

**SYRACUSE CITY**  
**State of Utah**

**GENERAL PURPOSE**  
**EXTERNAL FINANCIAL REPORT**

**For the year ended**  
**June 30, 2009**

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



**SYRACUSE CITY, UTAH**  
**GENERAL-PURPOSE EXTERNAL FINANCIAL REPORT**  
For the Year Ended June 30, 2009

**TABLE OF CONTENTS**

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

**SYRACUSE CITY, UTAH**  
**GENERAL-PURPOSE EXTERNAL FINANCIAL REPORT**  
For the Year Ended June 30, 2009

**TABLE OF CONTENTS**

---

**SECTION III. AUDITORS' REPORTS AND FINDINGS**

Report on Internal Control Over Financial Reporting and on Compliance and other matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	45-46
Independent Auditor's Report – State of Utah Legal Compliance.....	47-48
Schedule of Findings 2009 Year.....	49
Schedule of Findings 2008 Year .....	50-51

## 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, and each major fund of Syracuse City, Utah, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Syracuse City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Syracuse City, as of June 30, 2009, 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 November 25, 2009, on our consideration of Syracuse City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 34 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

WOOD Richards & Associates

Ogden, Utah

November 25, 2009

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**SYRACUSE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2009

---

**INTRODUCTION**

The following is a discussion and analysis of Syracuse City's financial performance and activities for the year ended June 30, 2009. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the City's financial performance. Starting with the year ended June 30, 2004 the City implemented new reporting standards established by the Governmental Accounting Standards Board (GASB). These new standards significantly changed the content and structure of the financial statements from earlier years. The new presentations are intended to give current answers to the ongoing questions of "what is the City's financial condition", "what are the resources of the City", "how much do specific City services cost", and "who pays for which service".

**HIGHLIGHTS**

The worldwide economic down-turn has reduced sales tax collections for the first time this decade. Building construction fees were stable this year compared with the previous year, but still less than one-third of what they were during years earlier this decade.

A mid-year update of departmental budgets implemented payroll and operating reductions that partially offset the reduced sales tax and construction related fees that were budgeted to be collected for the general operations of the City.

Construction of the new Fire House is completed and the department has relocated to that modern new facility. The old City Hall remodel into an expanded police facility is underway. When it is completed, the multi-year facilities update project will be completed.

Syracuse City became self-sufficient in their culinary water needs with the completion of the re-drilled well and pump-house construction. The well drilling and pump-house construction has taken two years to complete. The \$2 million effort included all new EPA required treating and monitoring equipment in addition to the pump and building.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The financial statements also include information about Syracuse City Redevelopment Agency and the Municipal Building Authority of Syracuse City, blended *component units* of Syracuse City. Both entities are 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.

The government-wide view of the City's finances is a requirement under the GASB Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and became effective for the City for 2004. Only fund financial statements were reported previous to that time.

**Government-wide Statements – Reporting the City as a Whole**

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

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

**SYRACUSE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2009

---

considered such as the City's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). Syracuse City's ongoing governmental activities include general government, judicial, planning, public safety, roads, and parks and recreation services. Governmental activities also include the City's effort to accumulate and use resources for significant infrastructure, parks, and facilities construction. The City has four business-type activities – 1) operation of the city's culinary water system, 2) operation of the city's sewer service, 3) operation of the city's garbage service and 4) operation of the city's secondary water system.

#### **Fund Financial Statements**

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

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

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

#### **Reconciliation between Government-wide and Fund Statements**

Because the focus of governmental funds (modified accrual accounting, short-term focus) is narrower than that of the government-wide financial statements (full-accrual accounting, long-term focus), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison on pages 12 and 14 of this report. Following are some of the major differences between the two statements:

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

**SYRACUSE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2009

**Notes to the Financial Statements**

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

**OVERALL FINANCIAL ANALYSIS OF THE CITY**

The world-wide economic crisis has taken its toll on providing services to the citizens of Syracuse City. The rapid growth that had been experienced this entire decade has come to a blunt end. Various payroll and operations cost saving measures were implemented during the year to assist in relieving some of the mounting pressure of dwindling tax dollars. Net assets of governmental activities decreased by \$2.4 million or 5.1%. Through user fees the Enterprise Funds have been able to continue providing acceptable services. Net assets of business-type activities increased \$378,578 or 1.0%.

**Net Assets**

The largest component of the City's net assets, \$77,553,952 or 95.0%, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less all-outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources needed to repay capital-related debt are intended to be provided from other sources.

Restricted net assets comprise \$1,003,289 or 1.2% of total net assets. These assets are subject to external restrictions on how they may be used. They are designed for transportation, park acquisition and development, water and sewer improvements, and construction of city facilities. These assets are accumulated from State road taxes, impact fees placed on new development, and bonding. They are the funding source to pay for the major improvements needed as the population of the City grows.

The amount of unrestricted net assets at June 30, 2009 is \$3,110,425 or 3.8% of total net assets. This may be used at the City's discretion for future spending. The following presentation summarizes the City's financial position as of June 30, 2009 compared with 2008.

**Syracuse City**  
**Net Assets**

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 4,919,462	\$ 11,062,916	\$ 2,615,085	\$ 3,081,020	\$ 7,534,547	\$ 14,143,936
Capital Assets	59,550,985	56,611,462	35,631,892	35,023,421	95,182,877	91,634,883
<b>Total Assets</b>	<b>64,470,447</b>	<b>67,674,378</b>	<b>38,246,977</b>	<b>38,104,441</b>	<b>102,717,424</b>	<b>105,778,819</b>
Current and Other Liabilities	4,422,002	4,502,139	206,828	329,870	4,628,830	4,832,009
Long-term Liabilities	16,081,928	16,839,526	339,000	452,000	16,420,928	17,291,526
<b>Total Liabilities</b>	<b>20,503,930</b>	<b>21,341,665</b>	<b>545,828</b>	<b>781,870</b>	<b>21,049,758</b>	<b>22,123,535</b>
<b>Net Assets:</b>						
Invested in Capital Assets						
Net of related Debt	42,374,060	38,985,603	35,179,892	34,458,421	77,553,952	73,444,024
Restricted	866,987	6,675,328	136,302	899,965	1,003,289	7,575,293
Unrestricted	725,470	671,782	2,384,955	1,964,185	3,110,425	2,635,967
<b>Total Net Assets</b>	<b>\$ 43,966,517</b>	<b>\$ 46,332,713</b>	<b>\$ 37,701,149</b>	<b>\$ 37,322,571</b>	<b>\$ 81,667,666</b>	<b>\$ 83,655,284</b>

**SYRACUSE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2009

**Changes in Net Assets**

The \$2.0 million decrease in entity-wide Net Assets was generated by using existing governmental activity balances to continue services as sales tax and construction related revenues diminished through-out the year.

	Syracuse City Changes in Net Assets					
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>						
General Revenues:						
Taxes	\$ 5,597,745	\$ 5,340,527	\$ -	\$ -	\$ 5,597,745	\$ 5,340,527
Impact fees	231,882	262,121	328,219	478,946	560,101	741,067
Other General Revenues	483,686	1,442,590	-	-	483,686	1,442,590
Interest Revenue	142,646	440,220	55,408	142,153	198,054	582,373
Program Revenues:						
Charges for Services	2,892,052	2,866,505	4,593,307	4,119,959	7,485,359	6,986,464
Grants	90,651	44,000	164,781	100,000	255,432	144,000
<b>Total Revenues</b>	<b><u>9,438,662</u></b>	<b><u>10,395,963</u></b>	<b><u>5,141,715</u></b>	<b><u>4,841,058</u></b>	<b><u>14,580,377</u></b>	<b><u>15,237,021</u></b>
<b>Expenses</b>						
General Governmnet	2,106,972	1,685,040	-	-	2,106,972	1,685,040
Public Safety	3,944,700	3,463,722	-	-	3,944,700	3,463,722
Public Works	3,809,582	3,898,914	-	-	3,809,582	3,898,914
Parks and Recreation	1,159,929	1,004,514	-	-	1,159,929	1,004,514
Interest on Long-term Debt	783,675	248,078	-	-	783,675	248,078
Utilities	-	-	4,763,137	5,783,709	4,763,137	5,783,709
<b>Total Expenses</b>	<b><u>11,804,858</u></b>	<b><u>10,300,268</u></b>	<b><u>4,763,137</u></b>	<b><u>5,783,709</u></b>	<b><u>16,567,995</u></b>	<b><u>16,083,977</u></b>
<b>Changes in Net Assets before Contributions</b>	<b>(2,366,196)</b>	<b>95,695</b>	<b>378,578</b>	<b>(942,651)</b>	<b>(1,987,618)</b>	<b>(846,956)</b>
<b>Infrastructure Contributions from Developers</b>	<b>-</b>	<b>8,857,057</b>	<b>-</b>	<b>6,405,805</b>	<b>-</b>	<b>15,262,862</b>
<b>Change in Net Assets</b>	<b>(2,366,196)</b>	<b>8,952,752</b>	<b>378,578</b>	<b>5,463,154</b>	<b>(1,987,618)</b>	<b>14,415,906</b>
<b>Net Assets-Beginning</b>	<b><u>46,332,713</u></b>	<b><u>37,379,961</u></b>	<b><u>37,322,571</u></b>	<b><u>31,859,417</u></b>	<b><u>83,655,284</u></b>	<b><u>69,239,378</u></b>
<b>Net Assets - Ending</b>	<b><u>\$ 43,966,517</u></b>	<b><u>\$ 46,332,713</u></b>	<b><u>\$ 37,701,149</u></b>	<b><u>\$ 37,322,571</u></b>	<b><u>\$ 81,667,666</u></b>	<b><u>\$ 83,655,284</u></b>
<b>Percentage Change from Previous Year</b>	<b>-5.1%</b>	<b>24.0%</b>	<b>1.0%</b>	<b>17.1%</b>	<b>-2.4%</b>	<b>20.8%</b>

**SYRACUSE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2009

The table below shows to what extent the City's activities relied on taxes and other general revenues to cover all of their costs. For 2009, these programs generated \$7.7 million or 50% of their total expenses through charges for services, operating grants, and capital grants. Taxes, impact fees and other general revenues covered the remaining 50% of expenses.

**Syracuse City**  
**Net Cost of Activities**  
For the Year Ended June 30, 2009

	<b>Total Program Expenses</b>	<b>Less Program Revenues</b>	<b>Program Revenue as a Percentage of Total Expenses</b>	<b>Net Program Costs (funded with General revenues)</b>
<b>Governmental Activities:</b>				
General Government	\$ 2,106,972	\$ 898,257	43%	\$ 1,208,715
Public Safety	3,944,700	295,748	7%	3,648,952
Public Works	3,809,582	1,500,213	39%	2,309,369
Parks and Recreation	1,159,929	288,485	25%	871,444
<b>Business-type Activities:</b>				
Culinary Water	1,315,738	1,507,966	115%	(192,228)
Sewer	899,303	844,720	94%	54,583
Garbage	1,071,645	1,112,917	105%	(41,272)
Secondary Water	1,139,891	1,292,485	113%	(152,594)
<b>Totals</b>	<b>\$ 15,447,760</b>	<b>\$ 7,740,791</b>	<b>50%</b>	<b>\$ 7,706,969</b>

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The past few budget years the governing body has chosen to consume existing fund balances to provide services before going to the citizens for more tax revenue. This year net assets of the City's governmental activities decreased by 5.1% and business-type activity net assets remained stable with a 1.0% increase. The most significant activity follows:

The beginning balance of restricted net assets was reduced this year by 87% or \$6,572,004. Most of this was one-time bond and impact fee monies that were spent in the construction of new city buildings and the completion of the city well updating. This is funding that was intended to be drawn upon and not replaced.

The General Fund sales tax declined this year as the downward spiral of the world-wide economic turmoil continues. Sales tax decreased this year by \$112,208 or 4%. This year's total of \$2,542,852 is 27% of total governmental activities revenues, down from last years 29%.

As other operating revenues declined, the city franchise tax did grow by 5% or \$58,328. This revenue funds the Capital Improvements Fund. Even though the franchise tax increased, the Capital Improvements Fund balance ended the year \$373,832 less than the beginning. This 43% decrease was the result of using these funds to cover the costs of ongoing City services in the slowed economy.

The Enterprise Funds held their own this year. Charges for services increased by \$473,348 or 11%. This allowed these funds to have funding sufficient to cautiously continue operations as expected by the customers. The combined operating income of \$378,578 is 7% of total operating revenues.

**BUDGET CHANGES**

The original fund budgets received only minor changes through the year. A total of \$215,000 was added to capital outlay budgets and operating budgets were reduced by \$105,000 in an effort to reduce spending as economic conditions deteriorated.

**SYRACUSE CITY, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended June 30, 2009

---

**CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION**

**Capital Assets**

Syracuse City added \$7.5 million in new capital assets during the year ended June 30, 2009. Of that total, \$4.6 million came from the MBA city facilities construction. \$751,943 was the construction cost of a round-about at a major traffic intersection. The culinary well house was completed this spring at a cost of \$932,975. The remaining \$1.2 million related to equipment purchases and the construction of a few water lines.

**Long-term Debt**

Debt payments for the year totaled \$813,000. At the end of the current fiscal year the City had \$17,202,000 in various debt commitments that were all secured by specific revenue sources.

<b>Syracuse City Long-term Debt As of June 30<sup>th</sup></b>		
	<b>2009</b>	<b>2008</b>
<b>Governmental Activities:</b>		
1999 Excise Tax Road Bonds	\$ -	\$ 170,000
2001 Special Assessment Bonds	111,000	216,000
2005 Park Development Bonds	1,640,000	1,760,000
2006 MBA Lease Revenue Bonds	9,045,000	9,350,000
2008 MBA Lease Revenue Bonds	5,954,000	5,954,000
<b>Business-type Activities:</b>		
1992 Water Revenue Note A	220,000	275,000
1992 Water Revenue Note B	<u>232,000</u>	<u>290,000</u>
<b>Total Long-term Liabilities</b>	<b><u>\$ 17,202,000</u></b>	<b><u>\$ 18,015,000</u></b>

**REQUESTS FOR INFORMATION**

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

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

## **BASIC FINANCIAL STATEMENTS**

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,856,724	\$ 1,990,210	\$ 3,846,934
Accounts Receivable	178,591	455,170	633,761
Accounts Receivable - Intergovernmental	-	169,705	169,705
Taxes Receivable	2,453,810	-	2,453,810
Prepaid Expenses	715	-	715
Deposits	138,854	-	138,854
Unamortized Costs of Issuance	290,768	-	290,768
Capital Assets:			
Land and Related Non-Depreciable Assets	12,058,534	9,010,955	21,069,489
Depreciable Infrastructure	46,310,728	33,346,900	79,657,628
Buildings, Equipmt, & Other Depreciable Assets	22,064,345	1,894,787	23,959,132
Less Accumulated Depreciation	(20,882,622)	(8,620,750)	(29,503,372)
Total Capital Assets	59,550,985	35,631,892	95,182,877
<b>TOTAL ASSETS</b>	<b>64,470,447</b>	<b>38,246,977</b>	<b>102,717,424</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	1,296,285	93,828	1,390,113
Deferred Revenue	1,828,727	-	1,828,727
Interest Payable	201,993	-	201,993
Long-term Debt:			
Premium on Bonds	166,997	-	166,997
Due Within One Year	928,000	113,000	1,041,000
Due in More Than One Year	16,081,928	339,000	16,420,928
<b>TOTAL LIABILITIES</b>	<b>20,503,930</b>	<b>545,828</b>	<b>21,049,758</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	42,374,060	35,179,892	77,553,952
Restricted for:			
"C" Road Activities	-	-	-
Impact Fees	591,216	68,779	659,995
Special Revenue Activities	270,605	-	270,605
Debt Service	5,166	67,523	72,689
Unrestricted	725,470	2,384,955	3,110,425
<b>TOTAL NET ASSETS</b>	<b>\$ 43,966,517</b>	<b>\$ 37,701,149</b>	<b>\$ 81,667,666</b>

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

SYRACUSE CITY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental:</b>				
General Government	\$ 2,106,972	\$ 807,606	\$ 90,651	\$ -
Public Safety	3,944,700	295,748	-	-
Public Works	3,809,582	1,500,213	-	-
Parks and Recreation	1,159,929	288,485	-	-
Interest and Other Charges on Long-term Debt	783,675	-	-	-
<b>Total Governmental Activities</b>	<b>11,804,858</b>	<b>2,892,052</b>	<b>90,651</b>	<b>-</b>
<b>Business-type:</b>				
Culinary Water	1,315,738	1,343,185	164,781	-
Sewer	899,303	844,720	-	-
Garbage	1,071,645	1,112,917	-	-
Secondary Water	1,139,891	1,292,485	-	-
<b>Total Business-type Activities</b>	<b>4,426,577</b>	<b>4,593,307</b>	<b>164,781</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 16,231,435</b>	<b>\$ 7,485,359</b>	<b>\$ 255,432</b>	<b>\$ -</b>

**General Revenues:**  
 Property Tax  
 Sales Tax  
 Franchise Tax  
 Total Taxes  
 Impact Fees  
 Unrestricted Interest Earned  
 Miscellaneous general revenue  
 Transfer in (out)  
 Total General Revenues  
 Change in Net Assets  
 Net Assets-Beginning  
 Net Assets-Ending

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

**EXHIBIT B**

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
Primary Government		
<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
\$ (1,208,715)	\$ -	\$ (1,208,715)
(3,648,952)	-	(3,648,952)
(2,309,369)	-	(2,309,369)
(871,444)	-	(871,444)
(783,675)	-	(783,675)
<u>(8,822,155)</u>	<u>-</u>	<u>(8,822,155)</u>
-	192,228	192,228
-	(54,583)	(54,583)
-	41,272	41,272
-	152,594	152,594
-	331,511	331,511
<u>(8,822,155)</u>	<u>331,511</u>	<u>(8,490,644)</u>
1,889,603	-	1,889,603
2,542,852	-	2,542,852
1,165,290	-	1,165,290
5,597,745	-	5,597,745
231,882	328,219	560,101
142,646	55,408	198,054
147,126	-	147,126
336,560	(336,560)	-
<u>6,455,959</u>	<u>47,067</u>	<u>6,503,026</u>
(2,366,196)	378,578	(1,987,618)
46,332,713	37,322,571	83,655,284
<u>\$ 43,966,517</u>	<u>\$ 37,701,149</u>	<u>\$ 81,667,666</u>

SYRACUSE CITY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	General Fund	Redevelopment Fund	Municipal Building Authority Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,188,694	\$ 75,444	\$ 195,161
Accounts Receivable	42,555	-	-
Taxes Receivable	2,400,744	-	-
Prepaid Expenses	715	-	-
Deposits & Inventories	59,997	-	-
<b>TOTAL ASSETS</b>	<u>3,692,705</u>	<u>75,444</u>	<u>195,161</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	1,296,285	-	-
Deferred Income	1,828,727	-	-
<b>TOTAL LIABILITIES</b>	<u>3,125,012</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Reserved for:			
"C" Roads	-	-	-
Impact fees	258,687	-	-
Special Revenue Funds	-	75,444	195,161
Debt Service Funds	-	-	-
Unreserved, reported in:			
Designated for Park Maintenance	12,557	-	-
Designated for Street Lighting	11,005	-	-
Unreserved, undesignated	285,444	-	-
<b>TOTAL FUND BALANCES</b>	<u>567,693</u>	<u>75,444</u>	<u>195,161</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,692,705</u>	<u>\$ 75,444</u>	<u>\$ 195,161</u>

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

EXHIBIT C

S.I.D. Debt Service Fund	Storm Water Fund	Capital Improvements Fund	Total Governmental Funds
\$ 5,166	\$ 509,590	\$ 304,284	\$ 2,278,339
48,694	29,172	58,170	178,591
-	-	53,066	2,453,810
-	-	-	715
-	-	78,857	138,854
<u>53,860</u>	<u>538,762</u>	<u>494,377</u>	<u>5,050,309</u>
-	-	-	1,296,285
48,694	-	-	1,877,421
<u>48,694</u>	<u>-</u>	<u>-</u>	<u>3,173,706</u>
-	-	-	-
-	332,529	-	591,216
-	-	-	270,605
5,166	-	-	5,166
-	-	-	12,557
-	-	-	11,005
-	206,233	494,377	986,054
<u>5,166</u>	<u>538,762</u>	<u>494,377</u>	<u>1,876,603</u>
<u>\$ 53,860</u>	<u>\$ 538,762</u>	<u>\$ 494,377</u>	<u>\$ 5,050,309</u>

RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENT FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

---

Total fund balance -- governmental funds		\$ 1,876,603
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	46,310,728	
Buildings, equipment, and other depreciable assets	20,762,921	
Construction in process	3,037,375	
Accumulated Depreciation	<u>(20,172,325)</u>	
Total Capital Assets		58,959,858
Bond issuance costs are amortized over the life of the bonds on the statement of net assets		290,768
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.		48,694
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	(16,750,000)	
Compensated absences	(259,928)	
Unamortized premium	(166,997)	
Interest payable	<u>(201,993)</u>	
Total Long-Term Debt		<u>(17,378,918)</u>
Total net assets --- governmental activities		<u>\$ 43,966,517</u>

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

SYRACUSE CITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Redevelopment Fund	Municipal Building Authority Fund
<b>REVENUES:</b>			
Taxes	\$ 4,253,282	\$ 203,877	\$ -
Licenses and permits	357,501	-	-
Impact fees	388,245	-	-
Intergovernmental revenues	888,120	-	90,651
Charges for services	675,457	-	-
Fines and forfeitures	261,720	-	-
Interest	38,773	934	78,178
Miscellaneous	99,227	-	-
Total	<u>6,962,325</u>	<u>204,811</u>	<u>168,829</u>
<b>EXPENDITURES:</b>			
Current:			
General government	1,576,733	-	5,103
Public safety	3,303,895	-	-
Public works	1,311,144	83,671	-
Parks and Recreation	923,204	-	-
Capital outlay	1,088,081	-	5,108,525
Debt service:			
Principal retirement	290,000	-	305,000
Interest and other	106,163	-	657,471
Total	<u>8,599,220</u>	<u>83,671</u>	<u>6,076,099</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>			
	<u>(1,636,895)</u>	<u>121,140</u>	<u>(5,907,270)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Lease revenue (payments)	-	-	582,274
Transfers in	843,015	-	50,000
Transfers out	(114,500)	-	-
Total	<u>728,515</u>	<u>-</u>	<u>632,274</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(908,380)</u>	<u>121,140</u>	<u>(5,274,996)</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>1,476,073</u>	<u>(45,696)</u>	<u>5,470,157</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 567,693</u>	<u>\$ 75,444</u>	<u>\$ 195,161</u>

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

EXHIBIT E

<u>S.I.D. Debt Service Fund</u>	<u>Storm Water Fund</u>	<u>Capital Improvements Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 1,165,290	\$ 5,622,449
-	-	-	357,501
-	231,882	-	620,127
-	-	-	978,771
-	278,611	-	954,068
-	-	-	261,720
2,420	5,951	16,390	142,646
<u>24,705</u>	<u>-</u>	<u>68,383</u>	<u>192,315</u>
<u>27,125</u>	<u>516,444</u>	<u>1,250,063</u>	<u>9,129,597</u>
332	-	-	1,582,168
-	-	-	3,303,895
-	220,364	-	1,615,179
-	-	-	923,204
-	77,260	247,312	6,521,178
105,000	-	-	700,000
<u>13,287</u>	<u>-</u>	<u>-</u>	<u>776,921</u>
<u>118,619</u>	<u>297,624</u>	<u>247,312</u>	<u>15,422,545</u>
<u>(91,494)</u>	<u>218,820</u>	<u>1,002,751</u>	<u>(6,292,948)</u>
-	-	(582,274)	-
64,500	300,000	-	1,257,515
-	(152,701)	(794,310)	(1,061,511)
<u>64,500</u>	<u>147,299</u>	<u>(1,376,584)</u>	<u>196,004</u>
(26,994)	366,119	(373,833)	(6,096,944)
<u>32,160</u>	<u>172,643</u>	<u>868,210</u>	<u>7,973,547</u>
<u>\$ 5,166</u>	<u>\$ 538,762</u>	<u>\$ 494,377</u>	<u>\$ 1,876,603</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balance - total governmental funds		\$ (6,096,944)
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital purchases of \$5,851,672 exceeded depreciation of \$2,774,475 during the current period.		3,077,197
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.L.D Debt Service Fund.		(24,704)
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.		(20,402)
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	10,255	
Repayment of bond principal	<u>700,000</u>	703,978
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	(353)	
Proceeds from sale of assets	<u>(4,968)</u>	(5,321)
Changes in net assets of governmental activities		<u>\$ (2,366,196)</u>

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

SYRACUSE CITY

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS

JUNE 30, 2009

	Culinary Water Fund	Sewer Fund
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ 928,414	\$ 200,401
Accounts receivable (net)	323,721	-
Accounts receivable - Intergovernmental	169,705	-
<b>Total Current Assets</b>	<b>1,421,840</b>	<b>200,401</b>
<b>NONCURRENT ASSETS:</b>		
<b>Capital Assets:</b>		
Water Stock	476,250	-
Land	20,308	-
Land improvements	-	-
Buildings	56,700	-
Furnishings, fixtures, and equipment	584,951	282,119
Work in Process	390,127	-
Delivery/Collection system	13,713,523	7,844,843
Less Accumulated depreciation	(3,523,879)	(1,685,140)
<b>Total capital assets</b>	<b>11,717,980</b>	<b>6,441,822</b>
<b>Total Noncurrent Assets</b>	<b>11,717,980</b>	<b>6,441,822</b>
<b>TOTAL ASSETS</b>	<b>13,139,820</b>	<b>6,642,223</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Due to other funds	-	-
Accounts payable	9,665	-
Customer deposits	84,163	-
Bonds payable	113,000	-
<b>Total Current Liabilities</b>	<b>206,828</b>	<b>-</b>
<b>LONG-TERM LIABILITIES - Bonds payable</b>	<b>339,000</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>545,828</b>	<b>-</b>
<b>NET ASSETS</b>		
<b>INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT</b>	<b>11,265,980</b>	<b>6,441,822</b>
<b>RESTRICTED FOR IMPACT FEES</b>	<b>68,779</b>	<b>-</b>
<b>RESTRICTED FOR DEBT SERVICE</b>	<b>67,523</b>	<b>-</b>
<b>UNRESTRICTED</b>	<b>1,191,710</b>	<b>200,401</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 12,593,992</b>	<b>\$ 6,642,223</b>

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

EXHIBIT G

Garbage Fund	Secondary Water Fund	Total Enterprise Funds	Motor Pool Fund
\$ 141,844	\$ 719,551	\$ 1,990,210	\$ -
-	131,449	455,170	-
-	-	169,705	-
<u>141,844</u>	<u>851,000</u>	<u>2,615,085</u>	<u>-</u>
-	8,098,145	8,574,395	-
-	26,125	46,433	-
-	1,004,658	1,004,658	-
-	681,500	738,200	-
-	289,517	1,156,587	1,301,424
-	-	390,127	-
-	10,783,876	32,342,242	-
-	(3,411,731)	(8,620,750)	(710,297)
-	<u>17,472,090</u>	<u>35,631,892</u>	<u>591,127</u>
-	17,472,090	35,631,892	591,127
<u>141,844</u>	<u>18,323,090</u>	<u>38,246,977</u>	<u>591,127</u>
-	-	-	421,615
-	-	9,665	-
-	-	84,163	-
-	-	113,000	-
-	-	<u>206,828</u>	<u>421,615</u>
-	-	339,000	-
-	-	<u>545,828</u>	<u>421,615</u>
-	17,472,090	35,179,892	591,127
-	-	68,779	-
-	-	67,523	-
<u>141,844</u>	<u>851,000</u>	<u>2,384,955</u>	<u>(421,615)</u>
<u>\$ 141,844</u>	<u>\$ 18,323,090</u>	<u>\$ 37,701,149</u>	<u>\$ 169,512</u>

SYRACUSE CITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Culinary Water Fund	Sewer Fund
<b>OPERATING REVENUES:</b>		
Monthly service charges	\$ 1,297,208	\$ 802,362
Connection fees	29,204	24,022
Other	16,773	18,336
Total	1,343,185	844,720
<b>EXPENSES:</b>		
Salaries, wages, and benefits	158,993	158,218
Contractual services	385,229	449,060
Operations	351,506	57,150
Depreciation	420,010	234,875
Total	1,315,738	899,303
<b>OPERATING INCOME (LOSS)</b>	27,447	(54,583)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Impact fees	209,721	-
Gain on sale of asset	-	-
Grants and allotments	164,781	-
Interest revenue	44,480	2,228
Interest expense	-	-
Total	418,982	2,228
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	446,429	(52,355)
Developers infrastructure contributions	-	-
Operating transfers	(7,241,878)	6,694,578
<b>NET CHANGE IN ASSETS</b>	(6,795,449)	6,642,223
<b>NET ASSETS, BEGINNING OF YEAR</b>	19,389,441	-
<b>NET ASSETS, END OF YEAR</b>	\$ 12,593,992	\$ 6,642,223

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

EXHIBIT H

Garbage Fund	Secondary Water Fund	Total Enterprise Funds	Motor Pool Fund
\$ 1,105,602	\$ 1,266,955	\$ 4,472,127	\$ -
-	25,530	78,756	-
7,315	-	42,424	-
<u>1,112,917</u>	<u>1,292,485</u>	<u>4,593,307</u>	<u>-</u>
39,650	174,777	531,638	-
975,653	374,968	2,184,910	-
56,342	152,534	617,532	-
-	434,590	1,089,475	132,353
<u>1,071,645</u>	<u>1,136,869</u>	<u>4,423,555</u>	<u>132,353</u>
<u>41,272</u>	<u>155,616</u>	<u>169,752</u>	<u>(132,353)</u>
-	118,498	328,219	-
-	-	-	2,530
-	-	164,781	-
572	8,128	55,408	-
-	(3,022)	(3,022)	(10,732)
<u>572</u>	<u>123,604</u>	<u>545,386</u>	<u>(8,202)</u>
<u>41,844</u>	<u>279,220</u>	<u>715,138</u>	<u>(140,555)</u>
-	-	-	-
100,000	110,740	(336,560)	140,555
<u>141,844</u>	<u>389,960</u>	<u>378,578</u>	<u>-</u>
-	17,933,130	37,322,571	169,512
<u>\$ 141,844</u>	<u>\$ 18,323,090</u>	<u>\$ 37,701,149</u>	<u>\$ 169,512</u>

SYRACUSE CITY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Culinary Water Fund	Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 1,179,589	\$ 826,384
Cash received from other activities	16,773	18,336
Cash payments for payroll and benefits	(158,993)	(158,218)
Cash payments for goods and services	(859,777)	(506,210)
Net cash provided by operating activities	<u>177,592</u>	<u>180,292</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned (charged) on cash deposits	<u>44,480</u>	<u>2,228</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers to other funds	(1,000,000)	300,000
Cash lent from (borrowed to) other funds as pooled cash	152,700	-
Net cash provided by (used in) noncapital financing activities	<u>(847,300)</u>	<u>300,000</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Impact fees	209,721	-
Federal grants	164,781	-
Cash payments for property and equipment purchases	(1,374,538)	(282,119)
Cash received from the sale of assets	-	-
Principal payments on debt	(113,000)	-
Net cash provided by (used in) noncapital financing activities	<u>(1,113,036)</u>	<u>(282,119)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,738,264)</b>	<b>200,401</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>2,666,678</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 928,414</u></b>	<b><u>\$ 200,401</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 27,447	\$ (54,583)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	420,010	234,875
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(146,823)	-
Increase (decrease) in accounts payable and accrued liabilities	(123,042)	-
Total adjustments	<u>150,145</u>	<u>234,875</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 177,592</u></b>	<b><u>\$ 180,292</u></b>

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

EXHIBIT I

Garbage Fund	Secondary Water Fund	Proprietary Funds Total	Motor Pool Fund
\$ 1,105,602	\$ 1,274,483	\$ 4,386,058	\$ -
7,315	-	42,424	-
(39,650)	(174,777)	(531,638)	-
(1,031,995)	(573,211)	(2,971,193)	-
<u>41,272</u>	<u>526,495</u>	<u>925,651</u>	<u>-</u>
572	5,106	52,386	(10,732)
100,000	110,740	(489,260)	140,555
-	-	152,700	(132,353)
<u>100,000</u>	<u>110,740</u>	<u>(336,560)</u>	<u>8,202</u>
-	118,498	328,219	-
-	-	164,781	-
-	(41,288)	(1,697,945)	-
-	-	-	2,530
-	-	(113,000)	-
-	<u>77,210</u>	<u>(1,317,945)</u>	<u>2,530</u>
141,844	719,551	641,477	-
-	-	2,666,678	-
<u>\$ 141,844</u>	<u>\$ 719,551</u>	<u>\$ 1,990,210</u>	<u>\$ -</u>
\$ 41,272	\$ 155,616	\$ 169,752	\$ (132,353)
-	434,590	1,089,475	132,353
-	(18,002)	(164,825)	-
-	(45,709)	(168,751)	-
-	<u>370,879</u>	<u>755,899</u>	<u>132,353</u>
<u>\$ 41,272</u>	<u>\$ 526,495</u>	<u>\$ 925,651</u>	<u>\$ -</u>

## **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 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.
- **Storm Sewer / Capital Projects Fund** – This special revenue fund accounts for the maintenance and construction of storm sewers throughout the City.
- **Capital Improvements / Capital Projects Fund** – This fund accounts for the monies that are being accumulated to provide additional City facilities as growth creates specific needs.

The City reports the following proprietary funds:

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

- **Culinary Water Fund** – This fund accounts for the operation of the culinary water service of the City.
- **Sewer Fund** – This fund accounts for the maintenance of the city portion of the North Davis Sewer District collection system.
- **Garbage Fund** – The fund accounts for the costs of the system of garbage collection and disposition.
- **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 1<sup>st</sup> – Dec 31<sup>st</sup> of each year. Governing bodies actually establish a lien against properties as of the January 1<sup>st</sup> date even though the taxes are not due until November 30<sup>th</sup>. 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 31<sup>st</sup> 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 \$1,828,727 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, 2009 the Capital Improvements Fund and the Sewer 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, 2009 was \$1,100. The carrying amount of deposits was \$30,944 and the bank balance was \$340,198. Of the bank balance, \$250,000 was covered by federal depository insurance and \$90,198 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, 2009, all of the \$3,605,404 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, 2009 are as follows:

Cash on hand and on deposit:	
Cash on hand	\$ 1,100
Cash on deposit	30,944
PTIF investment	3,605,404
PTIF MBA bond escrow accounts	<u>209,486</u>
Total cash and investments	<u>\$ 3,846,934</u>

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

**NOTE 3. ACCOUNTS RECEIVABLE**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Receivables:			
Accounts Receivable	\$ 129,897	\$ -	\$ 129,897
Accounts Receivable-intergovernmental	-	169,705	169,705
Taxes Receivable	2,453,810	-	2,453,810
Special Assessments	48,694	-	48,694
Utility and Service Charges	-	465,170	465,170
Gross Receivables	<u>2,632,401</u>	<u>634,875</u>	<u>3,267,276</u>
Less: Allowance for uncollectibles	-	(10,000)	(10,000)
Net Total Receivables	<u>\$ 2,632,401</u>	<u>\$ 624,875</u>	<u>\$ 3,257,276</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, 2009 consisted of the following amounts:

Governmental activities:

General Fund (due from other funds)	\$ 421,615
Motor Pool Fund (due to other funds)	\$ (421,615)

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<b>Capital Assets</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 8,868,901	\$ 152,258	\$ -	\$ 9,021,159
Construction in process	10,280,844	817,532	8,061,001	3,037,375
Total	<u>19,149,745</u>	<u>969,790</u>	<u>8,061,001</u>	<u>12,058,534</u>
Capital assets being depreciated:				
Land improvements	3,455,128	-	-	3,455,128
Buildings and Improvements	6,032,938	11,908,288	-	17,941,226
Equipment	4,244,885	277,332	399,098	4,123,119
Infrastructure	42,103,658	751,942	-	42,855,600
Total	<u>55,836,609</u>	<u>12,937,562</u>	<u>399,098</u>	<u>68,375,073</u>
Less Accumulated Depreciation for:				
Land improvements	101,619	115,171	-	216,790
Buildings and Improvements	1,070,464	482,415	-	1,552,879
Equipment	2,120,663	431,070	399,098	2,152,635
Infrastructure	15,082,146	1,878,172	-	16,960,318
Total	<u>18,374,892</u>	<u>2,906,828</u>	<u>399,098</u>	<u>20,882,622</u>
Capital assets being depreciated, net	37,461,717	10,030,734	-	47,492,451
Governmental Activity Capital Assets, Net	<u>\$ 56,611,462</u>	<u>\$ 11,000,524</u>	<u>\$ 8,061,001</u>	<u>\$ 59,550,985 (a)</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Water Stock	\$ 8,574,395	\$ -	\$ -	\$ 8,574,395 (b)
Land	46,433	-	-	46,433
Construction in process	-	390,127	-	390,127
Total	<u>8,620,828</u>	<u>390,127</u>	<u>-</u>	<u>9,010,955</u>
Capital assets being depreciated:				
Land improvements	1,004,658	-	-	1,004,658
Buildings	738,200	-	-	738,200
Equipment	823,032	333,555	-	1,156,587
Infrastructure	31,367,978	974,264	-	32,342,242
Total	<u>33,933,868</u>	<u>1,307,819</u>	<u>-</u>	<u>35,241,687</u>
Less Accumulated Depreciation for:				
Land improvements	124,919	20,093	-	145,012
Buildings	4,063	23,851	-	27,914
Equipment	501,489	123,561	-	625,050
Infrastructure	6,900,804	921,970	-	7,822,774
Total	<u>7,531,275</u>	<u>1,089,475</u>	<u>-</u>	<u>8,620,750</u>
Capital assets being depreciated, net	26,402,593	218,344	-	26,620,937
Business-type Activities Capital Assets, Net	<u>\$ 35,023,421</u>	<u>\$ 608,471</u>	<u>\$ -</u>	<u>\$ 35,631,892</u>

(a) Capital Assets in these Government-wide Statements includes the Buildings, Equipment, and other Depreciable Assets, net of accumulated depreciation for the Motor Pool Internal Service Fund of \$591,127 rather than in the Business-type Activities.

Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>	
General Government	\$ 482,518
Public Safety	323,349
Public Works	1,928,487
Parks and Recreation	<u>172,474</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,906,828</u>
<b>Business-type Activities</b>	
Culinary Water	\$ 420,010
Sewer	234,875
Secondary Water	<u>434,590</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,089,475</u>

**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, 2009 the customer deposits balance held by the City was \$84,163.

**NOTE 7. LONG-TERM LIABILITIES**

Changes in Long-term Liabilities (including compensated absences) for the year ended June 30, 2009 were as follows:

	<b>Long-term Liabilities</b>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
1999 Excise Tax Road Bond	\$ 170,000	\$ -	\$ 170,000	\$ -	\$ -
2001 Special Assessment Bond	216,000	-	105,000	111,000	111,000
2005 Park Development Bond	1,760,000	-	120,000	1,640,000	125,000
2006 MBA Facilities Bonds	9,350,000	-	305,000	9,045,000	330,000
2008 MBA Fire Station Bonds	5,954,000	-	-	5,954,000	212,000
Compensated Absences	239,526	178,878	158,476	259,928	150,000
Total	<u>17,689,526</u>	<u>178,878</u>	<u>858,476</u>	<u>17,009,928</u>	<u>928,000</u>
<b>Business-type Activities:</b>					
Water Revenue Note 1992A	275,000	-	55,000	220,000	55,000
Water Revenue Note 1992B	290,000	-	58,000	232,000	58,000
Total	<u>565,000</u>	<u>-</u>	<u>113,000</u>	<u>452,000</u>	<u>113,000</u>
Total Long-term Liabilities	<u>\$ 18,254,526</u>	<u>\$ 178,878</u>	<u>\$ 971,476</u>	<u>\$ 17,461,928</u>	<u>\$ 1,041,000</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. Excise Tax Road Bonds**

In January 1999, the City issued \$1.41 million of Series 1999 tax revenue bonds for the purpose of defraying a part of the cost of constructing additions and improvements to certain Class "C" roads within the City. This debt is fully retired with the final payment that was made in January 2009.

**B. Special Assessment Bonds**

The City authorized and issued Special Assessment Bonds on March 22, 2001 in the principal amount of \$865,958 for the purpose of constructing and installing curb, gutter and sidewalk. Bonds payable at June 30, 2009 consists of the following:

<b>1999 Special Assessment Bonds Payable</b>				
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance June 30, 2009</u>
03/22/2001	03/15/2010	4.90% -6.20%	\$865,958	\$ 111,000
Total Special Assessment Bonds Payable .....				\$ 111,000

<b>Debt Service Requirement to Maturity</b>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 111,000	\$ 6,882
Total	\$ 111,000	\$ 6,882

**C. Park Development Sales Tax Revenue Bonds, Series 2005**

On April 5, 2005, the City issued \$2,100,000 in Park Development Sales Tax Revenue Bonds for the purpose of financing the acquisition of water shares; the construction of a water reservoir; improvements to the secondary water system; park improvements and other City-owned capital improvements. Park Development Bonds payable at June 30, 2009 consists of the following:

<b>2005 Park Development Sales Tax Revenue Bonds Payable</b>					
	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2009</u>
2005	04/28/2005	01/01/2020	3.0-4.3 %	\$ 2,100,000	\$ 1,640,000
Total Water Revenue Bonds Payable.....					\$ 1,640,000

<b>Debt Service Requirement to Maturity</b>		
	<u>Principal</u>	<u>Interest</u>
2010	\$ 125,000	\$ 65,480
2011	125,000	61,230
2012	130,000	56,793
2013	135,000	51,983
2014	140,000	46,853
2015-2019	805,000	142,390
2020	180,000	7,740
Total	\$ 1,640,000	\$ 432,469

**D. Municipal Building Authority Lease Revenue Bonds, Series 2006**

On December 20, 2006, the MBA issued \$9,350,000 in Lease Revenue Bonds for the purpose of financing the construction of a new city hall, a public works addition, and the remodel of public safety structures. MBA Lease Revenue Bonds payable at June 30, 2009 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, 2009</u>
2006	04/28/2005	04/01/2028	4.0-5.0 %	\$ 9,350,000	<u>\$ 9,045,000</u>
Total Lease Revenue Bonds Payable.....					<u>\$ 9,045,000</u>

**Debt Service Requirement to Maturity**

	<u>Principal</u>	<u>Interest</u>
2010	\$ 330,000	\$ 385,466
2011	335,000	372,266
2012	350,000	358,866
2013	365,000	344,866
2014	375,000	330,266
2015-2019	2,150,000	1,386,546
2020-2024	2,615,000	915,150
2025-2028	2,525,000	289,800
Total	<u>\$ 9,045,000</u>	<u>\$ 4,383,226</u>

**E. 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, 2009 consists of the following:

2008 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, 2009</u>
2008	03/18/2008	03/15/2028	4.13 %	\$ 5,954,000	<u>\$ 5,954,000</u>
Total Lease Revenue Bonds Payable.....					<u>\$ 5,954,000</u>

**Debt Service Requirement to Maturity**

	<u>Principal</u>	<u>Interest</u>
2010	\$ 212,000	\$ 245,900
2011	221,000	237,145
2012	230,000	228,017
2013	240,000	218,518
2014	250,000	208,606
2015-2019	1,413,000	879,442
2020-2024	1,729,000	562,589
2025-2028	1,659,000	174,740
Total	<u>\$ 5,954,000</u>	<u>\$ 2,754,957</u>

**F. 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, 2009 consists of the following:

1992 Water Revenue Notes Payable					
	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2009
1992A	04/28/1992	01/01/2013	0.0%	\$ 1,100,000	\$ 220,000
1992B	04/28/1992	01/01/2013	0.0%	1,100,000	<u>232,000</u>
Total Water Revenue Bonds Payable.....					<u>\$ 452,000</u>

	Debt Service Requirement to Maturity					
	Series 1992A		Series 1992B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 55,000	\$ -	\$ 58,000	\$ -	\$ 113,000	\$ -
2011	55,000	-	58,000	-	113,000	-
2012	55,000	-	58,000	-	113,000	-
2013	55,000	-	58,000	-	113,000	-
Total.....	<u>\$ 220,000</u>	<u>\$ -</u>	<u>\$ 232,000</u>	<u>\$ -</u>	<u>\$ 452,000</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 \$64,500 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 \$189,260 to the General Fund payments on the Park Development Sales Tax Bond.

The Capital Improvements Fund transferred \$140,555 to the Motor Pool Fund to cover the annual depreciation costs for this to relieve the burden on the operating budgets, \$252,000 to the General Fund to make up the revenue shortfall to keep the fund balance at the required minimum amount, and \$401,755 to the General Fund to the road department activities.

The detailing of the old Utility Fund into separate funds of Culinary Water, Sewer, Garbage, and Secondary Water resulted in the old utility fund distributing the appropriate assets into the newly created funds. The Sewer Fund received \$6,694,578. The Garbage Fund received \$100,000. The Secondary Water Fund received \$300,000. The Storm Water Fund received \$300,000.

## **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. 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, 2009 the participation of the City has been \$610,471. 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 \$68,795 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.

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>Local Government Noncontributory System</b>	<b>Firefighters System</b>	<b>Public Safety Noncontributory System</b>
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%
2009 Rates as Percent of Covered Payroll:			
Employer	11.620%	13.140%	22.610%
Member	0.000%	0.000%	0.000%
Actual City Contributions Made, by year (ended 6/30):			
2009	\$ 248,159	\$ 67,628	\$ 180,510
2008	\$ 228,883	\$ 59,119	\$ 164,033
2007	\$ 197,689	\$ 34,667	\$ 134,154

## 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, 2009 Syracuse City contributed \$100,478 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 a few pending lawsuits. Legal counsel is of the opinion that potential claims against the City resulting from such litigation not covered by insurance do not pose a threat of significant liability to the City.

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

**NOTE 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 has been the second year for each of the projects to receive tax increment payments from the property tax system. Infrastructure improvements have been made to the 1700 South project and road improvements are in place on the 750 West project.

These Redevelopment Projects collected \$203,877 in tax increment monies in the fiscal year ended June 30, 2009. 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 except the Public Safety facility. That facility will be completed around the first of the coming year.

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.

## **REQUIRED SUPPLEMENTAL INFORMATION**

## SYRACUSE CITY

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
<b>Taxes:</b>				
Current property taxes	\$ 1,485,000	\$ 1,485,000	\$ 1,501,503	\$ 16,503
Fee-in-lieu	150,000	150,000	175,444	25,444
Delinquent prior years' taxes	20,000	20,000	33,483	13,483
Sales tax	3,050,000	2,800,000	2,542,852	(257,148)
Total	4,705,000	4,455,000	4,253,282	(201,718)
<b>Licenses and permits:</b>				
Business licenses	60,000	60,000	55,367	(4,633)
Building permits	400,000	400,000	287,359	(112,641)
Burial permits	20,000	20,000	14,775	(5,225)
Total	480,000	480,000	357,501	(122,499)
<b>Impact fees:</b>				
Park purchase	50,000	50,000	150	(49,850)
Park development	124,050	124,050	60,371	(63,679)
Public safety	33,750	33,750	59,074	25,324
Transportation	169,650	169,650	268,650	99,000
Total	377,450	377,450	388,245	10,795
<b>Intergovernmental revenues:</b>				
Class "C" road fund allotment	675,000	675,000	638,614	(36,386)
Liquor fund allotments	13,000	13,000	16,266	3,266
Federal appropriations	20,000	20,000	-	(20,000)
State grants and reimbursements	144,000	144,000	85,712	(58,288)
Local governments service agreements	115,000	155,000	147,528	(7,472)
Total	967,000	1,007,000	888,120	(118,880)
<b>Charges for services:</b>				
Development reviews and inspections	151,000	151,000	113,608	(37,392)
Recreation fees	180,000	180,000	179,617	(383)
Community Center fees	50,000	50,000	37,637	(12,363)
Ambulance revenue	210,000	210,000	183,324	(26,676)
Traffic school and other police charges	-	-	53,350	53,350
Road cut fees	24,000	24,000	11,787	(12,213)
Post Office commissions	24,000	24,000	31,302	7,302
Parks Maintenance fee	-	37,000	36,942	(58)
Street lighting fee	10,000	27,000	27,890	890
Total	649,000	703,000	675,457	(27,543)
<b>Justice Court Fines and forfeitures</b>	250,000	250,000	261,720	11,720
<b>Interest</b>	97,000	97,000	38,773	(58,227)
<b>Miscellaneous:</b>				
Sale of materials and supplies	4,000	4,000	2,238	(1,762)
Sale of cemetery lots	25,000	25,000	29,450	4,450
Buildings and Parks rentals	10,000	10,000	10,710	710
Sundry	24,000	24,000	56,829	32,829
Total	63,000	63,000	99,227	36,227
<b>TOTAL REVENUES</b>	<b>\$ 7,588,450</b>	<b>\$ 7,432,450</b>	<b>\$ 6,962,325</b>	<b>\$ (470,125)</b>

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

EXPENDITURES:	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
General government:				
City council	\$ 120,087	\$ 120,087	\$ 106,328	\$ 13,759
City court	202,011	179,344	164,793	14,551
Administration	445,937	420,521	374,611	45,910
Planning and zoning	375,632	369,655	368,064	1,591
Nondepartmental	337,414	338,264	299,757	38,507
Buildings and grounds	216,720	220,295	219,838	457
Post Office	-	44,088	43,342	746
Total	<u>1,697,801</u>	<u>1,692,254</u>	<u>1,576,733</u>	<u>115,521</u>
Public safety:				
Police department	1,968,027	2,011,306	2,010,641	665
Fire department	1,282,755	1,293,952	1,293,254	698
Total	<u>3,250,782</u>	<u>3,305,258</u>	<u>3,303,895</u>	<u>1,363</u>
Public works:				
Building inspector	362,901	324,295	316,452	7,843
Class "C" roads	1,150,682	1,033,184	994,692	38,492
Total	<u>1,513,583</u>	<u>1,357,479</u>	<u>1,311,144</u>	<u>46,335</u>
Parks and recreation:				
Parks	405,980	373,803	352,383	21,420
Recreation	554,895	523,408	498,118	25,290
Cemetery	36,279	45,279	44,693	586
Museum	31,362	31,201	28,010	3,191
Total	<u>1,028,516</u>	<u>973,691</u>	<u>923,204</u>	<u>50,487</u>
Capital outlay	1,033,000	1,248,000	1,088,081	159,919
Debt Service:				
Debt principal	300,000	300,000	290,000	10,000
Debt interest and fees	103,703	110,703	106,163	4,540
Total	<u>403,703</u>	<u>410,703</u>	<u>396,163</u>	<u>14,540</u>
TOTAL EXPENDITURES	<u>8,927,385</u>	<u>8,987,385</u>	<u>8,599,220</u>	<u>388,165</u>
EXCESS (DEFICIENCY) OF REVENUES FINANCING SOURCES (USES)	<u>(1,338,935)</u>	<u>(1,554,935)</u>	<u>(1,636,895)</u>	<u>388,165</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	522,653	522,653	843,015	320,362
Transfers out	(118,954)	(118,954)	(114,500)	4,454
Total	<u>403,699</u>	<u>403,699</u>	<u>728,515</u>	<u>324,816</u>
NET CHANGE IN FUND BALANCE	<u>(935,236)</u>	<u>(1,151,236)</u>	<u>(908,380)</u>	<u>712,981</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,476,073</u>	<u>1,476,073</u>	<u>1,476,073</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 540,837</u>	<u>\$ 324,837</u>	<u>\$ 567,693</u>	<u>\$ 712,981</u>

REDEVELOPMENT AGENCY  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUE:</b>				
Property tax increment	\$ 160,000	\$ 160,000	\$ 203,877	43,877
Interest income	-	-	934	934
Total	<u>160,000</u>	<u>160,000</u>	<u>204,811</u>	<u>44,811</u>
<b>EXPENDITURES:</b>				
General government:				
Operating supplies	-	-	110	(110)
Interest expense	-	-	-	-
Repayment to financiers	160,000	160,000	83,561	76,439
Total	<u>160,000</u>	<u>160,000</u>	<u>83,671</u>	<u>76,329</u>
NET CHANGE IN FUND BALANCE	-	-	121,140	121,140
FUND BALANCE, BEGINNING OF YEAR	<u>(45,969)</u>	<u>(45,696)</u>	<u>(45,696)</u>	-
FUND BALANCE, END OF YEAR	<u>\$ (45,969)</u>	<u>\$ (45,696)</u>	<u>\$ 75,444</u>	<u>\$ 121,140</u>

MUNICIPAL BUILDING AUTHORITY  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUE:</b>				
Interest income	\$ 105,000	\$ 105,000	\$ 78,178	\$ (26,822)
Federal Grant	-	-	90,651	90,651
Total	105,000	105,000	168,829	(26,822)
<b>EXPENDITURES:</b>				
General government:				
General Administrative expenses	50,000	50,000	5,103	44,897
Bond payments	970,000	970,000	962,471	7,529
Construction - City Hall	-	-	20,333	(20,333)
Construction - Shop Expansion	-	-	222,222	(222,222)
Construction - Police Building	928,926	928,926	945,302	(16,376)
Construction - Fremont Fire Station	4,634,000	4,634,000	3,920,668	713,332
Total	6,582,926	6,582,926	6,076,099	506,827
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>				
	(6,477,926)	(6,477,926)	(5,907,270)	570,656
<b>OTHER FINANCING SOURCES:</b>				
Transfer (lease pmnts) from Capital Improvement	580,000	580,000	582,274	2,274
Transfer (contribution) from Public Safety Impact	54,454	54,454	50,000	(4,454)
Total	634,454	634,454	632,274	(2,180)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,843,472)</b>	<b>(5,843,472)</b>	<b>(5,274,996)</b>	<b>568,476</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>5,470,157</b>	<b>5,470,157</b>	<b>5,470,157</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (373,315)</b>	<b>\$ (373,315)</b>	<b>\$ 195,161</b>	<b>\$ 568,476</b>

## **SUPPLEMENTARY INFORMATION**

SPECIAL IMPROVEMENT DISTRICT DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUE:</b>				
Assessments principal	\$ 30,000	\$ 30,000	\$ 24,705	\$ (5,295)
Assessments interest	-	-	-	-
Late fees	-	-	-	-
Investment interest	2,000	2,000	2,420	420
<b>Total</b>	<u>32,000</u>	<u>32,000</u>	<u>27,125</u>	<u>(4,875)</u>
<b>EXPENDITURES:</b>				
General government:				
Operating supplies	700	700	332	368
Debt service:				
Debt principal	105,000	105,000	105,000	-
Debt interest and fees	13,287	13,287	13,287	-
<b>Total</b>	<u>118,987</u>	<u>118,987</u>	<u>118,619</u>	<u>368</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>(86,987)</u>	<u>(64,500)</u>	<u>(91,494)</u>	<u>(26,994)</u>
<b>OTHER FINANCING SOURCES - Transfer in</b>	<u>64,500</u>	<u>64,500</u>	<u>64,500</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(22,487)</u>	<u>-</u>	<u>(26,994)</u>	<u>(26,994)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>32,160</u>	<u>32,160</u>	<u>32,160</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 9,673</u>	<u>\$ 32,160</u>	<u>\$ 5,166</u>	<u>\$ (26,994)</u>

STORM WATER FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Storm water impact fees	\$ 150,000	\$ 150,000	\$ 231,882	\$ 81,882
Storm water user fees	260,000	260,000	278,611	18,611
Interest	18,000	18,000	5,951	(12,049)
Total	<u>428,000</u>	<u>428,000</u>	<u>516,444</u>	<u>88,444</u>
<b>EXPENDITURES:</b>				
Payroll & benefits	131,730	131,730	118,503	13,227
Operating costs	146,270	146,270	101,861	44,409
Capital outlay	150,000	150,000	77,260	72,740
Total	<u>428,000</u>	<u>428,000</u>	<u>297,624</u>	<u>130,376</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>218,820</u>	<u>218,820</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from Utility Fund disaggregation	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>300,000</u>	<u>300,000</u>	<u>518,820</u>	<u>218,820</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>19,942</u>	<u>19,942</u>	<u>19,942</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 319,942</u>	<u>\$ 319,942</u>	<u>\$ 538,762</u>	<u>\$ 218,820</u>

CAPITAL IMPROVEMENTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Franchise tax	\$ 1,200,000	\$ 1,200,000	\$ 1,165,290	\$ (34,710)
Cell tower lease	50,000	50,000	61,555	11,555
Interest	10,000	10,000	16,390	6,390
Miscellaneous	12,000	12,000	6,828	(5,172)
Total	<u>1,272,000</u>	<u>1,272,000</u>	<u>1,250,063</u>	<u>(21,937)</u>
<b>EXPENDITURES:</b>				
Capital Equipment purchases	<u>352,400</u>	<u>352,400</u>	<u>247,312</u>	<u>105,088</u>
Total	<u>352,400</u>	<u>352,400</u>	<u>247,312</u>	<u>105,088</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>919,600</u>	<u>919,600</u>	<u>1,002,751</u>	<u>83,151</u>
<b>OTHER FINANCING USES:</b>				
Transfer (lease pmnts) to MBA	(580,000)	(580,000)	(582,274)	(2,274)
Transfer out	<u>(515,000)</u>	<u>(615,000)</u>	<u>(794,310)</u>	<u>(179,310)</u>
Total	<u>(1,095,000)</u>	<u>(1,195,000)</u>	<u>(1,376,584)</u>	<u>(181,584)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(175,400)	(275,400)	(373,833)	(98,433)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>868,210</u>	<u>868,210</u>	<u>868,210</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 692,810</u>	<u>\$ 592,810</u>	<u>\$ 494,377</u>	<u>\$ (98,433)</u>

CULINARY WATER FUND  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN NET ASSETS - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>OPERATING REVENUE:</b>				
Water sales	\$ 1,475,000	\$ 1,475,000	\$ 1,297,208	\$ (177,792)
Connection fees	40,000	40,000	29,204	(10,796)
Other	8,000	8,000	16,773	8,773
Total	<u>1,523,000</u>	<u>1,523,000</u>	<u>1,343,185</u>	<u>(179,815)</u>
<b>OPERATING EXPENDITURES:</b>				
Public works:				
Salaries, wages, and benefits	194,993	194,993	158,993	36,000
Contractual services	486,000	486,000	385,229	100,771
Operations	532,007	532,007	351,506	180,501
Depreciation	320,000	320,000	420,010	(100,010)
Total	<u>1,533,000</u>	<u>1,533,000</u>	<u>1,315,738</u>	<u>217,262</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(10,000)</u>	<u>(10,000)</u>	<u>27,447</u>	<u>37,447</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Culinary water impact fees	272,400	272,400	209,721	(62,679)
Grants and allotments	-	-	164,781	164,781
Interest revenue	40,000	40,000	44,480	4,480
Transfer out	-	-	-	-
Total	<u>312,400</u>	<u>312,400</u>	<u>418,982</u>	<u>106,582</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>	<u>302,400</u>	<u>302,400</u>	<u>446,429</u>	<u>144,029</u>
Developers infrastructure contributions	-	-	-	-
Transfer to/from other funds	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(7,241,878)</u>	<u>(6,241,878)</u>
<b>NET CHANGE IN ASSETS</b>	<u>(697,600)</u>	<u>(697,600)</u>	<u>(6,795,449)</u>	<u>(6,097,849)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>19,389,441</u>	<u>19,389,441</u>	<u>19,389,441</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 18,691,841</u>	<u>\$ 18,691,841</u>	<u>\$ 12,593,992</u>	<u>\$ (6,097,849)</u>

SEWER FUND  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN NET ASSETS - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>OPERATING REVENUE:</b>				
Sewer service charges	\$ 785,000	\$ 785,000	\$ 802,362	\$ 17,362
Connection fees	30,000	30,000	24,022	(5,978)
Other	-	-	18,336	18,336
Total	815,000	815,000	844,720	29,720
<b>OPERATING EXPENDITURES:</b>				
Public Works:				
Salaries, wages, and benefits	170,181	170,181	158,218	11,963
Contracted services	450,000	450,000	449,060	940
Operating expenses	84,819	84,819	57,150	27,669
Depreciation	150,000	150,000	234,875	(84,875)
Total	855,000	855,000	899,303	(44,303)
OPERATING INCOME (LOSS)	(40,000)	(40,000)	(54,583)	74,023
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest	40,000	40,000	2,228	(37,772)
Total	40,000	40,000	2,228	(37,772)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:	-	-	(52,355)	36,251
<b>CAPITAL CONTRIBUTIONS</b>				
Developers infrastructure contributions	-	-	-	-
Transfer to/from other funds	300,000	300,000	6,694,578	6,394,578
NET CHANGE IN ASSETS	300,000	300,000	6,642,223	6,430,829
NET ASSETS, BEGINNING OF YEAR	-	-	-	-
NET ASSETS, END OF YEAR	\$ 300,000	\$ 300,000	\$ 6,642,223	\$ 6,430,829

GARBAGE FUND  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN NET ASSETS - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>OPERATING REVENUE:</b>				
Garbage collection fees	\$ 1,083,000	\$ 1,083,000	\$ 1,105,602	\$ 22,602
Other	-	-	7,315	7,315
Total	1,083,000	1,083,000	1,112,917	29,917
<b>OPERATING EXPENDITURES:</b>				
Public Works:				
Salaries, wages, and benefits	42,220	42,220	39,650	2,570
Contractual services	983,000	983,000	975,653	7,347
Operating expenses	67,780	67,780	56,342	11,438
Depreciation	-	-	-	-
Total	1,093,000	1,093,000	1,071,645	21,355
OPERATING INCOME (LOSS)	(10,000)	(10,000)	41,272	8,562
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Impact fees	-	-	-	-
Interest	10,000	10,000	572	(9,428)
Federal capital projects grant	-	-	-	-
Total	10,000	10,000	572	(9,428)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:	-	-	41,844	(866)
Transfer to/from other funds	100,000	100,000	100,000	-
NET CHANGE IN ASSETS	100,000	100,000	141,844	(866)
NET ASSETS, BEGINNING OF YEAR	-	-	-	-
NET ASSETS, END OF YEAR	\$ 100,000	\$ 100,000	\$ 141,844	\$ (866)

SECONDARY WATER FUND  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN NET ASSETS - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>OPERATING REVENUE:</b>				
Water Sales	\$ 1,150,000	\$ 1,150,000	\$ 1,266,955	\$ 116,955
Connection fees	38,000	38,000	25,530	(12,470)
Other	-	-	-	-
Total	<u>1,188,000</u>	<u>1,188,000</u>	<u>1,292,485</u>	<u>104,485</u>
<b>OPERATING EXPENDITURES:</b>				
Public Works:				
Salaries, wages, and benefits	161,838	161,838	174,777	(12,939)
Water and pumping	360,000	360,000	374,968	(14,968)
Operating expenses	118,509	168,509	152,534	15,975
Depreciation	360,000	360,000	434,590	(74,590)
Total	<u>1,000,347</u>	<u>1,050,347</u>	<u>1,136,869</u>	<u>(86,522)</u>
OPERATING INCOME (LOSS)	<u>187,653</u>	<u>137,653</u>	<u>155,616</u>	<u>191,007</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Impact fees	195,000	195,000	118,498	(76,502)
Interest	(5,000)	(5,000)	5,106	10,106
Federal capital projects grant	-	-	-	-
Total	<u>190,000</u>	<u>190,000</u>	<u>123,604</u>	<u>(66,396)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:	<u>377,653</u>	<u>327,653</u>	<u>279,220</u>	<u>124,611</u>
Developers infrastructure contributions	-	-	-	-
Transfer to/from other funds	112,347	112,347	110,740	(1,607)
NET CHANGE IN ASSETS	490,000	440,000	389,960	123,004
NET ASSETS, BEGINNING OF YEAR	<u>17,933,130</u>	<u>17,933,130</u>	<u>17,933,130</u>	-
NET ASSETS, END OF YEAR	<u>\$ 18,423,130</u>	<u>\$ 18,373,130</u>	<u>\$ 18,323,090</u>	<u>\$ 123,004</u>

MOTOR POOL FUND  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN NET ASSETS - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>OPERATING REVENUE:</b>				
Department charges	\$ -	\$ -	\$ -	\$ -
State grants and allotments	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OPERATING EXPENDITURES:</b>				
General government:				
Operations	-	-	-	-
Depreciation	150,000	150,000	132,353	17,647
Total	<u>150,000</u>	<u>150,000</u>	<u>132,353</u>	<u>17,647</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(150,000)</u>	<u>(150,000)</u>	<u>(132,353)</u>	<u>17,647</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain on sale	-	-	2,530	2,530
Interest expense	(30,000)	(30,000)	(10,732)	19,268
Total	<u>(30,000)</u>	<u>(30,000)</u>	<u>(8,202)</u>	<u>21,798</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>	<u>(180,000)</u>	<u>(180,000)</u>	<u>(140,555)</u>	<u>39,445</u>
Transfers in	180,000	180,000	140,555	(39,445)
<b>NET CHANGE IN ASSETS</b>	-	-	-	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>169,512</u>	<u>169,512</u>	<u>169,512</u>	-
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 169,512</u>	<u>\$ 169,512</u>	<u>\$ 169,512</u>	<u>\$ -</u>

## AUDITORS' REPORTS AND FINDINGS



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

Honorable Mayor and City Council  
Syracuse City

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund for Syracuse City, as of and for the year ended June 30, 2009, which collectively comprise the City of Syracuse, Utah's basic financial statements and have issued our report thereon dated November 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Syracuse City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Syracuse City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Syracuse City's internal control over financial reporting.

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

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

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

November 25, 2009

Page 2

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

Compliance and Other Matters

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

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

Wood Richards & Associates

Ogden, UT

November 25, 2009

**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, 2009 and have issued our report thereon dated November 25, 2009. 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, 2009. The City received the following major assistance programs from the State of Utah.

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

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

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

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

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

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

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

The results of our audit procedures disclosed no instances of noncompliance with requirements referred to above,

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, 2009.

*Wood Richards & Associates*

---

Ogden, Utah  
November 25, 2009

SYRACUSE CITY  
SUMMARY OF FINDINGS

FOR THE YEAR ENDED JUNE 30, 2009

**Significant Deficiencies in Internal Control Over Financial Reporting:**

Finding # 09-01: After a review of the internal controls it came to our attention that journal entries are not being reviewed or approved by anyone other than the person making the general journal entries.

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

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

Finding #09-02: Some lack of separation of duties within the City has created a significant deficiency within the accounts payable and disbursements. One particular individual has access to the check stock, accounting software, and performs the bank reconciliation.

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

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

**SYRACUSE CITY  
SUMMARY OF FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2008**

**State Compliance Findings:**

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

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

Status of Finding: The City has remedied the finding by opening the budget later in the year to ensure that all departments were within their budgeted expenditure amounts.

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

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

Status of Finding: The City hired engineers to update all the capital facilities plans.

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

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

Status of Finding: The City made the appropriate transfers and budget adjustments to eliminate the deficit in the RDA fund.

**SYRACUSE CITY  
SUMMARY OF FINDINGS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

**Significant Deficiencies in Internal Control Over Financial Reporting:**

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

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

Status of Finding: The City has not yet implemented a plan to have another individual approve the journal entries, but plans are being made for this to occur.

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

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

Status of Finding: The City has not yet implemented a plan to have an individual review the cancelled checks, however, it will put a plan in place in the next fiscal year to implement this.