

CITY OF BLUFFDALE, UTAH

**Basic Financial Statements and
Supplementary Information**

Year Ended June 30, 2008

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BLUFFDALE, UTAH

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CITY OF BLUFFDALE, UTAH

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Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA

Jason L. Tanner, CPA
Robert D. Wood, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bluffdale, Utah (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bluffdale, Utah, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund 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 13, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-11 is not a required part of the basic

financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are presented for purposes of additional analysis are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

November 13, 2008



BLUFFDALE CITY

14350 South 2200 West • BLUFFDALE, UTAH 84065 • (801) 254-2200 • FAX (801) 253-3270

Management's Discussion and Analysis

As management of the City of Bluffdale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$14,416,057. The City's assets are comprised of capital assets and funds legally restricted in their use (*restricted net assets*).
- The government's total net assets increased by \$391,039 during 2008. The increase in net assets can be attributed to an increase in tax revenue, expending less than the budgeted amount in the general fund, and increases in various fee revenues.
- The unreserved fund balance for the general fund was \$1,174,911 or approximately 26 percent of total general fund expenditures. The unreserved fund balance for the general fund increased by \$29,409 from the previous year.
- The City's total outstanding long-term liabilities experienced a net increase of \$764,000. The major increase was a new water revenue bond issue for \$1,223,000 and offset by a refunding of the Special Improvement District Debt which reduced the overall debt by \$376,000.

Overview of the Financial Statements

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

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

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 or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon

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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 the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to cover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and public works, parks and recreation, cemetery, and garbage. Water is the only business-type activities of the City.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Redevelopment Agency of Bluffdale City (RDA), a legally separate entity for which the City is financially accountable. Financial information for this *component unit* is blended with the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 12-13 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, which are considered major funds. Financial information for the other three funds is combined into a single, aggregated presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 14-16 of this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains only one proprietary fund, the water fund which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The water fund is a major fund. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City maintains one fiduciary fund for deposits made by contractors to ensure that building requirements are met. The accounting for fiduciary funds is very similar to the accounting used for proprietary funds. The basic fiduciary fund financial statements can be found on page 23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-41 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with non-major funds are presented as supplementary information. Also included are budget to actual comparisons for the special revenue funds.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2008, the City's assets exceeded liabilities by \$14,416,057. The largest portion (35 percent) of the City's net assets is composed of unrestricted net assets that can be used to spend in the future with no restrictions. As in contrast with restricted assets, which are assets restricted for a specific purpose. These are impact fees to build future infrastructure for roads, bridges and expansion of the water system and debt service and debt service reserves. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of any related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Bluffdale's Net Assets

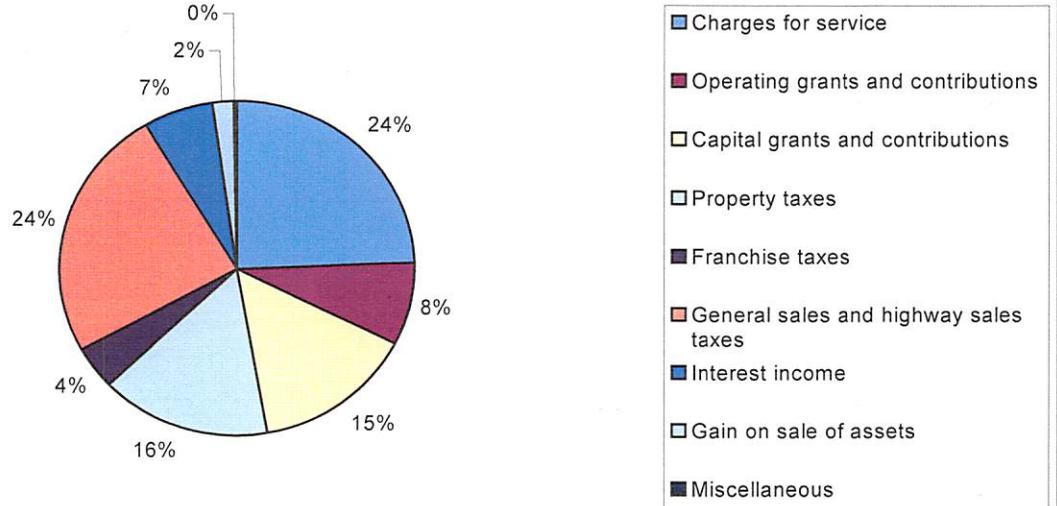
	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 8,888,428	\$ 9,738,869	\$ 1,084,596	\$ 1,141,186	\$ 9,973,024	\$ 10,880,055
Capital assets	<u>9,618,180</u>	<u>9,115,443</u>	<u>3,007,825</u>	<u>1,632,834</u>	<u>12,626,005</u>	<u>10,748,277</u>
Total assets	<u>18,506,608</u>	<u>18,854,312</u>	<u>4,092,421</u>	<u>2,774,020</u>	<u>22,599,029</u>	<u>21,628,332</u>
Other liabilities	1,504,169	1,622,604	166,610	200,710	1,670,784	1,823,314
Long-term liabilities outstanding	<u>5,303,764</u>	<u>5,780,000</u>	<u>1,208,424</u>	-	<u>6,512,188</u>	<u>5,780,000</u>
Total liabilities	<u>6,807,933</u>	<u>7,402,604</u>	<u>1,375,039</u>	<u>200,710</u>	<u>8,182,972</u>	<u>7,603,314</u>
Net assets:						
Invested in capital assets, net						
of related debt	3,993,180	3,002,562	1,787,677	1,632,834	5,780,857	4,635,396
Restricted	4,045,809	6,616,443	-	-	4,045,809	6,616,443
Unrestricted	<u>3,659,686</u>	<u>1,832,703</u>	<u>929,705</u>	<u>940,476</u>	<u>4,589,391</u>	<u>2,773,179</u>
Total net assets	<u>\$ 11,698,675</u>	<u>\$ 11,451,708</u>	<u>\$ 2,717,382</u>	<u>\$ 2,573,310</u>	<u>\$ 14,416,057</u>	<u>\$ 14,025,018</u>

Governmental activities. Governmental activities increased the City's net assets by \$246,967, accounting for 63.2 percent of the total growth in net assets. This minor increase was primarily attributed to the slow down in the economy especially in the housing market.

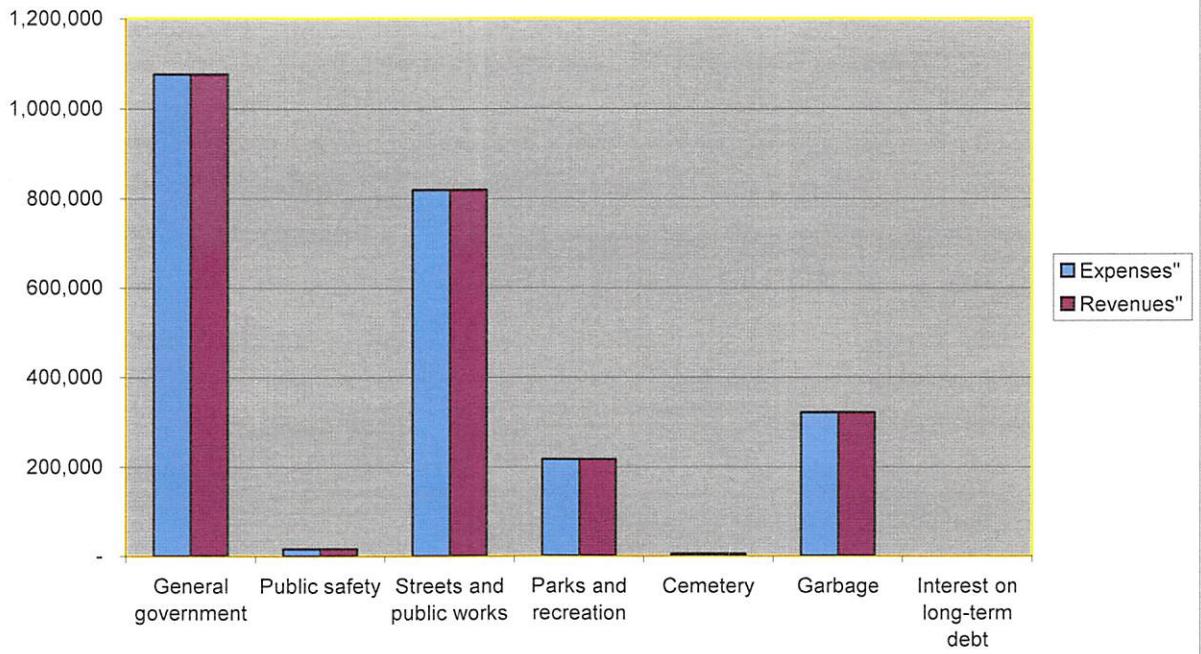
City of Bluffdale's Change in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,268,113	\$ 2,719,300	\$ 1,179,849	\$ 1,126,436	\$ 2,447,962	\$ 3,845,736
Operating grants and contributions	429,514	7,885	-	-	429,514	7,885
Capital grants and contributions	757,617	952,363	-	253,200	757,617	1,205,563
General revenues:						
Property taxes	816,011	818,361	-	-	816,011	818,361
Sales tax and highway tax	1,272,623	1,198,882	-	-	1,272,623	1,198,882
Franchise taxes	206,010	167,310	-	-	206,010	167,310
Interest income	341,455	403,397	-	5,000	341,455	408,397
Other	111,708	23,417	-	-	111,708	23,417
Total revenues	5,203,051	6,290,915	1,179,849	1,384,636	6,382,900	7,675,551
Expenses:						
General government	1,461,993	1,694,029	-	-	1,461,993	1,694,029
Public safety	1,352,183	676,399	-	-	1,352,183	676,399
Streets and public works	1,271,127	665,239	-	-	1,271,127	665,239
Parks and recreation	373,341	192,575	-	-	373,341	192,575
Cemetery	8,276	6,411	-	-	8,276	6,411
Garbage	258,920	271,306	-	-	258,920	271,306
Interest on long-term debt	230,244	288,522	-	-	230,244	288,522
Water	-	-	1,035,777	897,737	1,035,777	897,737
Total expenses	4,956,084	3,794,481	1,035,777	897,737	5,991,861	4,692,218
Increase in net assets	246,967	2,496,434	144,072	486,899	391,039	2,983,333
Net assets, beginning, as restated	11,451,708	8,955,274	2,573,310	2,086,411	14,025,018	11,041,685
Net assets, ending	\$ 11,698,675	\$ 11,451,708	\$ 2,717,382	\$ 2,573,310	\$ 14,416,057	\$ 14,025,018

Revenue By Source - Governmental Activities 2008



Expenses and Program Revenues - Governmental Activities 2008



Business-type activities. Business-type activities increased the City's net assets by \$144,072, accounting for 36.8 percent of the total growth in the government's net assets. The key elements of this slight increase are revenues exceeding expenses. The water fund is the only business-type activity. Charges for services were the only source of revenue in the water fund.

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,301,003 a decrease of \$1,032,581 in comparison with prior year. Of the ending fund balance, 44.5 percent (\$3,255,194) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$453,840), 2) to pay for construction of capital assets (\$3,591,969).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,174,911 while total fund balance reached \$1,557,055. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 31 percent of total general fund expenditures, while total fund balance represents 90 percent of that same amount.

The City's total general fund balance experienced a \$1,225,259 decrease during the current fiscal year. The majority of the decrease is due to using restricted road funds balances to do some major road repairs. Unrestricted fund balance increased \$29,409 in comparison with prior year. These funds are available to spend at the City's discretion.

The capital projects fund has a total fund balance of \$5,074,943. Of that amount \$2,806,438 is reserved for 1) construction of capital assets funded by impact fees 2) \$453,840 to pay debt service and 3) the balance, \$1,814,665 for various capital projects at the City's discretion. The fund balance increased \$516,108 from the previous year.

Proprietary funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements business-type activities, but in more detail.

Net assets of the Water fund at the end of the year were \$2,717,382. Net assets increased \$144,072 from the preceding year. The majority of the increase was due to revenues exceeding expenses for the fiscal year.

General Fund Budgetary Highlights

The original budget and the final amended budget overall totals were same in total except for minor adjustments that were made from department to department budgets during the course of the year to more accurately reflect the budgetary needs of those departments.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$12,626,005 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, distribution and collection systems, and construction in process. The City's capital assets increased 15% from the preceding year. The majority of the increase was from acquiring a new water tank for the storage of water.

Long-term debt. At the end of the current fiscal year, the City had \$6,902,000 in outstanding long-term debt.

City of Bluffdale's Long-term Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
SID revenue bonds	\$ 3,590,000	\$ 3,960,000	\$ -	\$ -	\$ 3,590,000	\$ 3,960,000
Sales tax revenue bonds	2,035,000	2,130,000	-	-	2,035,000	2,130,000
Water revenue	-	-	1,220,000	-	1,220,000	-
Capital leases	-	23,000	-	-	-	23,000
Vacation payable	44,000	25,000	13,000	-	57,000	25,000
Total	\$ 5,669,000	\$ 6,138,000	\$ 1,233,000	\$ -	\$ 6,902,000	\$ 6,138,000

The City's total debt increased \$764,000 during the fiscal year 2008.

Economic Factors and the Next Year's Budgets and Rates

As part of the budget process each year the City performs an evaluation to project future revenues for the coming fiscal year. A major aspect of this evaluation is projecting property tax and sales tax revenues. Property taxes were raised two years ago in the amount of approximately 35% as a result in the City holding a Truth in Taxation hearing. Building permits have declined at a rapid pace with the slowdown in the economy and the ability to obtain credit. This also affects impact fees collected by the City on building permits. Sales tax revenue is expected to maintain minimal growth in the future year. The City has adopted an assessment within one of its special improvement districts. The assessment will be used to construct roads and install other necessary infrastructure such as water, sewer, and storm sewer lines. The cost of the capital improvements was \$4,370,000 and bonds were issued in that amount. The City is looking forward to new development and is taking progressive steps to ensure that the community is developed in the most responsible manner possible.

Requests for Information

The financial report is designed to provide a general overview of the City for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, Mark Reid, 14350 South 2200 West, Bluffdale Utah 84065, or email, mreid@bluffdale.com

CITY OF BLUFFDALE, UTAH
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,354,416	\$ 120,633	\$ 6,475,049
Receivables:			
Property and other taxes	984,182	-	984,182
Accounts	64,635	104,049	168,684
Due from other governments	68,177	-	68,177
Bond issuance costs	558,963	5,465	564,428
Investment in water stock and rights	-	789,529	789,529
Investment in common stock	828	-	828
Restricted cash	857,227	64,920	922,147
Capital assets:			
Land	2,582,462	4,703	2,587,165
Buildings	1,773,302	-	1,773,302
Machinery and equipment	1,487,352	185,147	1,672,499
Distribution and collection systems	-	3,749,732	3,749,732
Infrastructure	5,480,678	-	5,480,678
Construction in progress	-	23,518	23,518
Accumulated depreciation	(1,705,614)	(955,275)	(2,660,889)
Total assets	18,506,608	4,092,421	22,599,029
<u>LIABILITIES</u>			
Accounts payable	248,225	134,348	382,573
Accrued interest payable	110,652	-	110,652
Accrued liabilities	79,333	7,288	86,621
Deferred revenue	700,904	-	700,904
Non-current liabilities:			
Due within one year	365,055	24,979	390,034
Due in more than one year	5,303,764	1,208,424	6,512,188
Total liabilities	6,807,933	1,375,039	8,182,972
<u>NET ASSETS</u>			
Invested in capital assets, net of debt	3,993,180	1,787,677	5,780,857
Restricted for:			
Debt service	857,227	-	857,227
Roads and bridges	2,597,264	-	2,597,264
Storm water	591,318	-	591,318
Unrestricted	3,659,686	929,705	4,589,391
Total net assets	\$ 11,698,675	\$ 2,717,382	\$ 14,416,057

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

CITY OF BLUFFDALE, UTAH
Statement of Activities
For the Year Ended June 30, 2008

	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>GOVERNMENTAL ACTIVITIES</u>							
General government	\$ 1,461,993	\$ 650,544	\$ 425,390	\$ -	\$ (386,059)		\$ (386,059)
Public safety	1,352,183	8,689	4,124	3,821	(1,335,549)		(1,335,549)
Streets and public works	1,271,127	216,261	-	603,225	(451,641)		(451,641)
Parks and recreation	373,341	66,060	-	150,571	(156,710)		(156,710)
Cemetery	8,276	5,000	-	-	(3,276)		(3,276)
Garbage	258,920	321,559	-	-	62,639		62,639
Interest on long-term debt	230,244	-	-	-	(230,244)		(230,244)
Total governmental activities	4,956,084	1,268,113	429,514	757,617	(2,500,840)		(2,500,840)
<u>BUSINESS TYPE ACTIVITIES</u>							
Water	1,035,777	1,179,849	-	-		\$ 144,072	144,072
Total business-type activities	1,035,777	1,179,849	-	-		144,072	144,072
<u>GENERAL REVENUES</u>							
Taxes:							
Property taxes					816,011	-	816,011
Franchise taxes					206,010	-	206,010
General sales taxes and highway sales taxes					1,272,623	-	1,272,623
Interest income					341,455	-	341,455
Gain on sale of assets					93,865	-	93,865
Miscellaneous					17,843	-	17,843
Total general revenues					2,747,807	-	2,747,807
Change in net assets					246,967	144,072	391,039
Net assets - beginning					11,451,708	2,573,310	14,025,018
Net assets - ending					\$ 11,698,675	\$ 2,717,382	\$ 14,416,057

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

CITY OF BLUFFDALE, UTAH
Balance Sheet – Governmental Funds
June 30, 2008

	<u>General</u>	<u>SID Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,247,103	\$ 464,295	\$ 4,626,795	\$ 16,223	\$ 6,354,416
Restricted cash and investments	-	403,387	453,840	-	857,227
Receivables:					
Sales, property and franchise taxes	984,182	-	-	-	984,182
Accounts	64,635	-	-	-	64,635
Class C road funds	68,177	-	-	-	68,177
Due from other funds	214,900	-	-	-	214,900
Investment in common stock	828	-	-	-	828
Total assets	\$ 2,579,825	\$ 867,682	\$ 5,080,635	\$ 16,223	\$ 8,544,365
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	242,533	-	5,692	\$ -	\$ 248,225
Accrued liabilities	79,333	-	-	-	79,333
Deferred revenue - property taxes	700,904	-	-	-	700,904
Due to other funds	-	-	-	214,900	214,900
Total liabilities	1,022,770	-	5,692	214,900	1,243,362
Fund balances:					
Reserved:					
Roads and bridges	382,144	-	2,215,120	-	2,597,264
Retirement of debt	-	-	453,840	-	453,840
Storm water	-	-	591,318	-	591,318
Debt service and construction	-	403,387	-	-	403,387
Unreserved, reported in					
General fund	1,174,911	-	-	-	1,174,911
Special revenue funds	-	464,295	-	(210,177)	254,118
Capital projects fund	-	-	1,814,665	-	1,814,665
Permanent fund	-	-	-	11,500	11,500
Total fund balances	1,557,055	867,682	5,074,943	(198,677)	7,301,003
Total liabilities and fund balances	\$ 2,579,825	\$ 867,682	\$ 5,080,635	\$ 16,223	\$ 8,544,365

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

CITY OF BLUFFDALE, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
To The Statement of Net Assets
June 30, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances - Total Governmental Funds (page 14)	\$ 7,301,003
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	9,618,180
Other long-term assets are not available for current period expenditures and are therefore deferred in the funds balance sheet.	558,963
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,779,471)</u>
Net Assets - Governmental Activities (page 12)	<u><u>\$ 11,698,675</u></u>

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2008

	General	SID Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,993,751	\$ -	\$ -	\$ -	\$ 1,993,751
Special assessments	-	425,390	-	-	425,390
Licenses and permits	250,238	-	-	-	250,238
Charges for services	299,885	-	291,010	-	590,895
Intergovernmental	308,838	-	150,571	-	459,409
Garbage	321,559	-	-	-	321,559
Fines and forfeitures	100,421	-	-	-	100,421
Cemetery	5,000	-	-	-	5,000
Interest	15,656	21,647	304,064	88	341,455
Miscellaneous	17,843	-	-	-	17,843
Total revenues	3,313,191	447,037	745,645	88	4,505,961
EXPENDITURES					
General government	1,441,472	14,960	-	11,359	1,467,791
Public safety	1,216,984	-	-	-	1,216,984
Streets and public works	1,296,144	-	-	-	1,296,144
Parks and recreation	316,654	-	-	-	316,654
Cemetery	8,276	-	-	-	8,276
Garbage	258,920	-	-	-	258,920
Capital outlay	-	-	372,208	-	372,208
Debt service:					
Principal retirement	-	343,000	95,000	-	438,000
Interest and fiscal charges	-	91,011	193,946	-	284,957
Total expenditures	4,538,450	448,971	661,154	11,359	5,659,934
Excess of revenues over expenditures	(1,225,259)	(1,934)	84,491	(11,271)	(1,153,973)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	-	-	431,617	-	431,617
Bond proceeds	-	3,933,000	-	-	3,933,000
Payments to escrow agent	-	(4,243,225)	-	-	(4,243,225)
Total other financing sources (uses)	-	(310,225)	431,617	-	121,392
Net change in fund balance	(1,225,259)	(312,159)	516,108	(11,271)	(1,032,581)
Fund balance, beginning of year	2,782,314	1,179,841	4,558,835	(187,406)	8,333,584
Fund balance, end of year	\$ 1,557,055	\$ 867,682	\$ 5,074,943	\$ (198,677)	\$ 7,301,003

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

CITY OF BLUFFDALE, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (page 16)	\$ (1,032,581)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.	840,489
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	791,356
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(352,297)
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Change in net assets - governmental activities (page 13)	\$ <u>246,967</u>
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The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Taxes	\$ 1,728,000	\$ 1,728,000	\$ 1,993,751	\$ 265,751
Licenses and permits	1,039,500	1,039,500	250,238	(789,262)
Charges for service	195,500	265,000	299,885	34,885
Intergovernmental	229,000	409,000	308,838	(100,162)
Garbage	300,000	300,000	321,559	21,559
Fines and forfeitures	210,000	210,000	100,421	(109,579)
Cemetery	7,500	7,500	5,000	(2,500)
Interest	51,000	51,000	15,656	(35,344)
Miscellaneous	3,500	3,500	17,843	14,343
Contributions and transfers	986,000	1,014,500	-	(1,014,500)
Total revenues	<u>4,750,000</u>	<u>5,028,000</u>	<u>3,313,191</u>	<u>(1,714,809)</u>
<u>EXPENDITURES</u>				
General government				
City council	38,075	38,075	30,695	7,380
Mayor	15,825	15,825	15,387	438
Administration	873,117	738,118	649,540	88,578
Facilities	52,809	82,809	82,605	204
Planning and zoning	237,544	237,544	188,090	49,454
Risk management	73,000	73,000	35,154	37,846
Court	238,078	238,078	155,898	82,180
Building inspection	296,488	296,488	201,836	94,652
Code enforcement	105,370	105,370	82,267	23,103
Public safety				
Fire	612,306	612,306	604,175	8,131
Law enforcement	592,000	592,000	612,809	(20,809)
Streets and public works	926,564	1,296,564	1,296,144	420
Parks and recreation	368,423	368,422	316,654	51,768
Garbage	315,200	315,200	258,920	56,280
Cemetery	5,201	8,701	8,276	425
Transfers	-	9,500	-	9,500
Total expenditures	<u>4,750,000</u>	<u>5,028,000</u>	<u>4,538,450</u>	<u>489,550</u>
Net change in fund balance	-	-	(1,225,259)	(1,225,259)
Fund balance, beginning of year	2,782,314	2,782,314	2,782,314	-
Fund balance, end of year	<u>\$ 2,782,314</u>	<u>\$ 2,782,314</u>	<u>\$ 1,557,055</u>	<u>\$ (1,225,259)</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Special Improvement District – Special Revenue Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
<u>REVENUES</u>				
Special Assessments	\$ 452,719	\$ 452,719	\$ 425,390	\$ (27,329)
Interest	7,681	7,681	21,647	13,966
Total revenues	<u>460,400</u>	<u>460,400</u>	<u>447,037</u>	<u>(13,363)</u>
<u>EXPENDITURES</u>				
General government	18,700	18,700	14,960	3,740
Debt service	441,700	441,700	434,011	7,689
Total expenditures	<u>460,400</u>	<u>460,400</u>	<u>448,971</u>	<u>11,429</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,934)	(1,934)
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond proceeds	-	-	3,933,000	3,933,000
Payments to escrow agent	-	-	(4,243,225)	(4,243,225)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(310,225)</u>	<u>(310,225)</u>
Net change in fund balance	-	-	(312,159)	(312,159)
Fund balance at beginning of year	<u>1,179,841</u>	<u>1,179,841</u>	<u>1,179,841</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,179,841</u>	<u>\$ 1,179,841</u>	<u>\$ 867,682</u>	<u>\$ (312,159)</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Net Assets – Proprietary Fund
June 30, 2008

	<u>Water Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 120,633
Cash and cash equivalents - restricted	64,920
Accounts receivable, net	<u>104,049</u>
Total current assets	<u>289,602</u>
Bond issuance costs	5,465
Investment in water rights and stock	789,529
Property, plant and equipment:	
Land	4,703
Water distribution system	3,749,732
Machinery and equipment	185,147
Construction in progress	23,518
Accumulated depreciation	<u>(955,275)</u>
Net property, plant and equipment	<u>3,007,825</u>
Total assets	<u>4,092,421</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	134,348
Accrued liabilities	7,288
Compensated absence payable	13,255
Current portion of long-term debt	<u>11,724</u>
Total current liabilities	166,615
Long term debt	<u>1,208,424</u>
Total liabilities	<u>1,375,039</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	1,787,677
Unrestricted	<u>929,705</u>
Total net assets	<u><u>\$ 2,717,382</u></u>

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Fund
For the Year Ended June 30, 2008

	Water Fund
<u>OPERATING REVENUES</u>	
Water sales	\$ 1,070,517
Total operating revenues	1,070,517
<u>OPERATING EXPENSES</u>	
Water purchases	574,569
Wages and fringe benefits	189,129
Maintenance and engineering	85,992
Office supplies, postage and insurance	13,342
Depreciation and amortization	141,844
Other	17,535
Total operating expenses	1,022,411
Operating income	48,106
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest expense	(13,366)
Connection and service fees	75,761
Miscellaneous	33,571
Total non-operating revenues	95,966
Change in net assets	144,072
Total net assets, beginning of year	2,573,310
Total net assets, end of year	\$ 2,717,382

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

CITY OF BLUFFDALE, UTAH
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2008

	<u>Water Fund</u>
<u>Cash flows from operating activities:</u>	
Cash received from customers (including cash deposits)	\$ 1,155,715
Cash paid to suppliers	(724,175)
Cash paid to employees	(202,211)
Net cash provided by operating activities	<u>229,329</u>
<u>Cash flows from non-capital financing activities:</u>	
Connection and impact fees	<u>109,332</u>
Net cash provided by non-capital financing activities	<u>109,332</u>
<u>Cash flow from capital and related financing activities:</u>	
Proceeds from long-term debt	1,223,000
Payments on long-term debt	(2,852)
Bond issuance costs	(5,500)
Interest paid on long-term debt	(13,366)
Purchase of capital assets and water stock	<u>(1,516,800)</u>
Net cash provided (used) by capital and related financing activities	<u>(315,518)</u>
Net increase in cash and cash equivalents	23,143
Cash and cash equivalents at beginning of year	<u>162,410</u>
Cash and cash equivalents at end of year	<u><u>\$ 185,553</u></u>
<u>Reconciliation of operating income to net cash provided</u>	
<u>by operating activities:</u>	
Operating income	\$ 48,106
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	141,844
Decrease in accounts receivable	85,198
Decrease in accounts payable	(32,737)
Decrease in accrued liabilities	(13,082)
Total adjustments	<u>181,223</u>
Net cash provided by operating activities	<u><u>\$ 229,329</u></u>

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

CITY OF BLUFFDALE, UTAH
Statement of Net Assets – Fiduciary Fund
June 30, 2008

	<u>Escrow Fund Total</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 150,586
Total assets	<u>150,586</u>
<u>LIABILITIES</u>	
Construction and improvement bonds	150,586
Total liabilities	<u>150,586</u>
<u>NET ASSETS</u>	
Unrestricted	-
Total net assets	<u>\$ -</u>

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of City of Bluffdale, Utah (the City) have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City of Bluffdale was incorporated in 1978. The City operates under a Council-Mayor form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component unit discussed below is included as part of the City's reporting entity as a blended component unit.

The Redevelopment Agency of Bluffdale City (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of the major capital facilities of the City (other than those financed by proprietary funds).
- The SID Special Revenue Fund is used to account for financial resources and activities of the City's Special Improvement District.

The City reports the following major proprietary fund:

- The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.

Additionally, the City reports a fiduciary fund to account for construction and improvement bonds received from developers.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Water fund, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2008 are not material and are not recorded.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

As permitted by GASB Statement No. 34, the City has not retroactively recorded infrastructure assets.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Infrastructure	20 to 50 years
Machinery and equipment	5 to 7 years
Furniture and fixtures	5 to 10 years
Water distribution system	20 years

Compensated Absences For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated vacation leave is paid to employees upon termination or retirement.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

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

Restricted Assets Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 11,323,794
Accumulated Depreciation	<u>(1,705,614)</u>
	<u>\$ 9,618,180</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet
and the Government-Wide Statement of Net Assets (Continued)**

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2008 were:

Sales Tax Revenue bonds	\$ 2,035,000
Special Improvement District bonds	3,590,000
Interest payable on long-term debt	110,652
Compensated absences	<u>43,819</u>
	<u><u>\$ 5,779,471</u></u>

**Explanation of Certain Differences Between Governmental Fund Operating
Statements and the Statement of Net Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

Capital outlay	\$ 1,182,622
Depreciation expense	<u>(342,133)</u>
Net difference, as reported	<u><u>\$ 840,489</u></u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- For the fiscal year beginning July 1, the Mayor submits a proposed budget to the City Council by the first City Council meeting in May. The budget includes proposed expenditures and the means of financing them.
- By passage of a resolution, the budget is legally enacted on or before June 15, after a public hearing has been held.
- Once adopted, the budget can be amended by subsequent City Council action. The budget officer is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund. Increased appropriations require a public hearing to amend the budget.
- Interim adjustments of estimated revenues and appropriations, during the year ended June 30, 2008, have been included in the final budget approved by the City Council, as presented in the basic financial statements.
- As determined by state law, the level by which expenditures may not legally exceed appropriations is the total departmental budgets within a given fund.
- Unencumbered appropriations lapse at the end of each fiscal year.

Annual budgets for the General Fund, all Special Revenue Funds and the Capital Projects Fund were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

The City Council made several supplemental budgetary appropriations throughout the year, including increases and decreases in the general fund. The expenditure appropriations for the fund increased \$278,000. The biggest increase was in Streets and Public Works for \$370,000. The other changes were generally spread among the functions and were for general operations items.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has not been made for fees due and payable to the City at June 30th as the amounts are not deemed to be material.

4. DETAILED NOTES FOR ALL FUNDS

Deficit Fund Equity

The Redevelopment Agency Special Revenue Fund had a deficit fund balance of \$210,177 at June 30, 2008. This deficit will be eliminated by increased revenues or transfers in future years.

Deposits and Investments

Utah State law establishes the rules and regulations for deposits and investments and is known as the Utah Money Management Act. The Act established the Money Management Council that promulgates additional rules and determines which financial institutions may qualify to hold deposits and investments for state and local entities. The City has complied with the Utah Money Management Act and rules of the Money Management Council with regard to deposits and investments.

As of June 30, 2008, the City's demand deposits amounted to \$191,374. Cash equivalents restricted for debt service invested in money market accounts amounted to \$857,227.

As of June 30, 2008, the City had investments in the Utah Public Treasurer's Investment Fund of \$6,497,886. The fund is not rated and the weighted average maturity was less than 90 days.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

Custodial Credit Risk - Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2008, \$142,881 of the City's \$242,881 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done.

Custodial Credit Risk - Investments. 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 that are in the possession of an outside party. The City has no formal policy regarding custodial credit risk for investments. Money invested in the Utah Public Treasurer's Investment Fund is pooled with many other state and local entities, and is managed by the Utah State Treasurer. The Fund is not categorized as to custodial credit risk.

Interest Rate Credit Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss from changes in interest rates is to follow the Utah Money Management Act and only invest in instruments that mature in one year or less. Investments within the Public Treasurer's Investment Fund have a weighted average maturity of less than ninety days.

Credit Risk is the risk that an issuer will not fulfill its obligations. The City policy is consistent with and complies with the Utah State Money Management Act. Investment is limited to U.S. Treasuries, U.S. Government Agency instruments, Utah Public Treasurer's Investment Fund, and other instruments that are rated A or higher by Standard & Poor's or Moody's. The City only invested in the Utah Public Treasurer's Investment Fund and U.S. Treasury securities during the year.

Concentration of Credit risk. City policy requires diversification and limits the amount that may be invested in the same company. First, the City may not invest more than 20% of its idle funds outside of the Utah Public Treasurer's Investment Fund. Second, not more than 10% of the total portfolio may be invested in a single company's credit instruments. The Utah Public Treasurer's Investment Fund is highly diversified and must comply with various rules of the Utah State Money Management Act and Money Management Council.

The deposits and investments described above are included on the government-wide statement of net assets as follows:

Cash and cash equivalents	\$ 6,475,049
Restricted cash	922,147
	<hr/>
	\$ 7,397,196
	<hr/>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Accounts Receivable

Receivables as of year end for the City's individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Total</u>
Receivables:			
Taxes	\$ 984,182	\$ -	\$ 984,182
Accounts and others	64,635	113,049	177,684
Intergovernmental	68,177	-	68,177
	<hr/>	<hr/>	<hr/>
Gross receivables	1,116,994	113,049	1,230,043
Less: allowance for uncollectibles	<hr/> -	<hr/> (9,000)	<hr/> (9,000)
Net total receivables	<u>\$ 1,116,994</u>	<u>\$ 104,049</u>	<u>\$ 1,221,043</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	<u>\$ 700,904</u>	<u>\$ -</u>
Total deferred/unearned revenue, governmental funds	<u>\$ 700,904</u>	<u>\$ -</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

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

	<u>07/01/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/08</u>
<u>Governmental activities</u>				
Capital assets:				
Land	\$ 2,920,214	\$ -	\$ (337,752)	\$ 2,582,462
Buildings	1,773,302	-	-	1,773,302
Infrastructure	4,584,717	895,961	-	5,480,678
Machinery and equipment	1,200,691	286,661	-	1,487,352
Total capital assets	10,478,924	1,182,622	(337,752)	11,323,794
Accumulated depreciation:				
Buildings	(243,170)	(59,110)	-	(302,280)
Infrastructure	(335,702)	(218,634)	-	(554,336)
Machinery and equipment	(784,609)	(64,389)	-	(848,998)
Total accumulated depreciation	(1,363,481)	(342,133)	-	(1,705,614)
Net governmental capital assets	\$ 9,115,443	\$ 840,489	\$ (337,752)	\$ 9,618,180

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets Continued

	<u>07/01/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/08</u>
<u>Business-type activities</u>				
Capital assets:				
Land	\$ 4,703	\$ -	\$ -	\$ 4,703
Water distribution system	2,360,981	1,388,751	-	3,749,732
Equipment	104,545	106,525	(25,923)	185,147
Construction in progress	-	23,518	-	23,518
	<u>2,470,229</u>	<u>1,518,794</u>	<u>(25,923)</u>	<u>3,963,100</u>
Total capital assets				
Accumulated depreciation:				
Water distribution system	(779,289)	(117,035)	-	(896,324)
Equipment	(58,106)	(24,774)	23,929	(58,951)
	<u>(837,395)</u>	<u>(141,809)</u>	<u>23,929</u>	<u>(955,275)</u>
Total accumulated depreciation				
	<u>\$ 1,632,834</u>	<u>\$ 1,376,985</u>	<u>\$ (1,994)</u>	<u>\$ 3,007,825</u>
Net business-type capital assets				

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:		
General government		\$ 13,203
Public safety		88,457
Highways and public improvements		179,748
Parks and recreation		<u>60,725</u>
Total depreciation expense - governmental activities		<u>\$ 342,133</u>
Business-type activities:		
Water		<u>\$ 141,809</u>
Total depreciation expense - business-type activities		<u>\$ 141,809</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Interfund Receivable, Payables and Transfers

At June 30, 2008, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Redevelopment Agency	\$ 214,900
		<u>\$ 214,900</u>

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Revenue bonds outstanding at June 30, 2008 by issue are as follows (in thousands):

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Amount</u>
Sales Tax Series 2005	\$ 2,000	\$20 to \$170	3.25% to 4.50%	2/1/2024	\$ 1,960
Sales Tax Series 2003	2,110	\$65 to \$175	5.50%	8/1/2023	75
Special Improvement District Series 2007	3,933	\$200 to \$420	5.00% to 6.00%	12/1/2019	3,590
Water Revenue Series 2007	<u>1,223</u>	\$3 to \$48	4.375%	4/1/2048	<u>1,220</u>
	<u>\$ 9,266</u>				<u>\$ 6,845</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows (in thousands):

	Principal	Interest	Totals
2009	\$ 342	\$ 286	\$ 628
2010	357	271	628
2011	369	257	626
2012	384	242	626
2013	402	226	628
2014 - 2018	2,273	863	3,136
2019 -2023	1,570	392	1,962
2024 - 2028	293	206	499
2029 - 2033	153	172	325
2034 - 2038	190	134	324
Thereafter	512	116	628
	\$ 6,845	\$ 3,165	\$ 10,010

In August 2007, the City issued \$3,933,000 Special Improvement District (SID) Refunding Bonds Series 2007 at par. The proceeds from these bonds, net of issuance costs of \$20,250, a private placement fee of \$24,723, and previously held debt service reserve funds of \$355,198 were deposited into an irrevocable trust with an escrow agent. The total deposited with the escrow agent was \$4,243,225, which will be used to provide for the future debt payments of \$3,960,000 of 2004 SID bonds. As a result, the total liability for these bonds has been removed from the City's books. The difference between the reacquisition price and the net carrying amount of the debt of \$269,140 is a deferred loss which was added to the unamortized bond issue costs and will be amortized through the year 2019.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows (in thousands):

	<u>07/01/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/08</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Special improvement district	\$ 3,960	\$ 3,933	\$ (4,303)	\$ 3,590	\$ 235
Sales tax revenue	150	-	(75)	75	75
Sales tax revenue	1,980	-	(20)	1,960	20
Bond premium	14	-	(14)	-	-
Total bonds payable	<u>6,104</u>	<u>3,933</u>	<u>(4,412)</u>	<u>5,625</u>	<u>330</u>
Capital leases	23	-	(23)	-	-
Vacation payable	25	23	(4)	44	35
Governmental activity long-term liabilities	<u>\$ 6,152</u>	<u>\$ 3,956</u>	<u>\$ (4,439)</u>	<u>\$ 5,669</u>	<u>\$ 365</u>
<u>Business-type activities</u>					
Bonds payable:					
Water revenue	\$ -	\$ 1,223	\$ (3)	\$ 1,220	\$ 12
Vacation payable	26	1	(14)	13	6
Business-type activity long-term liabilities	<u>\$ 26</u>	<u>\$ 1,224</u>	<u>\$ (17)</u>	<u>\$ 1,233</u>	<u>\$ 18</u>

Other Information

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. The City carries insurance through the Utah Local Government Insurance Trust for all of these risks of loss. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information

Certain property owners within the City have been allowed a disconnection of approximately one-third of the City's land area through a decision by the Utah Supreme Court. Since the land is currently undeveloped, the immediate annual loss of property tax revenues would be insignificant. Once the land is developed, future lost revenue to the City, measured against the future cost of services for the disconnect area by the City, are unknown.

City Management estimates that the amount of other actual or potential claims against the City as of June 30, 2008 will not materially affect the financial condition of the City.

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$-0- were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is no outstanding debt of the RDA at June 30, 2008.

During the year ended June 30, 2008, funds expended by the RDA were limited to the category of administration costs. Administrative costs totaled \$11,359.

Employee Retirement Systems and Pension Plans The City contributes to the Local Governmental Contributory Retirement System (hereafter referred to as the Systems) which is cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statuses.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy Plan members in the Local Government Contributory Retirement System are required to contribute 3.0 percent of their annual covered salary (all or part may be paid by the employer for the employee), and the City is required to contribute 7.61 percent of its annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

The City's contributions in dollars to each of the Systems for the years ending June 30, 2008, 2007 and 2006, were equal to the required contributions for each year. The contribution amounts are as follows:

	2008	2007	2006
Local Governmental Contributory Retirement System	\$ 52,739	\$ 50,722	\$ 52,739

Deferred Compensation Plan Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City's contributions to the 457 Deferred Compensation Plan were \$21,458, \$16,919, and \$10,269 for the years ended June 30, 2008, 2007 and 2006, respectively.

Defined Contribution Plans The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or public safety system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401(k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401(k) plan were \$56,296, \$45,718, and \$42,159 for the years ended June 30, 2008, 2007 and 2006, respectively.

CITY OF BLUFFDALE, UTAH
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2008

	<u>Special Revenue Redevelopment Agency</u>	<u>Permanent Fund Cemetery Perpetual Care</u>	<u>Total Non-major Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	4,723	11,500	\$ 16,223
Total assets	<u>\$ 4,723</u>	<u>\$ 11,500</u>	<u>\$ 16,223</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ 214,900	\$ -	\$ 214,900
Total liabilities	<u>214,900</u>	<u>-</u>	<u>214,900</u>
Fund balances (deficit):			
Reserved:			
Reserved for cemetery	-	11,500	11,500
Unreserved:			
Undesignated	<u>(210,177)</u>	<u>-</u>	<u>(210,177)</u>
Total fund balances	<u>(210,177)</u>	<u>11,500</u>	<u>(198,677)</u>
Total liabilities and fund balances	<u>\$ 4,723</u>	<u>\$ 11,500</u>	<u>\$ 16,223</u>

CITY OF BLUFFDALE, UTAH
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Total</u>
	<u>Redevelopment Agency</u>	<u>Cemetery Perpetual Care</u>	<u>Non-major Governmental Funds</u>
<u>REVENUES</u>			
Interest income	\$ 88	\$ -	\$ 88
Total revenue	<u>88</u>	<u>-</u>	<u>88</u>
<u>EXPENDITURES</u>			
Current operating:			
General government	<u>11,359</u>	<u>-</u>	<u>11,359</u>
Total expenditures	<u>11,359</u>	<u>-</u>	<u>11,359</u>
Net change in fund balance	(11,271)	-	(11,271)
Fund balance - beginning of year	<u>(198,906)</u>	<u>11,500</u>	<u>(187,406)</u>
Fund balance - end of year	<u><u>\$ (210,177)</u></u>	<u><u>\$ 11,500</u></u>	<u><u>\$ (198,677)</u></u>

CITY OF BLUFFDALE, UTAH
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Revenue Fund – Redevelopment Agency Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
Interest income	\$ -	\$ -	\$ 88	\$ 88
Total revenue	-	-	88	88
<u>EXPENDITURES</u>				
General government	10,000	10,000	11,359	(1,359)
Total expenditures	10,000	10,000	11,359	(1,359)
Net change in fund balance	(10,000)	(10,000)	(11,271)	(1,271)
Fund balance (deficit), beginning of year	(198,906)	(198,906)	(198,906)	-
Fund balance (deficit), end of year	<u>\$ (208,906)</u>	<u>\$ (208,906)</u>	<u>\$ (210,177)</u>	<u>\$ (1,271)</u>

CITY OF BLUFFDALE, UTAH
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances –
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
<u>REVENUES</u>				
Fees	\$ 988,500	\$ 988,500	\$ 291,010	\$ (697,490)
Intergovernmental	28,000	28,000	150,571	122,571
Interest	325,000	325,000	304,064	(20,936)
Total revenues	<u>1,341,500</u>	<u>1,341,500</u>	<u>745,645</u>	<u>(595,855)</u>
<u>EXPENDITURES</u>				
Capital outlay	2,733,000	1,341,500	372,208	969,292
Debt service	67,000	-	288,946	(288,946)
Total expenditures	<u>2,800,000</u>	<u>1,341,500</u>	<u>661,154</u>	<u>680,346</u>
Excess (deficiency) of revenues over (under) expenditures	(1,458,500)	-	84,491	84,491
<u>OTHER FINANCING SOURCES</u>				
Proceeds from sale of asset	-	-	431,617	431,617
Total other financing sources	<u>-</u>	<u>-</u>	<u>431,617</u>	<u>431,617</u>
Net change in fund balance	(1,458,500)	-	516,108	516,108
Fund balance at beginning of year	4,558,835	4,558,835	4,558,835	-
Fund balance at end of year	<u>\$ 3,100,335</u>	<u>\$ 4,558,835</u>	<u>\$ 5,074,943</u>	<u>\$ 516,108</u>

CITY OF BLUFFDALE, UTAH
Impact Fee Schedule
For the Year Ended June 30, 2008

<u>Year</u>	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balance</u>
<u>Roads and Bridges</u>				
2000	\$ 250,169	\$ 288,595	\$ -	\$ 538,764
2001	538,764	234,567	-	773,331
2002	773,331	222,188	-	995,519
2003	995,519	256,105	-	1,251,624
2004	1,251,624	192,415	62,187	1,381,852
2005	1,381,852	248,271	9,053	1,621,070
2006	1,621,070	248,271	-	1,869,341
2007	1,869,341	287,095	18,628	2,137,808
2008	2,137,808	141,099	63,787	2,215,120
<u>Water</u>				
2001	\$ 40,150	\$ 165,000	\$ -	\$ 205,150
2002	205,150	133,000	228,746	109,404
2003	109,404	171,000	138,061	142,343
2004	142,343	169,207	102,205	209,345
2005	209,345	310,700	168,978	351,067
2006	351,067	379,200	-	730,267
2007	730,267	335,700	-	1,065,967
2008	1,065,967	125,540	1,223,000	(31,493)
<u>Storm Drain</u>				
1993	\$ 118,626	\$ 17,380	\$ -	\$ 136,006
1994	136,006	15,510	-	151,516
1995	151,516	18,205	46,207	123,514
1996	123,514	-	-	123,514
1997	123,514	14,209	-	137,723
1998	137,723	8,580	2,984	143,319
1999	143,319	47,180	-	190,499
2000	190,499	99,103	-	289,602
2001	289,602	73,927	-	363,529
2002	363,529	29,054	-	392,583
2003	392,583	59,019	32,415	419,187
2004	419,187	68,998	17,373	470,812
2005	470,812	68,966	1,032	538,746
2006	538,746	88,427	-	627,173
2007	627,173	60,327	2,200	685,300
2008	685,300	48,522	280,000	453,822

(Continued)

CITY OF BLUFFDALE, UTAH
Impact Fee Schedule (Continued)
For the Year Ended June 30, 2008

<u>Year</u>	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balance</u>
<u>Parks</u>				
1993	\$ -	\$ 44,077	\$ 23,467	\$ 20,610
1994	20,610	42,480	-	63,090
1995	63,090	77,128	65,208	75,010
1996	75,010	78,187	276,909	(123,712)
1997	(123,712)	93,544	76,348	(106,516)
1998	(106,516)	98,578	346,980	(354,918)
1999	(354,918)	113,568	426,156	(667,506)
2000	(667,506)	169,758	-	(497,748)
2001	(497,748)	279,276	-	(218,472)
2002	(218,472)	72,556	7,388	(153,304)
2003	(153,304)	86,944	250,185	(316,545)
2004	(316,545)	187,435	414,498	(543,608)
2005	(543,608)	374,507	361,844	(530,945)
2006	(530,945)	337,003	517,912	(711,854)
2007	(711,854)	270,825	101,031	(542,060)
2008	(542,060)	66,060	70,763	(546,763)
<u>Public Safety</u>				
2000	\$ 111,033	\$ 63,332	\$ -	\$ 174,365
2001	174,365	45,671	-	220,036
2002	220,036	44,823	-	264,859
2003	264,859	28,787	84,423	209,223
2004	209,223	27,268	1,372,667	(1,136,176)
2005	(1,136,176)	38,442	113,519	(1,211,253)
2006	(1,211,253)	37,856	6,891	(1,180,288)
2007	(1,180,288)	27,689	-	(1,152,599)
2008	(1,152,599)	8,689	-	(1,143,910)
<u>Subdivisions</u>				
1993	\$ -	\$ 17,386	\$ 25,550	\$ (8,164)
1994	(8,164)	17,381	29,448	(20,231)
1995	(20,231)	46,880	17,360	9,289
1996	9,289	-	34,800	(25,511)
1997	(25,511)	41,047	5,554	9,982
1998	9,982	-	11,775	(1,793)

Bluffdale City is considered one project area in regards to revenues and expenditures for all impact fees.

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA

Jason L. Tanner, CPA
Robert D. Wood, CPA

*Members of the
American Institute
of Certified Public
Accountants*

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Private Company
Practice Section*

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

Mayor and City Council
City of Bluffdale, Utah

We have audited the basic financial statements of the City of Bluffdale, Utah as of and for the year ended June 30, 2008, and have issued our report thereon dated November 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting In planning and performing our audit, we considered the 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 the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

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.

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. 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 the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 for the information and use of management, the City Council and others within the organization, and federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

November 13, 2008

Hansen, Bradshaw, Malmrose & Erickson

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON LEGAL COMPLIANCE IN ACCORDANCE WITH THE STATE OF UTAH *LEGAL COMPLIANCE AUDIT GUIDE*

Major and City Council
City of Bluffdale, Utah

We have audited the basic financial statements of the City of Bluffdale, Utah for the year ended June 30, 2008 and have issued our report thereon dated November 13, 2008. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2008. The City received the following major State assistance program from the State of Utah:

B & C Road Funds (Department of Transportation)

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

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Liquor Law Enforcement
- Justice Courts Compliance
- B and C Road Funds
- Other General Compliance Issues
- Building Permit Surcharge
- Asset Forfeiture
- Utah Retirement Systems

The management of the 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 generally accepted auditing standards 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 immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City of Bluffdale, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2008.

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

November 13, 2008

CITY OF BLUFFDALE, UTAH
Schedule of Findings
For the Year Ended June 30, 2008

Requirement/Program Current Year Findings

1. Budgetary Compliance Finding: State law required that officers and employees of an entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department. For the year ended June 30, 2008, expenditures exceeded budgeted amounts in the following department:

<u>Fund</u>	<u>Department</u>	<u>Amount Over Budget</u>
General	Public Safety - law enforcement	\$ 20,809
Redevelopment Agency	General government	1,359

Recommendation: The City should monitor the status over expenditures as compared to the budget through the year and amend the budget as necessary.

Management's Response: The City will monitor the status of expenditures as compared to budget throughout the year and make adjustments as necessary.

2. Impact Fees Finding: The City charges developer impact fees for various purposes. State law requires these fees to be expended on a permissible use within 6 years of receipt. A City may hold the fees longer if it identifies in writing a compelling reason why the fees should be held longer than six years. It appears that a portion of the roads and bridges, as well as storm water impact fees, have been held longer than six years.

Recommendation: The City should analyze the activity of these two impact fees and either expend the funds on permissible uses or identify in writing the reason the unspent fees need to be held longer than six years.

Management's Response: Projects for these impact fees have been budgeted but have experienced delay in regards to cooperation of other governmental entities and environmental delays. We anticipate these funds will be expended in the current year.