480,870	183,592	71,221	5,326,636

Note:

General government is limited to the City's general fund.
Financial reports were only available for the last seven fiscal years.

SYRACUSE CITY CORPORATION
GENERAL GOVERNMENTAL EXPENDITURES (Budget Basis) AND OTHER USES BY FUNCTION
Last Seven Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Capital Outlay	Debt Service	Other Financing Uses	Total
2009-10	\$ 1,174,765	\$ 3,221,583	\$ 1,136,292	\$ 955,982	\$ -	\$ 192,980	\$ 124,000	\$ 6,805,602
2008-09	1,576,733	3,303,895	1,311,144	923,204	1,088,081	396,163	114,500	8,713,720
2007-08	1,522,231	3,186,613	2,172,362	916,204	825,112	362,768	603,377	9,588,667
2006-07	1,587,366	2,567,880	689,921	838,031	1,919,101	366,068	107,465	8,075,832
2005-06	849,138	2,051,473	882,886	583,255	3,504,683	464,571	272,608	8,608,614
2004-05	893,866	1,665,896	887,202	559,085	3,066,146	-	49,034	7,121,229
2003-04	953,575	1,418,379	805,440	448,822	722,082	-	-	4,348,298

Notes:

General government is limited to the City's general fund.

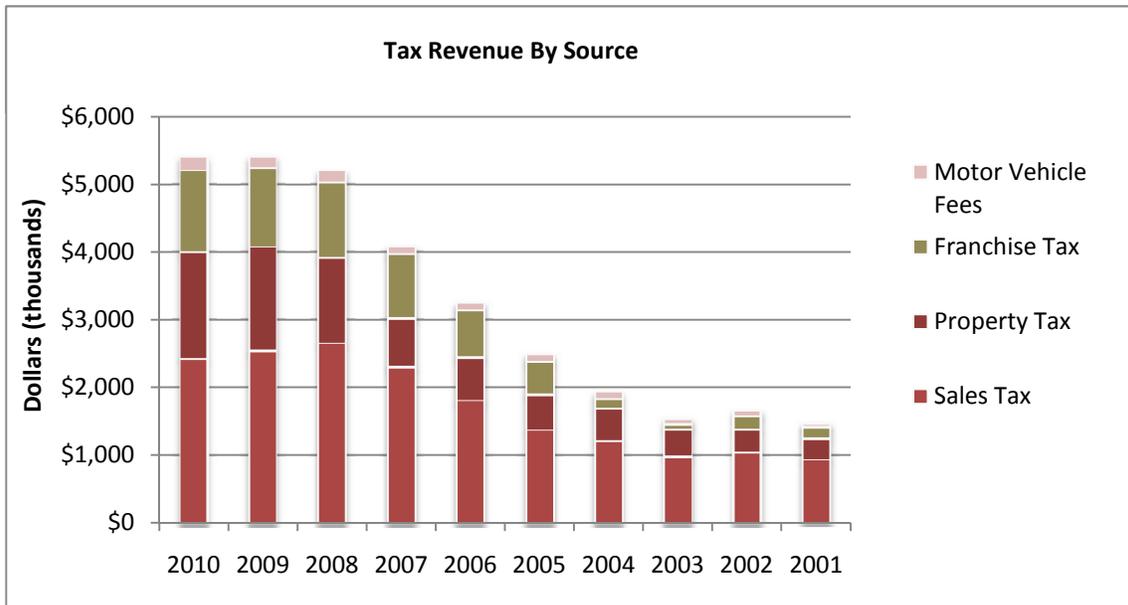
Other financing uses includes transfers to other funds.

Beginning in FY '10, capital outlay expenditures are included under the function for which they were acquired.

Financial reports were only available for the last seven fiscal years.

SYRACUSE CITY CORPORATION
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Motor Vehicle Fees	Total
2010	\$ 2,429	\$ 1,569	\$ 1,209	\$ 202	\$ 5,409
2009	2,543	1,535	1,165	175	5,418
2008	2,655	1,265	1,107	178	5,205
2007	2,299	719	956	114	4,088
2006	1,805	635	695	122	3,257
2005	1,366	525	490	111	2,492
2004	1,208	480	142	102	1,932
2003	980	403	71	89	1,543
2002	1,034	347	200	78	1,659
2001	929	322	164	53	1,468



SYRACUSE CITY CORPORATION
NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(Amounts Expressed in Thousands)

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Governmental activities							
Invested in capital assets, net of related debt	\$ 39,654	\$ 42,374	\$ 38,986	\$ 27,251	\$ 30,562	\$ 23,606	\$ 20,879
Restricted	727	867	6,675	9,615	2,374	5,324	4,518
Unrestricted	314	726	672	514	2,260	447	(43)
Total governmental activities net assets	<u>\$ 40,695</u>	<u>\$ 43,967</u>	<u>\$ 46,333</u>	<u>\$ 37,380</u>	<u>\$ 35,196</u>	<u>\$ 29,377</u>	<u>\$ 25,354</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 41,712	\$ 35,180	\$ 34,458	\$ 27,598	\$ 25,486	\$ 22,679	\$ 18,812
Restricted	714	136	900	1,464	1,346	2,508	2,068
Unrestricted	3,892	2,385	1,964	2,797	1,949	177	372
Total business-type activities net assets	<u>\$ 46,318</u>	<u>\$ 37,701</u>	<u>\$ 37,322</u>	<u>\$ 31,859</u>	<u>\$ 28,781</u>	<u>\$ 25,364</u>	<u>\$ 21,252</u>
Primary government							
Invested in capital assets, net of related debt	\$ 81,366	\$ 77,554	\$ 73,444	\$ 54,849	\$ 56,048	\$ 46,285	\$ 39,691
Restricted	1,441	1,003	7,575	11,079	3,720	7,832	6,586
Unrestricted	4,206	3,111	2,636	3,311	4,209	624	329
Total primary government net assets	<u>\$ 87,013</u>	<u>\$ 81,668</u>	<u>\$ 83,655</u>	<u>\$ 69,239</u>	<u>\$ 63,977</u>	<u>\$ 54,741</u>	<u>\$ 46,606</u>

Note:

Financial reports were only available for the last seven fiscal years.

SYRACUSE CITY CORPORATION
CHANGES IN NET ASSETS
Last Seven Fiscal Years
(Amounts Expressed in Thousands)

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Expenses							
Governmental activities:							
General government	\$ 1,663	\$ 2,107	\$ 1,685	\$ 1,741	\$ 943	\$ 952	\$ 999
Public safety	3,724	3,945	3,464	2,678	2,749	2,278	1,651
Public works	2,121	3,809	3,899	1,995	1,517	1,325	1,632
Parks and recreation	1,084	1,160	1,004	1,091	796	559	485
Interest and fiscal charges	696	784	248	199	143	94	116
Total governmental activities expenses	<u>9,288</u>	<u>11,805</u>	<u>10,300</u>	<u>7,704</u>	<u>6,148</u>	<u>5,208</u>	<u>4,883</u>
Business-type activities:							
Culinary water utility	1,297	1,316	3,332	3,044	2,986	2,484	2,276
Sewer utility	992	899	-	-	-	-	-
Garbage utility	1,072	1,071	-	-	-	-	-
Secondary water utility	1,085	1,140	1,109	846	1,130	824	759
Storm water utility	536	-	-	-	-	-	-
Total business-type activities expenses	<u>4,982</u>	<u>4,426</u>	<u>4,441</u>	<u>3,890</u>	<u>4,116</u>	<u>3,308</u>	<u>3,035</u>
Total primary government expenses	<u>\$ 14,270</u>	<u>\$ 16,231</u>	<u>\$ 14,741</u>	<u>\$ 11,594</u>	<u>\$ 10,264</u>	<u>\$ 8,516</u>	<u>\$ 7,918</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 809	\$ 808	\$ 730	\$ 1,291	\$ 466	\$ 440	\$ 430
Public safety	205	296	275	127	139	159	154
Public works	924	1,500	1,446	41	960	805	738
Parks and recreation	436	288	415	149	129	89	77
Operating grants and contributions	115	91	-	865	814	674	585
Capital grants and contributions	2,771	-	44	387	1,323	51	-
Total governmental activities program revenues	<u>5,260</u>	<u>2,983</u>	<u>2,910</u>	<u>2,860</u>	<u>3,831</u>	<u>2,218</u>	<u>1,984</u>
Business-type activities:							
Charges for services:							
Culinary water utility	1,549	1,343	3,030	3,315	2,993	2,750	2,339
Sewer utility	989	845	-	-	-	-	-
Garbage utility	1,137	1,113	-	-	-	-	-
Secondary water utility	1,335	1,292	1,090	997	755	580	518
Storm water utility	284	-	-	-	-	-	-
Capital grants and contributions	2,337	165	100	-	180	-	-
Total business-type activities program revenues	<u>7,631</u>	<u>4,758</u>	<u>4,220</u>	<u>4,312</u>	<u>3,928</u>	<u>3,330</u>	<u>2,857</u>
Total primary government program revenues	<u>\$ 12,891</u>	<u>\$ 7,741</u>	<u>\$ 7,130</u>	<u>\$ 7,172</u>	<u>\$ 7,759</u>	<u>\$ 5,548</u>	<u>\$ 4,841</u>

SYRACUSE CITY CORPORATION
CHANGES IN NET ASSETS
Last Seven Fiscal Years
(Amounts Expressed in Thousands)

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Net (expense)/revenue:							
Governmental activities	\$ (4,028)	\$ (8,822)	\$ (7,390)	\$ (4,844)	\$ (2,317)	\$ (2,990)	\$ (2,899)
Business-type activities	2,649	332	(221)	422	(188)	22	(178)
Total primary government net expense	<u>\$ (1,379)</u>	<u>\$ (8,490)</u>	<u>\$ (7,611)</u>	<u>\$ (4,422)</u>	<u>\$ (2,505)</u>	<u>\$ (2,968)</u>	<u>\$ (3,077)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 2,030	\$ 1,890	\$ 1,579	\$ 877	\$ 757	\$ 636	\$ 582
Sales taxes	2,429	2,543	2,655	2,299	1,805	1,366	1,208
Franchise taxes	1,209	1,165	1,107	956	941	746	457
Impact fees	482	232	262	1,877	3,112	1,677	1,801
Unrestricted investment earnings	10	143	440	484	299	117	68
Other revenues (uses) not restricted to specific program:	42	147	8,957	342	1,307	2,470	1,572
Transfers	190	336	1,343	193	-	-	-
Total governmental activities	<u>6,392</u>	<u>6,456</u>	<u>16,343</u>	<u>7,028</u>	<u>8,221</u>	<u>7,012</u>	<u>5,688</u>
Business-type activities:							
Impact fees	502	328	479	993	1,000	962	897
Unrestricted investment earnings	21	55	142	196	128	62	36
Other revenues (uses) not restricted to specific program:	-	-	6,406	1,660	2,535	3,066	1,274
Transfers	(190)	(336)	(1,343)	(193)	-	-	-
Total business-type activities	<u>333</u>	<u>47</u>	<u>5,684</u>	<u>2,656</u>	<u>3,663</u>	<u>4,090</u>	<u>2,207</u>
Total primary government	<u>\$ 6,725</u>	<u>\$ 6,503</u>	<u>\$ 22,027</u>	<u>\$ 9,684</u>	<u>\$ 11,884</u>	<u>\$ 11,102</u>	<u>\$ 7,895</u>
Change in Net Assets							
Governmental activities	\$ 2,364	\$ (2,366)	\$ 8,953	\$ 2,184	\$ 5,904	\$ 4,022	\$ 2,789
Business-type activities	2,982	379	5,463	3,078	3,475	4,112	2,029
Total primary government	<u>\$ 5,346</u>	<u>\$ (1,987)</u>	<u>\$ 14,416</u>	<u>\$ 5,262</u>	<u>\$ 9,379</u>	<u>\$ 8,134</u>	<u>\$ 4,818</u>

Note:

Prior to FY 2010, the Storm Water Utility Fund was combined with Government Activities - Public Works.
Prior to FY 2009, the Sewer Utility Fund and Garbage Utility Fund were combined with the Culinary Water Utility Fund.
Financial reports were only available for the last seven fiscal years.

SYRACUSE CITY CORPORATION
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(Amounts Expressed in Thousands)

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Revenues							
Taxes	\$ 5,693	\$ 5,622	\$ 5,340	\$ 4,132	\$ 3,258	\$ 2,493	\$ 1,932
Licenses and permits	322	358	345	820	914	749	709
Impact fees	482	620	852	1,877	3,111	1,677	1,801
Intergovernmental	937	979	1,135	1,232	2,140	730	610
Charges for services	907	954	603	580	582	560	481
Fines and forfeitures	295	262	219	209	198	179	184
Investment earnings	8	143	440	484	299	117	67
Miscellaneous	227	192	137	115	146	94	188
Total revenues	<u>8,871</u>	<u>9,130</u>	<u>9,071</u>	<u>9,449</u>	<u>10,648</u>	<u>6,599</u>	<u>5,972</u>
Expenditures							
General government	1,183	1,582	1,529	1,588	852	899	955
Public safety	3,222	3,304	3,187	2,568	2,051	1,666	1,419
Public works	1,253	1,615	2,257	804	883	710	627
Parks and recreation	956	924	916	1,054	583	457	448
Capital outlay	405	6,521	9,043	6,886	7,810	3,359	739
Other	-	-	39	43	67	-	-
Debt service:							
Principal retirement	778	700	774	364	440	321	311
Interest and fiscal charges	706	777	114	124	143	77	93
Total expenditures	<u>\$ 8,503</u>	<u>\$ 15,423</u>	<u>\$ 17,859</u>	<u>\$ 13,431</u>	<u>\$ 12,829</u>	<u>\$ 7,489</u>	<u>\$ 4,592</u>

SYRACUSE CITY CORPORATION
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(Amounts Expressed in Thousands)

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Excess of revenues over (under) expenditures	\$ 368	\$ (6,293)	\$ (8,788)	\$ (3,982)	\$ (2,181)	\$ (890)	\$ 1,380
Other financing sources (uses)							
Proceeds from borrowings	-	-	5,924	9,576	1,000	2,100	-
Transfers in	414	1,258	1,117	258	362	49	-
Transfers out	(340)	(1,062)	(959)	(65)	(206)	(49)	-
Total other financing sources (uses)	74	196	6,082	9,769	1,156	2,100	-
Net change in fund balances	<u>\$ 442</u>	<u>\$ (6,097)</u>	<u>\$ (2,706)</u>	<u>\$ 5,787</u>	<u>\$ (1,025)</u>	<u>\$ 1,210</u>	<u>\$ 1,380</u>
Debt service as a percentage of noncapital expenditures	18.3%	16.6%	10.1%	7.5%	11.6%	9.6% #	10.5%

Note:
Financial reports were only available for the last seven fiscal years.

SYRACUSE CITY CORPORATION
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(Amounts Expressed in Thousands)

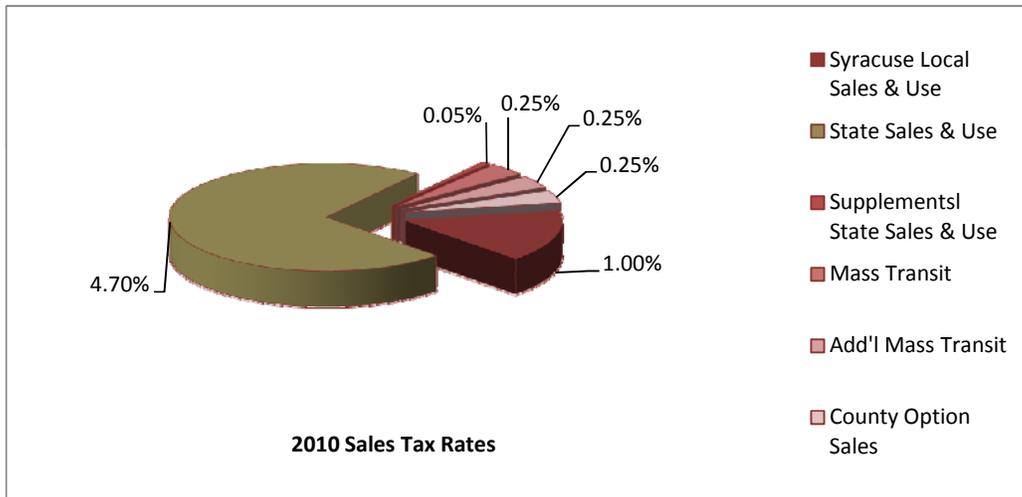
	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
General fund							
Reserved	\$ 474	\$ 259	\$ 1,046	\$ 2,740	\$ 2,308	\$ 2,819	\$ 2,606
Designated, unreserved	48	24	-	-	-	-	-
Unreserved	625	285	430	797	1,323	594	189
Total general fund	<u>\$ 1,147</u>	<u>\$ 568</u>	<u>\$ 1,476</u>	<u>\$ 3,537</u>	<u>\$ 3,631</u>	<u>\$ 3,413</u>	<u>\$ 2,795</u>
All other governmental funds							
Reserved	\$ 254	\$ 608	\$ 5,629	\$ 6,874	\$ 66	\$ 1,114	\$ 1,025
Designated, unreserved reported in:							
Special revenue funds	-	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	(15)	206	-	-	-	1	-
Debt service funds	-	-	-	-	-	51	-
Capital projects funds	394	494	868	268	1,196	1,338	887
Total all other governmental funds	<u>\$ 633</u>	<u>\$ 1,308</u>	<u>\$ 6,497</u>	<u>\$ 7,142</u>	<u>\$ 1,262</u>	<u>\$ 2,504</u>	<u>\$ 1,912</u>

Note:

Financial reports were only available for the last seven fiscal years.

SYRACUSE CITY CORPORATION
SALES TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	Syracuse City Local Sales & Use	State Sales & Use	Supplemental State Sales & Use	Mass Transit	Additional Mass Transit	County Option Sales	Total for Syracuse Residents
2010	1.00%	4.70%	0.05%	0.25%	0.25%	0.25%	6.50%
2009	1.00%	4.70%	0.05%	0.25%	0.25%	0.25%	6.50%
2008	1.00%	4.65%	0.05%	0.25%	0.25%	0.25%	6.45%
2007	1.00%	4.75%	-	0.25%	0.25%	0.25%	6.50%
2006	1.00%	4.75%	-	0.50%	-	0.25%	6.50%
2005	1.00%	4.75%	-	0.50%	-	0.25%	6.50%
2004	1.00%	4.75%	-	0.50%	-	0.25%	6.50%
2003	1.00%	4.75%	-	0.50%	-	0.25%	6.50%
2002	1.00%	4.75%	-	0.50%	-	0.25%	6.50%
2001	1.00%	4.75%	-	0.50%	-	0.25%	6.50%



Note:

Rates are given as of the second quarter of each year.

Source:

Utah State Tax Commission - Sales Tax Division

SYRACUSE CITY CORPORATION
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Centrally Assessed Property	Total Taxable Assessed Value	Total Direct City Tax Rate	Estimated Actual Market Value	Assessed Value as a Percentage of Actual Value
	Real Estate	Building	Mobile Homes	Other					
2010	\$ 339,540	\$ 637,430	\$ -	\$ 21,423	\$ 20,827	\$ 1,019,220	1.613	\$ 1,719,161	59.29%
2009	425,187	597,489	18	21,169	19,464	1,063,327	1.500	n/a	n/a
2008	243,935	581,033	13	14,650	17,586	857,217	1.500	n/a	n/a
2007	195,090	474,826	12	12,574	16,385	698,887	1.043	n/a	n/a
2006	154,208	396,532	2	12,246	12,301	575,289	1.043	n/a	n/a
2005	135,244	346,820	2	11,406	10,151	503,623	1.043	n/a	n/a
2004	127,846	297,069	2	10,999	9,979	445,895	1.047	n/a	n/a
2003	117,484	256,690	5	11,679	9,570	395,428	1.023	n/a	n/a
2002	102,866	218,574	5	10,438	8,461	340,344	1.021	n/a	n/a
2001	274,110	n/a	5	9,214	5,963	289,292	1.017	n/a	n/a

Notes:

Taxable property value is based on the calendar year ending six months before the fiscal year ends.

In 2001, real estate & building values were combined for real property values.

Estimated actual market value is not available for the prior nine years.

Total property value is excluding fee-in-lieu.

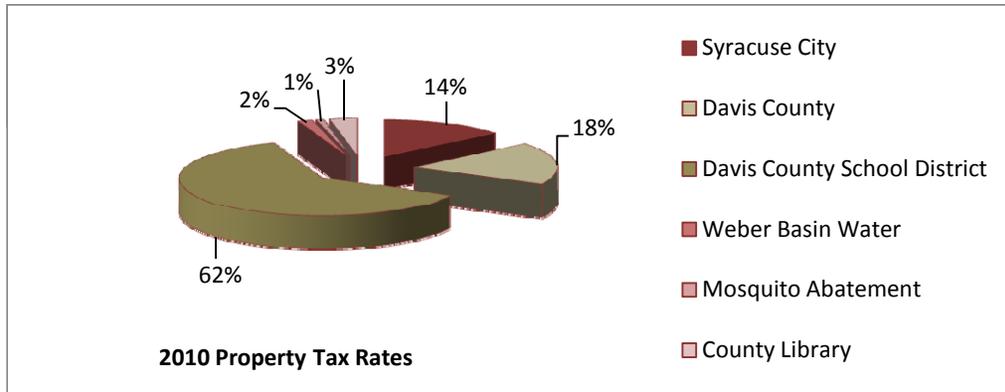
Sources:

Utah State Tax Commission - Property Tax Division

Davis County

SYRACUSE CITY CORPORATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(Per \$1,000 Assessed Valuation)

Fiscal Year	Syracuse City	Davis County	Davis County School District	Weber Basin Water Conservancy District	North Davis County Sewer District	Davis County Mosquito Abatement District	County Library	Total Levy for Syracuse Residents
2010	1.613	2.108	7.118	0.188	0.763	0.093	0.348	12.231
2009	1.500	1.997	6.764	0.181	0.763	0.088	0.332	11.625
2008	1.500	2.189	7.176	0.200	0.763	0.099	0.375	12.302
2007	1.043	1.739	7.305	0.178	0.763	0.086	0.403	11.517
2006	1.043	1.921	7.684	0.193	0.763	0.091	0.426	12.121
2005	1.043	1.948	7.821	0.198	0.763	0.093	0.432	12.298
2004	1.047	1.954	7.731	0.196	0.763	0.094	0.434	12.219



Notes:

Overlapping rates are those of local and county governments that apply to property owners within Syracuse City. Not all overlapping rates apply to all Syracuse City property owners (e.g., the rates for special districts apply only to the property owners whose property is located within the geographic boundaries of the special district).

Tax rates were only available for the last seven fiscal years.

Source:

Utah State Tax Commission - Property Tax Division web site

SYRACUSE CITY CORPORATION
PRINCIPAL PROPERTY TAXPAYERS
Current Year and One Year Ago
(Amounts Expressed in Thousands)

Taxpayer	Type of Business	2010			2009		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart	Retail	\$ 18,026	1	1.77%	\$ 15,339	1	1.44%
Pacificorp	Utility	14,706	2	1.44%	13,734	2	1.29%
Antelope LC	Medical	6,483	3	0.64%	6,799	3	0.64%
Shadowpoint LLC	Retail properties	4,897	4	0.48%	4,714	6	0.44%
Syracuse School Development	Education	4,889	5	0.48%	4,827	5	0.45%
Boyer Syracuse Associates	Retail properties	4,678	6	0.46%	6,769	4	0.64%
RC Willey	Retail	4,123	7	0.40%	2,701	10	0.25%
Ivory Development LLC	Residential properties	4,023	8	0.39%			
Benchmark Real Estate Company	Residential properties	3,792	9	0.37%	3,873	7	0.36%
Gailey Tree LLC	Business properties	3,594	10	0.35%			
Questar Gas	Utility				3,301	8	0.31%
Glen Eagle Golf Club LC	Recreation				3,052	9	0.29%
Total taxable value of 10 largest taxpayers		69,211		6.79%	65,109		6.12%
Total taxable value of other taxpayers		950,009		93.21%	998,218		93.88%
Total taxable value of all taxpayers		\$ 1,019,220		100.00%	\$ 1,063,327		100.00%

Note:
Information on the top tax payers is presented based on property tax because it is not available on sales tax.
Information from nine years ago was unavailable so the previous tax year was used.

Source:
Davis County Clerk/Auditor's office

SYRACUSE CITY CORPORATION
PROPERTY TAX LEVIES AND COLLECTIONS
Last Nine Tax Years

Tax Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collected to Total Levy
2010	\$ 1,644,002	\$ 1,515,516	92.18%	\$ 53,035	\$ 1,568,551	95.41%
2009	1,594,991	1,501,503	94.14%	33,483	1,534,986	96.24%
2008	1,285,826	1,235,036	96.05%	29,718	1,264,754	98.36%
2007	728,939	708,662	97.22%	10,566	719,228	98.67%
2006	600,026	571,439	95.24%	19,536	590,975	98.49%
2005	525,279	503,363	95.83%	22,087	525,450	100.03%
2004	466,852	441,469	94.56%	38,512	479,981	102.81%
2003	404,523	378,242	93.50%	24,843	403,085	99.64%
2002	347,491	346,326	99.66%	1,084	347,410	99.98%

Notes:

Delinquent collections are monies received for any previous tax year during the current fiscal year. Details of the tax year for which the collection was levied is not available.

Tax collections were only available for the previous nine years.

Source:

Davis County Treasurer's office

SYRACUSE CITY CORPORATION
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years
(Dollar Values Expressed in Thousands)

Year	Real Property Taxable Value				Residential Construction		Commercial Construction		Other Construction		Bank Deposits
	Commercial	Residential	Other	Total	Units	Value	Units	Value	Units	Value	
2010	\$ 93,539	\$ 828,723	\$ 54,708	\$ 976,970	96	\$ 20,963	33	\$ 4,171	283	\$ 2,394	\$ 5,691
2009	78,859	863,778	80,039	1,022,676	69	16,864	26	62,129	285	2,479	3,636
2008	62,037	700,164	62,768	824,969	255	57,161	37	16,496	262	2,297	5,157
2007	38,629	621,074	10,214	669,917	471	100,152	18	19,383	221	2,305	5,066
2006	38,576	506,167	5,998	550,741	492	90,495	7	9,615	220	1,664	5,293
2005	1,748	475,575	4,741	482,064	484	82,544	6	156	216	2,260	6,667
2004	31,261	389,017	4,637	424,915	626	76,151	6	5,048	194	1,732	7,278
2003	27,664	301,938	44,572	374,174	519	56,804	9	434	155	1,440	5,362
2002	27,253	253,335	40,852	321,440	484	51,764	10	2,602	120	981	4,311
2001	19,237	221,970	32,903	274,110	381	35,580	14	3,383	88	1,427	3,220

Note:
Taxable property value, construction units and construction values are based on the calendar year ending six months before the fiscal year ends.

Sources:
Utah State Tax Commission - Property Tax Division
Syracuse City Community & Economic Development department

SYRACUSE CITY CORPORATION
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Seven Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	MBA Revenue Bonds	Sales Tax Revenue Bonds	Special Assessment Bonds	Excise Tax Road Bonds	Capital Improvement Loan	Property Note	Capital Lease	Water Revenue Notes			
2010	\$ 14,457,000	\$ 1,515,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 339,000	\$ 16,311,000	5.90%	\$ 723.61
2009	14,999,000	1,640,000	111,000	-	-	-	-	452,000	17,202,000	6.14%	780.14
2008	15,304,000	1,760,000	216,000	170,000	-	-	-	565,000	18,015,000	6.78%	854.97
2007	9,350,000	1,875,000	315,000	330,000	1,000,000	-	-	678,000	13,548,000	5.55%	694.98
2006	-	1,990,000	409,000	485,000	1,000,000	-	138,148	791,000	4,813,148	2.17%	269.72
2005	-	2,100,000	497,000	635,000	-	92,000	270,727	904,000	4,498,727	2.21%	275.83
2004	-	-	581,000	780,000	-	184,000	397,963	1,017,000	2,959,963	1.54%	206.47

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements
See the Schedule of Demographic and Economic Statistics for personal income and population data.

SYRACUSE CITY CORPORATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2010

<u>Governmental Unit</u>	<u>General Bonded Debt Outstanding</u>	<u>Est. Percentage Applicable to Syracuse City</u>	<u>Estimated Share of Overlapping Debt</u>
North Davis County Sewer District	\$ 48,912,000	9.59%	\$ 4,691,504
State of Utah	2,299,300,000	0.48%	11,032,194
Weber Basin Water Conservancy District	28,164,447	2.75%	775,795
Davis County	21,835,000	6.16%	1,346,111
Davis County School District	398,175,000	6.16%	24,547,177
Overlapping debt			\$ 42,392,781
Syracuse City bonded debt		100.00%	-
Total direct and overlapping general bonded obligation debt			<u>\$ 42,392,781</u>

Note:

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by taking Syracuse City's taxable property value and dividing by the governmental unit's taxable property value.

Sources:

Individual governmental units

SYRACUSE CITY CORPORATION
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit	\$ 40,769	\$ 42,533	\$ 34,289	\$ 27,955	\$ 23,012	\$ 20,145	\$ 17,836	\$ 15,817	\$ 13,614	\$ 11,572
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 40,769</u>	<u>\$ 42,533</u>	<u>\$ 34,289</u>	<u>\$ 27,955</u>	<u>\$ 23,012</u>	<u>\$ 20,145</u>	<u>\$ 17,836</u>	<u>\$ 15,817</u>	<u>\$ 13,614</u>	<u>\$ 11,572</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total assessed value						<u>\$ 1,019,220</u>				
Debt limit (4% of total assessed value)						\$ 40,769				
Debt applicable to limit:										
Total bonded debt					\$ 15,972					
Less:										
Special assessment bonds					-					
Revenue bonds					(15,972)					
Amounts available for repayment of general obligation bonds					-					
Other deductions allowed by law					-					
Total net debt applicable to limit					<u>-</u>					
Legal debt margin						<u>\$ 40,769</u>				

SYRACUSE CITY CORPORATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Total Public School Enrollment
2009	22,541	\$ 276,303,598	\$ 12,258	5.9%	65,452
2008	22,050	279,942,855	12,696	3.3%	65,014
2007	21,071	265,852,664	12,617	2.6%	64,553
2006	19,494	243,901,527	12,512	2.9%	62,832
2005	17,845	221,728,661	12,425	4.0%	62,349
2004	16,310	203,607,585	12,484	4.7%	60,614
2003	14,336	191,901,589	13,386	5.1%	60,025
2002	12,615	187,587,086	14,870	5.0%	58,900
2001	10,996	183,190,513	16,660	3.9%	58,754
2000	9,398	172,171,535	18,320	3.0%	58,867

Notes:

All figures for 2000 are from the 2000 US Census.

Population figures from 2001-2009 are estimates as of July 1 based on the US Census' population estimates.

Personal income figures, other than 2000, are estimates based on annual growth rates for the State of Utah.

Unemployment figures, other than 2000, are rates for Davis County. Information on a city level is not available.

Sources:

U S Census Bureau

State of Utah Governor's office web sites

Davis County Comprehensive Annual Financial Report 2009

SYRACUSE CITY CORPORATION
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Type of Business	Fiscal Year			
		2010		2001	
		Employees	Rank	Employees	Rank
Hill Air Force Base	United States Air Force / Logis	10,000 - 14,999	1	15,000 - 20,000	1
Davis County School District	Public Education	7,000 - 9,999	2	5,000 - 6,999	2
Davis County	County Government	1,000 - 1,999	3	500 - 999	3
Lagoon, Inc	Amusement Park	1,000 - 1,999	3	500 - 999	3
Lifetime Products	Manufacturing / Retail	1,000 - 1,999	3	500 - 999	3
Smith's Marketplace Dist.	Retail	1,000 - 1,999	3	250 - 499	4
Wal-Mart	Retail	1,000 - 1,999	3	250 - 499	4
Albertson's	Retail	500 - 999	4	500 - 999	3
Citicorp Credit Services	Banking	500 - 999	4		
Davis Hospital	Medical	500 - 999	4	500 - 999	3
Lakeview Hospital	Medical	500 - 999	4	500 - 999	3
Icon Health & Fitness	Retail			500 - 999	3
Amusement Services	Retail			500 - 999	3
JC Penney Catalog	Retail			500 - 999	3

Notes:

The Utah Department of Workforce Services provides employment information on a county basis.
Syracuse City is the fifth largest city in Davis County.

Source:

Davis County Comprehensive Annual Financial Report 2009

SYRACUSE CITY CORPORATION
FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
Current Fiscal Year

Function	Full-time Employees as of June 30 2010
General government	17
Public safety	
Firefighters	11
Police	
Officers	18
Civilians	2
Public works	12
Parks and recreation	8
Total	68

Note:

Syracuse City began presenting these statistics in 2010. Comparative data prior to that time is not available.

SYRACUSE CITY CORPORATION
OPERATING INDICATORS BY FUNCTION
Current Fiscal Year

Function	Fiscal Year
	2010
Police	
Total incidents	6,641
Citations written	2,105
Total violations included on citations	2,756
Theft incidents	364
Assault incidents	215
Fire	
Number of calls dispatched	764
Streets	
Street sweeping:	
Miles	1,919
Hours	509
Water	
Service connections	6,534
Average daily consumption (gallons)	1,402,504
Recreation	
Community center yearly memberships	852
Sports programs participants	3,998

Note:

Syracuse City began presenting these statistics in 2010. Comparative data prior to that time is not available.

Sources:

Various City departmental data

SYRACUSE CITY CORPORATION
CAPITAL STATISTICS BY FUNCTION
Current Fiscal Year

	Fiscal Year
Function	2010
Police	
Stations	1
Patrol units	10
Fire	
Stations	1
Streets	
Streets (miles)	97
Streetlights	341
Parks and recreation	
Community centers	1
Parks	12
Park acreage	107
Trails (acreage)	29
Covered picnic areas	10
Baseball/Softball diamonds	4
Soccer fields	2
Tennis courts	2
Gymnasiums	1

Note:

Syracuse City began presenting these statistics in 2010. Comparative data prior to that time is not available.

Sources:

Various City departmental data

**INDEPENDENT AUDITOR'S REPORTS ON
COMPLIANCE AND INTERNAL CONTROL**

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, each major fund, and the aggregate remaining fund information of Syracuse City as of and for the year ended June 30, 2010, which collectively comprise Syracuse City's basic financial statements and have issued our report thereon dated October 5, 2010. 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.

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

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

October 5, 2010

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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*.

We noted certain other matters that we reported to management of Syracuse City, in a separate letter dated October 5, 2010.

This report is intended solely for the information and use of management, the mayor and the city council and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates

Ogden, UT

October 5, 2010

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, 2010 and have issued our report thereon dated October 5, 2010. 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, 2010. 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 did not receive any nonmajor grants State grants during the year ended June 30, 2010..

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

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.

Our audit does not provide a legal determination on the city's compliance with these requirements.

The results of our audit procedures disclosed an immaterial instance of noncompliance with requirements referred to above, which is described in the accompanying schedule of findings. We considered this instance 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, 2010.

The city's written response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the city's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the city and is not intended to be and should not be used by anyone other than the(se) specified parties. However, the report is a matter of public record and its distribution is not limited.

Wood Richard & Associates

Ogden, Utah

October 5, 2010

**SYRACUSE CITY
SUMMARY OF FINDINGS**

FOR THE YEAR ENDED JUNE 30, 2010

Finding #10-01 – Deficit Fund Balance

Finding: Utah State Code requires all funds to have a positive fund balance and not a deficit. We noted one fund, the Special Improvement District – Debt Service Fund, had a fund balance deficit.

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

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