

**ALPINE CITY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2009**

ALPINE CITY

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GOVERNMENT AUDITING STANDARDS REPORT

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STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

43

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

September 29, 2009

Honorable Mayor
Members of the City Council
Alpine City, Utah

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alpine City, Utah (City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my 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 the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the 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*, I have also issued a report dated September 29, 2009 on my consideration of Alpine City, Utah's internal control over financial reporting and on my 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 my 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 my audit.

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

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

 CPA
Greg Ogden,
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This document is a narrative overview and analysis of the financial activities of Alpine City for the fiscal year ending June 30, 2009. Alpine City management encourages readers to consider the information presented here in conjunction with the financial statements which follow this section. To help the reader with navigation of this report the city's activities are classified in the following manner: government activities refers to general administration, parks, streets, planning etc, while business-type activities refers to operations such as the sewer, storm sewer, water, and pressurized irrigation.

FINANCIAL HIGHLIGHTS

- The total net assets of Alpine City increased by \$81,482 totaling \$62,332,975. The governmental net assets decreased by \$28,387 and the business-type net assets increased by \$109,870.
- The total net assets of governmental and business-type activities is \$62,332,975, and is made up of \$51,629,616 in capital assets, such as land, infrastructure and equipment, and \$10,703,359 in other net assets. The \$10,703,359 in other net assets is made up of \$3,084,665 which is restricted for capital projects such as the construction of a new city park; \$757,381 is restricted for debt service, primarily for the pressurized irrigation bond; \$399,873 for endowments. Finally, the remaining \$6,461,440 is unrestricted assets.
- Total long-term liabilities of the City decreased by \$256,163. The long term debt for government activities decreased by \$19,526. The business-type activities long term debt decreased by \$236,636; \$240,000 was a payment on the pressurized irrigation bond.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to Alpine City's basic financial statements. Alpine 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 includes other supplementary information in addition to the basic financial statements.

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

- *The statement of net assets* presents information on all of Alpine 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 Alpine City is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- *The statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Alpine City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a

significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 13-15 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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. Alpine City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund. The balances of the governmental funds are determined to be nonmajor and are included in the combining statements within this report.

- **Proprietary funds** - Alpine City maintains one type of proprietary fund, the enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Alpine City uses enterprise funds to account for its Pressurized Irrigation Utility, Culinary Water Utility, Sewer Utility, Garbage Collection and Storm Drain Operation. As determined by generally accepted accounting principles, the pressurized irrigation, culinary water, sewer and garbage enterprise funds meet the criteria for major fund classification. The other enterprise funds are classified as nonmajor and are included in the combining statements within this report.

- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government. 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 accounting method used for these funds is much like that used for proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Alpine City, assets exceed liabilities by \$62,332,975.

By far the largest portion of Alpine City's net assets (82.8%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET ASSETS (In thousands of dollars)

	Governmental Activities		Business-type Activities	
	2008-2009	2007-2008	2008-2009	2007-2008
Current and Other Assets	\$ 1,546	\$ 1,468	\$ 6,000	\$ 5,721
Capital Assets	37,235	37,510	25,710	26,052
Total Assets	<u>38,781</u>	<u>38,978</u>	<u>31,710</u>	<u>31,773</u>
Long-term Debt Outstanding	801	949	482	418
Other Liabilities	415	435	6,461	6,698
Total Liabilities	<u>1,216</u>	<u>1,384</u>	<u>6,943</u>	<u>7,116</u>
Net Assets:				
Invested in Capital Assets, Net of Debt	33,813	33,942	17,817	17,461
Restricted	2,743	2,659	1,499	1,964
Unrestricted	1,010	993	5,451	5,232
Total Net Assets	<u>\$ 37,566</u>	<u>\$ 37,594</u>	<u>\$ 24,767</u>	<u>\$ 24,657</u>

CHANGES IN NET ASSETS
(In thousands of dollars)

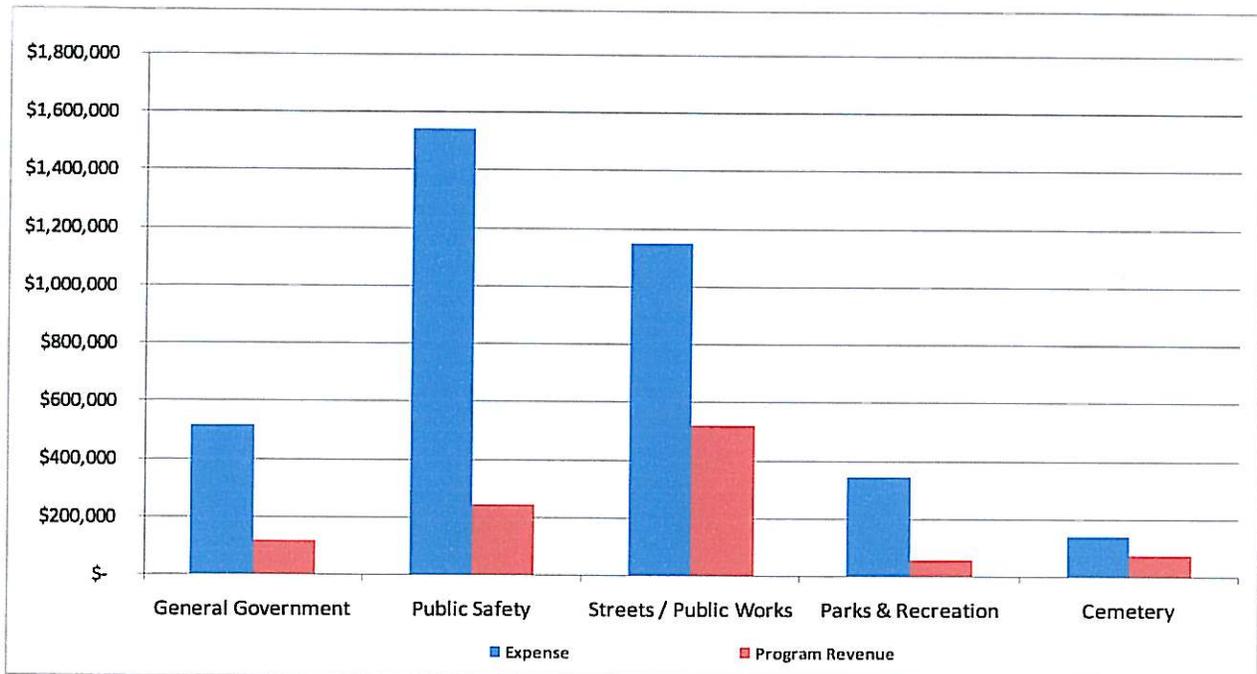
	Governmental		Business-type Activities	
	2008-2009	2007-2008	2008-2009	2007-2008
Revenues				
Program Revenues				
Charges for Services	\$ 427	\$ 561	\$ 2,368	\$ 2,278
Operating Grants and Contributions	5	5	-	-
Capital Grants and Contributions	586	2,033	276	1,867
General Revenues				
Property Taxes	820	845	-	-
Sales and Use Taxes	980	1,035	-	-
Other Taxes	710	678	-	-
Other Revenues	123	163	151	331
Total Revenues	3,651	5,320	2,795	4,476
Expenses				
General Government	517	544	-	-
Public Safety	1,545	1,459	-	-
Streets/Public Works	1,148	1,179	-	-
Parks and Recreation	347	385	-	-
Cemetery	140	140	-	-
Interest Expense	80	6	-	-
Water	-	-	582	613
Sewer	-	-	649	647
Pressurized Irrigation	-	-	863	923
Garbage	-	-	406	377
Storm Drain	-	-	87	81
Total Expenses	3,777	3,713	2,587	2,640
Increase in Net Assets Before Transfers	(126)	1,607	208	1,836
Transfers	98	11	(98)	(11)
Change in Net Assets	(28)	1,618	110	1,825
Net Assets Beginning	37,594	35,976	24,657	22,832
Net Assets Ending	\$ 37,566	\$ 37,594	\$ 24,767	\$ 24,657

Alpine City had a number of significant financial events in 2008-2009 as follows:

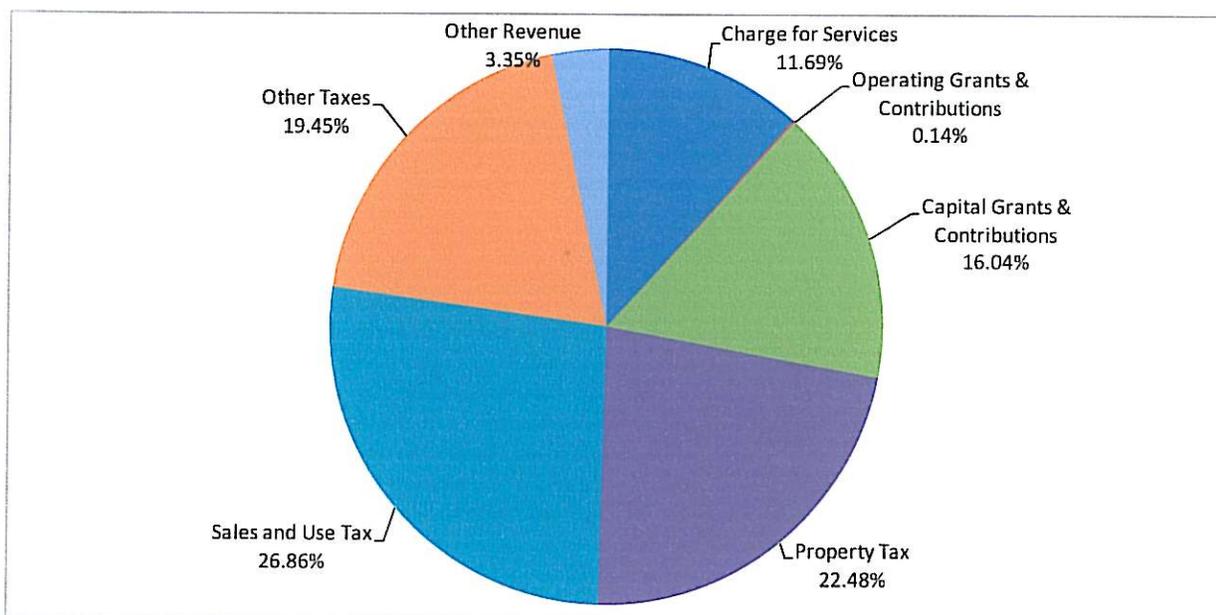
- Completed construction on the Fort Canyon Sewer at a cost of \$295,000.
- Installed new sewer lines on 800 South at a cost of \$198,000.
- Installed protective netting at the Burgess Park baseball fields at a cost of \$11,804.
- Completed improvement to 600 East in anticipation of construction of the new park at a cost of \$122,000.
- Improvements to the city cemetery and landscaping at a cost of \$41,581.
- Overlaid and Chip sealed 5.51 miles of City streets, including: Preston Dr, Wildflower, Country Manor Lane, Parkway, 200 North, 300 North, Lone Peak, Bald Mountain Dr, Alpine Blvd, 100 South and the Roundabout.
- Completed GPS mapping of all city utilities.
- Completed the Master Plan of 100 South Park.

The following graphs display the government-wide activities as reflected in the above tables. Program revenues included in the first graph are fees charged for specific services performed by the various governmental functions. General revenues such as property taxes, sales and uses taxes, etc. are not included.

Expense and Program Revenues - Governmental Activities

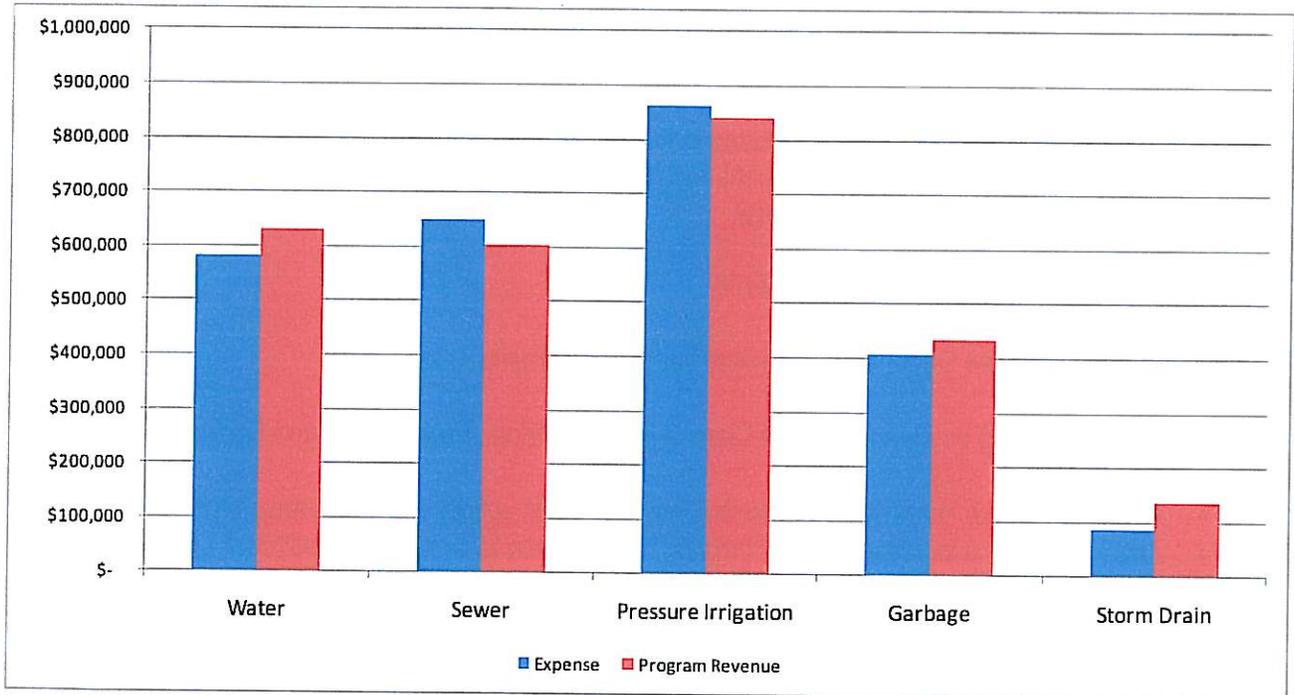


Revenues By Source – Governmental Activities

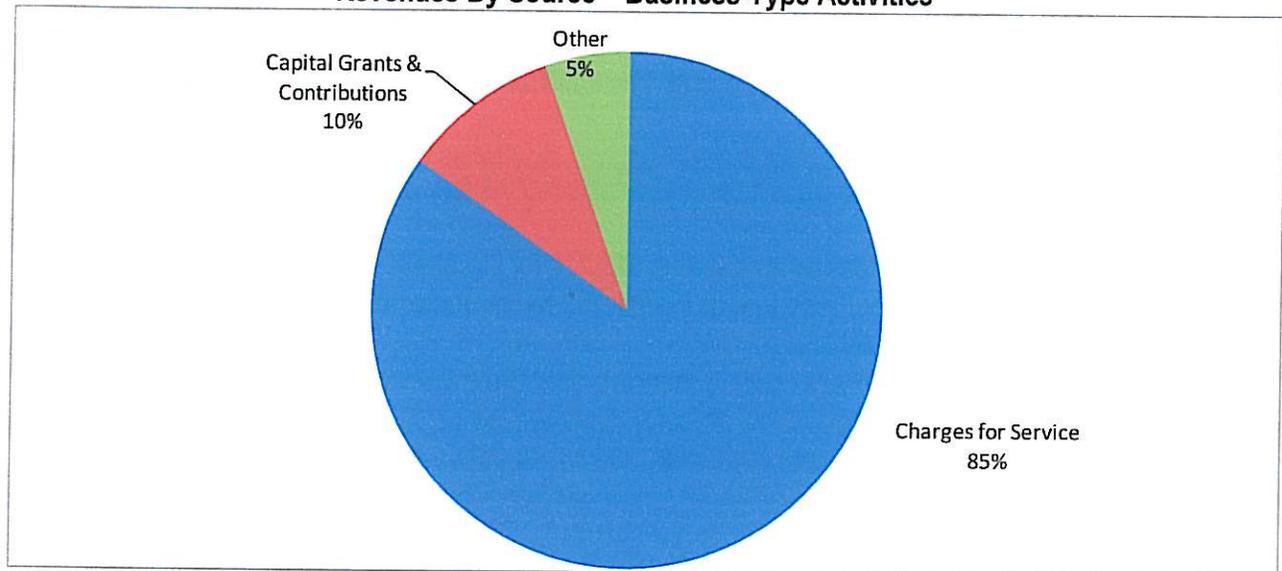


It can be seen from the following charts, the majority of revenues in the business-type activities are in charges for services, with 84 percent of the revenues coming from this source. The revenues from capital grants and contributions represent the value of infrastructure systems donated to the City via subdivisions being developed.

Expense and Program Revenues – Business-Type Activities



Revenues By Source – Business-Type Activities



FINANCIAL ANALYSIS OF GOVERNMENT'S 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. As of the June 30, 2009, the City's governmental funds (General, Capital Projects and Debt Service) reported combined fund equity of \$3,200,120. The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended to:

- Transfer closing equity balances of Class C Roads, Historic Preservation and Garbage Fund to the General Fund.
- Add funds for the increased court costs to include traffic school and victim reparation fees.
- Add funds for the increased cost of building maintenance to include the instillation of heat tape in the rain gutters.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Alpine City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$58,078,587 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), and machinery and equipment. The total decrease in the City's investment in fixed assets for the current year was \$23,558.

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

- Purchase of an asphalt paving machine for \$52,710 for the Street Department
- Purchase of Grasshopper lawn mower for \$12,282 for the Parks and Cemetery Departments.
- Disposal of 2000 utility vehicle.
- The small portion of the city's capital assets this year came from developer donations. Below is a list of major developments (3 lots or more) approved this year: North Grove Plat A, Conrad's Landing Plats A & B, Dry Creek Southeast, and Alpine Old Towne Center.

ALPINE CITY'S CAPITAL ASSETS
(Net of Depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities	
	2008-2009	2007-2008	2008-2009	2007-2008
Capital Assets Not Being Depreciated				
Land	\$ 18,739	\$ 18,709	\$ 392	\$ 392
Water Shares	-	-	31	31
Capital Assets Being Depreciated				
Buildings and Structures	1,549	1,549	215	215
Improvements and Infrastructure	23,782	23,039	29,622	28,864
Machinery, Equipment, and Vehicles	765	709	427	425
Construction in Progress	-	-	-	-
Total	44,835	44,006	30,687	29,927
Less Accumulated Depreciation	(10,968)	(9,993)	(6,476)	(5,838)
Total Capital Assets	\$ 33,867	\$ 34,013	\$ 24,211	\$ 24,089

Additional information on the City's capital assets can be found in the footnotes to this financial report and also the supplemental section.

Long-term debt - At June 30, 2009, the City had total debt outstanding of \$6,876,553. The majority of Alpine City's long term debt, \$6,505,000, is debt secured solely by specific revenue sources (i.e., revenue bonds within the Water and Pressurized Irrigation Funds) less unamortized bond issuance costs and discounts of \$110,635.

ALPINE CITY'S OUTSTANDING DEBT
(In thousands of dollars)

	Governmental Activities		Business-type Activities	
	2008-2009	2007-2008	2008-2009	2007-2008
Revenues Bonds	\$ -	\$ -	\$ 6,395	\$ 6,628
Capital Leases	55	71	-	-
Compensated Absences	360	363	67	70
Total	\$ 415	\$ 434	\$ 6,462	\$ 6,698

Additional information on the outstanding debt obligations of the City can be found in the footnotes to this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Unemployment rate for Utah County (of which Alpine is part) was 5.7% compared with the State unemployment rate of 6.0%. This reflects the economic downturn that has been reflected in all areas.
- Alpine continues to see a dramatic drop in building permits over the past four years. From 2000 to 2005 the City averaged 84 permits a year for new homes. In 2006, there were 48 building permits were issued for new homes with 44 for 2007, and 6 in 2008. So far in 2009, only 7 permits for new homes have been issued. These figures reflect a slowdown in building. In 2007, the City increased building permit fees to better reflect the cost of building.
- The major projects budgeted for next year include the construction of the 100 South Park, improvements to the sewer system including upsizing of various lines, and improvements to the water system by installing a booster pump in the Box Elder area.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Alpine City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

City Administrator,
20 N Main St
Alpine, UT 84004

BASIC FINANCIAL STATEMENTS

ALPINE CITY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business Type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 535,469	\$ 5,833,761	\$ 6,369,230
Accounts Receivable	1,010,944	166,612	1,177,557
TOTAL CURRENT ASSETS	1,546,414	6,000,373	7,546,787
NONCURRENT ASSETS			
Restricted Assets			
Cash and Cash Equivalents	3,367,880	1,498,912	4,866,792
Capital Assets			
Non Depreciable	18,738,494	422,805	19,161,299
Depreciable Assets (net of Depreciation)	15,128,656	23,788,630	38,917,286
TOTAL NONCURRENT ASSETS	37,235,030	25,710,347	62,945,377
TOTAL ASSETS	38,781,443	31,710,720	70,492,164
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	800,851	436,993	1,237,844
Contingent Liability	-	44,791	44,791
TOTAL CURRENT LIABILITIES	800,851	481,784	1,282,635
NONCURRENT LIABILITES			
Due Within One Year	87,424	317,205	404,629
Due in more than One Year	327,559	6,144,365	6,471,924
TOTAL NONCURRENT LIABILITIES	414,983	6,461,570	6,876,552
TOTAL LIABILITIES	1,215,834	6,943,353	8,159,187
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	33,812,546	17,817,071	51,629,616
Restricted for			
Capital Projects	2,343,134	741,531	3,084,665
Debt Service	-	757,381	757,381
Endowments	399,873	-	399,873
Unrestricted	1,010,056	5,451,384	6,461,440
TOTAL NET ASSETS	\$ 37,565,609	\$ 24,767,367	\$ 62,332,975

See the accompanying notes to the financial statements

ALPINE CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 516,735	\$ 74,249	\$ -	\$ 43,680
Public Safety	1,544,737	239,458	5,254	-
Streets	1,148,139	-	-	520,319
Parks and Recreation	347,220	38,355	-	21,504
Cemetery	139,489	74,510	-	-
Interest on Long-Term Debt	80,195	-	-	-
Total Governmental Activities	3,776,515	426,572	5,254	585,503
Business-type Activities				
Water	582,585	533,925	-	96,026
Sewer	648,799	529,849	-	72,243
Pressurized Irrigation	863,229	767,709	-	74,067
Garbage	405,679	433,428	-	-
Storm Drain	86,702	102,968	-	33,944
Total Business-type Activities	2,586,994	2,367,879	-	276,280
TOTAL PRIMARY GOVERNMENT	\$ 6,363,509	\$ 2,794,450	\$ 5,254	\$ 861,782

General Revenues
Property Taxes
Vehicle Taxes
Sales Taxes
Franchise Taxes
Unrestricted Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

See the accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (398,806)	-	\$ (398,806)
(1,300,025)	-	(1,300,025)
(627,820)	-	(627,820)
(287,361)	-	(287,361)
(64,979)	-	(64,979)
(80,195)	-	(80,195)
<u>(2,759,186)</u>	<u>-</u>	<u>(2,759,186)</u>
-	47,366	47,366
-	(46,707)	(46,707)
-	(21,453)	(21,453)
-	27,749	27,749
<u>-</u>	<u>50,210</u>	<u>50,210</u>
<u>-</u>	<u>57,165</u>	<u>57,166</u>
<u>(2,759,186)</u>	<u>57,165</u>	<u>(2,702,020)</u>
820,400	-	820,400
85,524	-	85,524
980,320	-	980,320
624,386	-	624,386
82,564	150,755	233,318
39,556	-	39,556
98,050	(98,050)	-
<u>2,730,800</u>	<u>52,705</u>	<u>2,783,504</u>
(28,387)	109,870	81,484
<u>37,593,996</u>	<u>24,657,497</u>	<u>62,251,493</u>
<u>\$ 37,565,609</u>	<u>\$ 24,767,367</u>	<u>\$ 62,332,977</u>

ALPINE CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	Governmental-type Activities			
	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 535,469	\$ -	\$ -	\$ 535,469
Accounts Receivable	1,010,944	-	-	1,010,944
Restricted Cash	547,646	1,961,680	858,554	3,367,880
TOTAL ASSETS	\$ 2,094,059	\$ 1,961,680	\$ 858,554	\$ 4,914,293
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 139,751	\$ -	\$ 6,240	\$ 145,991
Compensated Absences	70,145	-	-	70,145
Developer Completion Bonds Payable	80,630	-	-	80,630
Infrastructure Protection Bonds Payable	-	502,597	-	502,597
Open Space Bonds Payable	-	70,200	-	70,200
Deferred Revenue	844,610	-	-	844,610
TOTAL LIABILITIES	1,135,136	572,797	6,240	1,714,173
FUND EQUITY				
Restricted for				
Class C Roads	501,810	-	-	501,810
Capital Projects	-	1,388,883	452,441	1,841,324
Endowments	-	-	399,873	399,873
Unrestricted	457,113	-	-	457,113
TOTAL FUND EQUITY	958,923	1,388,883	852,314	3,200,120
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,094,059	\$ 1,961,680	\$ 858,554	\$ 4,914,293

See the accompanying notes to the financial statements

ALPINE CITY

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

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 3,200,120

Amounts reported for governmental activities in the statement of net assets are different because

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. 33,867,152

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 844,610

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (346,271)

TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 37,565,611

ALPINE CITY

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

	Governmental-type Activities			
	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,492,269	\$ -	\$ -	\$ 2,492,269
Licenses and Permits	141,618	-	-	141,618
Intergovernmental	316,186	-	-	316,186
Charge for Services	153,415	-	49,935	203,350
Fines and Forfeitures	81,603	-	-	81,603
Interest	28,302	37,221	17,041	82,564
Miscellaneous	34,369	5,182	6	39,557
TOTAL REVENUES	3,247,762	42,403	66,982	3,357,147
EXPENDITURES				
General Government	444,771	-	43,680	488,451
Public Safety	1,535,696	-	-	1,535,696
Streets	306,498	-	-	306,498
Parks and Recreation	267,474	-	-	267,474
Cemetery	92,361	-	37,604	129,965
Capital Outlay	331,991	313,979	11,340	657,310
Debt Service	-	-	-	-
Interest and Finance Charges	66,524	30,519	-	97,043
TOTAL EXPENDITURES	3,045,315	344,498	92,624	3,482,437
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	202,447	(302,095)	(25,642)	(125,290)
OTHER FINANCING SOURCES (USES)				
Impact Fees	-	-	97,327	97,327
Transfers from Other Funds	122,691	300,000	-	422,691
Transfer to Other Funds	(324,641)	-	-	(324,641)
TOTAL OTHER FINANCING SOURCES (USES)	(201,950)	300,000	97,327	195,377
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	497	(2,095)	71,685	70,087
BEGINNING FUND BALANCE	958,426	1,390,979	780,629	3,130,034
ENDING FUND BALANCE	\$ 958,923	\$ 1,388,884	\$ 852,314	\$ 3,200,121

See the accompanying notes to the financial statements

ALPINE CITY

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

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER
EXPENDITURES AND USES - TOTAL GOVERNMENTAL FUNDS \$ 70,086

*Amounts reported for governmental activities in the statement of activities
are different because*

Property taxes will not be collected for several months after the City's fiscal
year end. They are not considered to be available revenues in the governmental
funds. Deferred property tax revenues increased by this amount this year. 18,361

Governmental funds report capital outlays as expenditures. In the statement
of activities the cost of those assets is allocated over their estimated useful
lives as depreciation expense. This is the amount by which capital outlays
exceeded depreciation in the current period. (146,261)

Issuance of long-term debt provides current financial resources to governmental
funds. The repayment of the principal of long-term debt consumes the
current financial resources of governmental funds. This amount is the net
difference in the treatment of long-term debt and related items. 16,848

Some revenues and expenses reported in the statement of activities do not add
to or require the use of current financial resources and, therefore, are not
reported as revenues or expenditures in the governmental funds. 12,579

CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS \$ (28,387)

ALPINE CITY
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

<u>REVENUES</u>	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Taxes	\$ 2,268,250	\$ 2,268,250	\$ 2,492,269	\$ 224,019
Licenses and Permits	301,195	301,195	141,618	(159,577)
Intergovernmental	224,500	246,225	316,186	69,961
Charge for Services	140,600	140,600	153,415	12,815
Fines and Forfeitures	71,000	71,000	81,603	10,603
Interest	24,070	50,070	28,302	(21,768)
Miscellaneous	-	-	34,369	34,369
TOTAL REVENUES	3,029,615	3,077,340	3,247,762	170,422
<u>EXPENDITURES</u>				
General Government	448,265	482,895	444,771	38,124
Public Safety	1,594,500	1,574,500	1,535,696	38,804
Streets	353,185	733,085	306,498	426,587
Parks and Recreation	324,455	314,455	267,474	46,981
Cemetery	89,310	104,310	92,361	11,949
Capital Outlay	223,000	390,000	331,991	58,009
Interest	10,000	20,000	66,524	(46,524)
TOTAL EXPENDITURES	3,042,715	3,619,245	3,045,315	573,930
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(13,100)	(541,905)	202,447	744,352
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds	11,000	102,500	122,691	20,191
Transfer to Other Funds	-	(300,000)	(324,641)	(24,641)
TOTAL OTHER FINANCING SOURCES (USES)	11,000	(197,500)	(201,950)	(4,450)
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	(2,100)	(739,405)	497	739,902
FUND BALANCE ALLOCATION	2,100	739,405	-	(739,405)
EXCESS (DEFICIT) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ -	\$ 497	\$ 497

See the accompanying notes to the financial statements

ALPINE CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Water	Sewer	Garbage	Pressure Irrigation	Storm Drain	
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 2,536,061	\$ 574,393	\$ -	\$ 2,606,970	\$ 116,337	\$ 5,833,761
Accounts Receivable, Net of Allowance for Uncollectible	28,905	55,181	-	73,792	8,734	166,612
TOTAL CURRENT ASSETS	2,564,966	629,574	-	2,680,762	125,071	6,000,373
NONCURRENT ASSETS						
Restricted Assets						
Cash and Cash Equivalents	208,579	413,633	-	757,381	119,319	1,498,912
Capital Assets						
Water Shares	30,900	-	-	-	-	30,900
Land	219,000	8,000	-	-	164,905	391,905
Building and Structures	169,103	45,971	-	-	-	215,074
Improvements	10,658,884	5,685,498	-	9,994,609	3,283,300	29,622,291
Machinery, Equipment and Vehicles	219,400	134,649	-	73,118	-	427,167
Less Accumulated Depreciation	(2,946,442)	(1,635,394)	-	(1,490,424)	(403,641)	(6,475,901)
TOTAL NONCURRENT ASSETS	8,559,424	4,652,357	-	9,334,684	3,163,883	25,710,347
TOTAL ASSETS	11,124,390	5,281,931	-	12,015,446	3,288,954	31,710,720
LIABILITIES						
CURRENT LIABILITIES						
Accounts Payable	6,634	164,738	-	1,972	609	173,953
Customer Deposits Payable	35,400	-	-	-	-	35,400
Compensated Absences	25,791	22,649	-	18,765	-	67,205
Accrued Interest Payable	-	-	-	80,064	-	80,064
Contingent Liability	44,791	-	-	-	-	44,791
Annexation Reserve	147,576	-	-	-	-	147,576
Current Portion of Long-Term Debt	-	-	-	250,000	-	250,000
TOTAL CURRENT LIABILITIES	260,192	187,387	-	350,801	609	798,989
NONCURRENT LIABILITIES						
Bonds Payable	-	-	-	6,144,365	-	6,144,365
TOTAL NONCURRENT LIABILITIES	-	-	-	6,144,365	-	6,144,365
TOTAL LIABILITIES	260,192	187,387	-	6,495,166	609	6,943,354
NET ASSETS						
Investment in Capital Assets, Net of Related Debt	8,350,845	4,238,724	-	2,182,938	3,044,564	17,817,071
Restricted for						
Capital Projects	208,579	413,633	-	-	119,319	741,531
Debt Service	-	-	-	757,381	-	757,381
Unrestricted	2,304,774	442,187	-	2,579,961	124,462	5,451,384
TOTAL NET ASSETS	\$ 10,864,198	\$ 5,094,544	\$ -	\$ 5,520,280	\$ 3,288,345	\$ 24,767,367

See the accompanying notes to the financial statements

ALPINE CITY

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

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Water	Sewer	Garbage	Pressure Irrigation	Storm Drain	
OPERATING REVENUES						
Charge for Services	\$ 487,020	\$ 528,224	\$ 433,428	\$ 765,187	\$ 90,884	\$ 2,304,743
Connection Fees	1,485	1,625	-	1,322	-	4,432
Miscellaneous	45,420	-	-	1,200	12,084	58,704
TOTAL OPERATING REVENUES	533,925	529,849	433,428	767,709	102,968	2,367,879
OPERATING EXPENSES						
Salaries, Wages and Benefits	224,277	197,833	37,053	171,194	-	630,357
Operations	122,493	339,098	368,626	144,804	8,773	983,794
Depreciation	235,815	111,868	-	211,958	77,929	637,569
TOTAL OPERATING EXPENSES	582,585	648,799	405,679	527,956	86,702	2,251,721
OPERATING INCOME (LOSS)	(48,660)	(118,950)	27,749	239,753	16,266	116,158
NON-OPERATING REVENUES (EXPENSES)						
Impact Fees	9,882	8,550	-	22,206	11,600	52,238
Interest Income	53,241	23,431	1,331	69,567	3,185	150,755
Interest Expense	-	-	-	(335,273)	-	(335,273)
TOTAL NON-OPERATING REVENUES (EXPENSES)	63,123	31,981	1,331	(243,500)	14,785	(132,280)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	14,463	(86,969)	29,080	(3,747)	31,051	(16,122)
Capital Contributions	86,144	63,693	-	51,861	22,344	224,042
Transfers from Other Funds	-	-	-	-	11,190	11,190
Transfers to Other Funds	(6,000)	(3,500)	(99,740)	-	-	(109,240)
CHANGE IN NET ASSETS	94,607	(26,776)	(70,660)	48,114	64,585	109,870
TOTAL NET ASSETS AT BEGINNING OF YEAR	10,769,591	5,121,320	70,660	5,472,166	3,223,760	24,657,497
TOTAL NET ASSETS AT END OF YEAR	\$ 10,864,198	\$ 5,094,544	\$ -	\$ 5,520,280	\$ 3,288,345	\$ 24,767,367

See the accompanying notes to the financial statements

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

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Water	Sewer	Garbage	Pressure Irrigation	Storm Drain	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 529,463	\$ 527,112	\$ 473,676	\$ 763,178	\$ 102,584	\$ 2,396,013
Payment to Suppliers	(128,236)	(234,729)	(398,456)	(145,948)	(8,164)	(915,533)
Payment to Employees	(224,178)	(198,325)	(40,271)	(170,857)	-	(633,631)
NET CASH FLOWS FROM OPERATING ACTIVITIES	177,049	94,058	34,949	446,373	94,420	846,849
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer to/from other funds	(6,000)	(3,500)	(99,740)	-	11,190	(98,050)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(6,000)	(3,500)	(99,740)	-	11,190	(98,050)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Impact Fees	9,882	8,550	-	22,206	11,600	52,238
Acquisition of Capital Assets	(1,102)	(493,390)	-	(41,738)	-	(536,230)
Debt Payment	-	-	-	(233,362)	-	(233,362)
Interest Expense	-	-	-	(338,066)	-	(338,066)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	8,780	(484,840)	-	(590,960)	11,600	(1,055,420)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Income	53,241	23,431	1,331	69,567	3,185	150,755
NET CASH FLOWS FROM INVESTING ACTIVITIES	53,241	23,431	1,331	69,567	3,185	150,755
NET CHANGE IN CASH AND CASH EQUIVALENTS	233,070	(370,851)	(63,460)	(75,020)	120,396	(155,866)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,511,570	1,358,877	63,460	3,439,371	115,261	7,488,539
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,744,640	\$ 988,026	\$ -	\$ 3,364,351	\$ 235,657	\$ 7,332,673

See the accompanying notes to the financial statements

ALPINE CITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Water	Sewer	Garbage	Pressure Irrigation	Storm Drain	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (48,660)	\$ (118,950)	\$ 27,749	\$ 239,753	\$ 16,266	\$ 116,158
Adjustments						
Depreciation	235,815	111,868	-	211,958	77,929	637,570
Changes in Net Assets						
Accounts Receivable, Net	(3,262)	(2,737)	40,248	(4,531)	(384)	29,334
Accounts Payable	(5,743)	104,369	(29,830)	(1,144)	609	68,261
Customer Deposits Payable	(1,200)	-	-	-	-	(1,200)
Compensated Absences	99	(492)	(3,218)	337	-	(3,274)
NET CASH FLOW FROM OPERATING ACTIVITIES	\$ 177,049	\$ 94,058	\$ 34,949	\$ 446,373	\$ 94,420	\$ 846,849
NONCASH TRANSACTIONS						
Contributions of Capital Assets from Developers	\$ 86,144	\$ 63,693	\$ -	\$ 51,861	\$ 22,344	\$ 224,042

See the accompanying notes to the financial statements

ALPINE CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Alpine City, Utah (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of the City's accounting policies.

Financial Reporting Entity

Alpine City was incorporated in 1855 under the laws of the State of Utah. The City is a municipal corporation governed by an elected five-member Council and Mayor. The City provides municipal services under the following organizational structure:

General Government: Mayor and City Council, City Administrator, Justice Court, Treasurer and Recorder

Public Safety: Police, Fire and Emergency Medical Services, (through Lone Peak Public Safety District), Building Inspection, Planning and Zoning

Public Works: Streets, Water, Sewer, Garbage, Pressurized Irrigation and Storm Drains

Parks and Recreation: Parks, Cemetery and Recreation

Government-wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the primary government 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 inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 - (CONTINUED)

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.

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. 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 as 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 (within sixty days) 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.

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 to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

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* accounts for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

The *water fund* accounts for the activities of the City's water production, treatment and distribution operations.

The *sewer fund* accounts for the activities of the City's sewer treatment operations.

The *garbage fund* accounts for the activities of the City's solid waste collection operations.

The *pressurized irrigation fund* accounts for the activities of the City's pressurized irrigation distribution operations.

The *storm drain fund* accounts for the activities of the City's storm drain operations.

Activities of these funds include administration, operations and maintenance of the water, sewer and pressurized irrigation systems, and billing and collection. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for all enterprise fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the funds.

NOTE 1 - (CONTINUED)

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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 include 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 Fund Equity

Cash and cash equivalents

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 (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the City's cash in 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 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.

Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net assets and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted.

Capital assets

Capital assets, which include land, buildings, improvements, 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 and in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at the date of the gift, if donated.

Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Classification</u>	<u>Range of Lives</u>
Buildings and structures	20-50 years
Improvements and infrastructure	10-50 years
Machinery, equipment and vehicles	5-15 years

NOTE 1 - (CONTINUED)

Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid. Compensated leave time may be accrued up to 160 hours. The accumulated sick leave is earned at a rate of one day per month. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate up to 90 days of sick leave. Employees who retire are paid 25% of accumulated sick leave at retirement. The City will pay the cost of the employee's health insurance for one month for every two days of sick leave remaining after the cash payout.

Long-term liabilities

In the government-wide financial statements, and in the 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 and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designations of unreserved fund balances are not required by law or accounting principles, but are further classifications of fund equity to identify funds which are earmarked by the City's management for specific purposes. These represent tentative management plans that are subject to change.

Net assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Inter-Fund Transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc. . These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Deferred Revenue

Property taxes due November 30, 2009 and unpaid from 2008 are shown as deferred revenue.

NOTE 1 - (CONTINUED)

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 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 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 Asset Differences

When capital assets (land, buildings, improvements and equipment) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net assets. The details of these differences are presented below:

Land	\$ 18,738,494
Buildings and Structures	1,548,867
Improvements and Infrastructure	23,782,267
Machinery, Equipment and Vehicles	765,230
Less Accumulated Depreciation	<u>(10,967,707)</u>
Net Capital Asset Difference	<u>\$ 33,867,151</u>

Other Long-Term Asset Differences

Property taxes due in November 2009 are reported as deferred revenues in the governmental fund balance sheet. However, they are reported as current year revenues in the statement of net assets. The details of these differences are presented below:

Property taxes collectible in November 2009	<u>\$ 844,610</u>
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Long-Term Liability Differences

Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net assets. The details of these differences are presented below:

Accrued Interest	\$ (1,433)
Lease Payable	(54,605)
Long-Term Compensated Absences	<u>(290,233)</u>
Net Long-Term Liability Difference	<u>\$ (346,271)</u>

NOTE 2 - (CONTINUED)

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net assets in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Loss on Sale of Asset	\$ (385)
Capital Outlay	674,121
Developer Contributions	177,243
Depreciation Expense	<u>(997,240)</u>
Net Difference	<u>\$ (146,261)</u>

Long-Term Debt Issuance and Repayment Differences

When long-term debt is issued it is reported as an other financing source. Repayments are reported as expenditures in the statement of revenues, expenditures and changes in fund balance. Issuance of debt is reported as a long-term liability and repayments are reported as reductions of those liabilities in the statement of activities. The details of these differences are reported below:

Accrued Interest	\$ 431
Principal Repayments	
Capital Leases	<u>16,417</u>
Net Long-Term Issuance and Repayment Differences	<u>\$ 16,848</u>

Other Revenue and Expense Differences

The change in long-term compensated absences is not reported in the statement of revenues, expenditures and changes in fund balance. This change is reported in the statement of activities. The detail of this difference is reported below:

Change in Long-Term Compensated Absences	<u>\$ 12,579</u>
--	------------------

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to the first regularly scheduled meeting of the City Council in May, the Mayor and the City Manager submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and proposed sources of revenues.

NOTE 3 - (CONTINUED)

Between May 1 and June 22, the City Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 17, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

Under Utah State law, the City's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events.

The Mayor, in conjunction with the appropriate department head, has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution.

A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

Annual budgets for the general fund, all debt service funds and capital projects funds 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 comparisons of actual results to budgets for the general fund and any major special revenue funds.

Tax Revenues

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

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, or annual basis. An accrual has been made for all fees due and payable to the City at June 30th.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Deposits and investments for City government are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7) (The Act) and by rules of the Utah Money Management Council (the Council). Following are discussions of the City's exposure to various risks related to its cash management activities.

NOTE 4 - (CONTINUED)

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2009, none of the City's bank balances of \$197,091 were uninsured and uncollateralized.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City government is authorized to invest in the Utah Public Treasurer's Investment Fund(PTIF), an external pooled investment fund managed by the Utah State Treasurer and subjected to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

The following are the City's investments at June 30, 2009:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			<u>More than 10</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	
State of Utah Public Treasurer's Investment Fund (PTIF)	\$ 10,325,761	\$ 10,325,761	\$ -	\$ -	\$ -
U.S. Treasuries	<u>757,381</u>	<u>757,381</u>	-	-	-
Total Investments	<u>\$ 11,083,142</u>	<u>\$ 11,083,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted above.

NOTE 4 - (CONTINUED)

The deposits and investments described above are included on the statement of net assets as per the following reconciliation:

Deposits	\$ 152,000
Investments	11,083,142
Cash on Hand	<u>880</u>
Total	<u>\$ 11,236,022</u>
Cash and Cash Equivalents	\$ 6,369,230
Restricted Cash and Cash Equivalents	<u>4,866,792</u>
Total	<u>\$ 11,236,022</u>

NOTE 5 - RECEIVABLES

Accounts receivable and the associated allowances for uncollectible accounts at June 30, 2009 are presented in the schedule below.

Property taxes are levied on January 1 of 2009, are due in November of 2009, and are budgeted for the 2009 fiscal year. Even though they are not intended to fund the 2009 fiscal year, they must be recognized as an asset because the City has an enforceable claim to the revenue. The property taxes that have been remitted to the City within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue.

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other items are considered to be measurable and available only when cash is received by the City.

The following is a summary of receivables at June 30, 2009:

	<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-type Total</u>
Accounts Receivable	\$ 46,239	\$ 166,612	\$ 212,851
Property Taxes Receivable	858,754	-	858,754
Class C Road Receivable	69,205	-	69,205
Traffic Fines Receivable	5,527	-	5,527
Franchise Taxes	<u>31,219</u>	<u>-</u>	<u>31,219</u>
Total	<u>\$ 1,010,944</u>	<u>\$ 166,612</u>	<u>\$ 1,177,556</u>

NOTE 6 - CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2009.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 18,708,658	\$ 29,836	\$ -	\$ 18,738,494
Capital Assets being Depreciated				
Buildings and Structures	1,548,867	-	-	1,548,867
Improvements and Infrastructure	23,039,570	742,697	-	23,782,267
Machinery, Equipment and Vehicles	<u>709,419</u>	<u>78,832</u>	<u>(23,021)</u>	<u>765,230</u>
Total	44,006,514	851,365	(23,021)	44,834,858
Less Accumulated Depreciation	<u>(9,993,103)</u>	<u>(997,240)</u>	<u>22,636</u>	<u>(10,967,707)</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,013,411</u>	<u>\$ (145,875)</u>	<u>\$ (385)</u>	<u>\$ 33,867,151</u>

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2009.

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 391,905	\$ -	\$ -	\$ 391,905
Water Shares	30,900	-	-	30,900
Capital Assets being Depreciated				
Buildings and Structures	215,074	-	-	215,074
Improvements and Infrastructure	28,863,665	758,626	-	29,622,291
Machinery, Equipment and Vehicles	<u>425,522</u>	<u>1,645</u>	<u>-</u>	<u>427,167</u>
Total	29,927,066	760,271	-	30,687,337
Less Accumulated Depreciation	<u>(5,838,332)</u>	<u>(637,569)</u>	<u>-</u>	<u>(6,475,901)</u>
Business-type Activities Capital Assets, Net	<u>\$ 24,088,734</u>	<u>\$ 122,702</u>	<u>\$ -</u>	<u>\$ 24,211,436</u>

Depreciation was charged to the functions/programs of the primary government as follows:

Government Activities	
General Government	\$ 29,824
Streets	847,783
Parks and Recreation	94,927
Cemetery	<u>24,706</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 997,240</u>
Business-type Activities	
Water	\$ 235,815
Sewer	111,868
Pressurized Irrigation	211,958
Storm Drain	<u>77,929</u>
Total Depreciation Expense-Business-type Activities	<u>\$ 637,569</u>

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts Payable	\$ 145,991	\$ 173,953
Customer Deposits Payable	-	35,400
Accrued Interest Payable	1,433	80,064
Developer Completion Bonds Payable	80,630	-
Infrastructure Protection Bonds Payable	502,597	-
Open Space Bonds Payable	70,200	-
Contingent Liability	-	44,791
Annexation Reserve Payable	-	<u>147,576</u>
Total Accounts Payable and Accrued Liabilities	<u>\$ 800,851</u>	<u>\$ 481,784</u>

The City collects deposits from those wishing to develop subdivisions within the City. The City also collects deposits from developers to ensure that the City's infrastructure is protected during construction. These amounts are deposited into the City's bank account. The original deposit and any interest earned on the accounts is returned to the developer after the related project is completed.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The City is involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury and civil rights violations, and disputes over development fees. The policy of the City is to vigorously defend all claims against the City. The insurance company covers most costs to defend the City against claims. However, the City has accrued contingent liabilities to cover potential losses which may arise from the various lawsuits and claims which may not be fully covered by insurance. At June 30, 2009, \$44,791 remained on the books for potential losses.

NOTE 9 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Capital Leases					
2007 Tymco Street Sweeper	\$ 71,022	\$ -	\$ (16,417)	\$ 54,605	\$ 17,279
Compensated Absences	<u>363,487</u>	<u>-</u>	<u>(3,109)</u>	<u>360,378</u>	<u>70,145</u>
	<u>\$ 434,509</u>	<u>\$ -</u>	<u>\$ (19,526)</u>	<u>\$ 414,983</u>	<u>\$ 87,424</u>
<u>Business-type Activities</u>					
Revenue Bonds					
2001 Water	\$ 6,745,000	\$ -	\$ (240,000)	\$ 6,505,000	\$ 250,000
Compensated Absences	<u>70,479</u>	<u>-</u>	<u>(3,274)</u>	<u>67,205</u>	<u>67,205</u>
	<u>\$ 6,815,479</u>	<u>\$ -</u>	<u>\$ (243,274)</u>	6,572,205	<u>\$ 317,205</u>
Unamortized Bond Issuance Costs and Discounts				<u>(110,635)</u>	
				<u>\$ 6,461,570</u>	

NOTE 9 - (CONTINUED)

Long-term debt and obligations payable at June 30, 2009 were as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
Leases Payable				
Tymco Street Sweeper	5.25%	2012	\$ 17,279	\$ 37,326
Compensated Absences			<u>70,145</u>	<u>290,233</u>
Total Governmental Activities Long-term Debt			<u>\$ 87,424</u>	<u>\$ 327,559</u>
<u>Business-type Activities</u>				
<u>Bonds Payable</u>				
Water Revenue Bonds, Series 2001, Dated March 15, 2001, (original amount-- \$8,905,000)	3.20% to 5.25%	2026	\$ 250,000	\$ 6,255,000
Compensated Absences			67,205	-
Unamortized Bond Issuance Costs and Discounts			-	<u>(110,635)</u>
Total Business-type Activities Long-term Debt			<u>\$ 317,205</u>	<u>\$ 6,144,365</u>

The revenue bonds were issued to create a pressurized irrigation system and to improve the water system. The City pledges income derived from the constructed assets to repay the revenue bonds.

Principal and interest requirements to retire the City's long-term obligations are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Government-wide</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 17,279	\$ 2,867	\$ 250,000	\$ 320,258	\$ 267,279	\$ 323,125
2011	18,186	1,960	260,000	308,418	278,186	310,378
2012	19,140	1,005	275,000	295,953	294,140	296,958
2013	-	-	290,000	281,828	290,000	281,828
2014	-	-	300,000	266,703	300,000	266,703
2015-2019	-	-	1,770,000	1,076,076	1,770,000	1,076,076
2020-2024	-	-	2,275,000	567,975	2,275,000	567,975
2025-2026	-	-	<u>1,085,000</u>	<u>54,873</u>	<u>1,085,000</u>	<u>54,873</u>
	<u>\$ 54,605</u>	<u>\$ 5,832</u>	<u>\$ 6,505,000</u>	<u>\$ 3,172,084</u>	<u>\$ 6,559,605</u>	<u>\$ 3,177,916</u>

NOTE 10 - RESERVED FUND EQUITY

The Class "C" Roads allotment from the state excise tax is reserved for construction and maintenance of City streets and roads. The City's bond covenants require certain reservations of retained earnings in the water and sewer funds. Utah State statute requires unexpended impact fees held at year-end to be reserved for future expansion in the charging department or fund. A perpetual trust fund is designed to provide future operating costs for the cemetery. Funds are collected at the time a lot is sold and a percentage of the fee is transferred to the trust fund. In addition, funds have been designated for various capital projects.

NOTE 11 - RETIREMENT PLANS

Plan Description

Alpine City contributes to the Local Governmental Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

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 Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy

In the Local Governmental Noncontributory Retirement System, Alpine City is required to contribute 11.62% of plan members' annual covered salary. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Alpine City's contributions to the Local Governmental Noncontributory Retirement System for the years ending June 30, 2009, 2008, and 2007 were \$92,708, \$88,313 and \$83,868, respectively. The contributions were equal to the required contributions for each year.

NOTE 12 - DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by Utah Retirement Systems under the Internal Revenue Code Section 401(k) for some City employees covered by the State's contributory retirement plans. The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City participates at rates between 0% and 8.25% depending on the employee's contributions. The rate of City participation can be changed by the City Council. During the years ended June 30, 2009, 2008, and 2007 contributions totaling \$22,630, \$31,495, and \$30,073, respectively were made to the plan by employees and \$8,675, \$20,869, and \$21,243, respectively by the City.

The City sponsors a defined contribution deferred compensation plan administered by the Utah Retirement Systems under the Internal Revenue Code Section 457 for city employees covered by the State's noncontributory retirement plans. The plan, available to certain permanent full and some part-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. During the years ended June 30, 2009, 2008 and 2007 contributions totaling \$4,050, \$1,900 and \$1,300 respectively, were made to the plan by employees.

NOTE 13 - RISK MANAGEMENT

Alpine City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other governments in the State of Utah to form the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The City pays an annual premium to ULGT for its general insurance coverage.

The City also carries comprehensive general liability insurance coverage through a commercial insurance company. Settled claims from this risk type have not exceeded coverage in any of the past three fiscal years.

NOTE 14 - OPERATING TRANSFER RECONCILIATION

The operating transfers among the funds were as follows:

	<u>In</u>	<u>Out</u>
General Fund \$ 122,691	\$ 324,641	
Capital Improvements	300,000	-
Water	-	6,000
Sewer	-	3,500
Garbage	-	99,740
Storm Drain	<u>11,190</u>	<u>-</u>
	<u>\$ 433,881</u>	<u>\$ 433,881</u>

SUPPLEMENTARY INFORMATION

ALPINE CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Capital Projects - Impact Fees	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS			
Restricted Cash and Cash Equivalents	\$ 458,681	\$ 399,873	\$ 858,554
TOTAL ASSETS	\$ 458,681	\$ 399,873	\$ 858,554
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 6,240	\$ -	\$ 6,240
TOTAL LIABILITIES	6,240	-	6,240
FUND BALANCE			
Reserved			
Capital Projects	452,441	-	452,441
Endowments	-	399,873	399,873
TOTAL EQUITY	452,441	399,873	852,314
TOTAL LIABILITIES AND FUND EQUITY	\$ 458,681	\$ 399,873	\$ 858,554

ALPINE CITY

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

	Capital Projects - Impact Fees	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES			
Charges for Services	\$ -	\$ 49,935	\$ 49,935
Interest	9,097	7,944	17,041
Miscellaneous	-	6	6
TOTAL REVENUES	9,097	57,885	66,982
EXPENDITURES			
General Government	43,680		43,680
Cemetery	-	37,604	37,604
Capital Outlay	11,340	-	11,340
TOTAL EXPENDITURES	55,020	37,604	92,624
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(45,923)	20,281	(25,641)
OTHER FINANCING SOURCES (USES)			
Impact Fees	97,327	-	97,327
TOTAL OTHER FINANCING SOURCES (USES)	97,327	-	97,327
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	51,404	20,281	71,685
BEGINNING FUND BALANCE	401,037	379,592	780,629
ENDING FUND BALANCE	\$ 452,441	\$ 399,873	\$ 852,314

STATE LEGAL COMPLIANCE REPORT

GREG ODGEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801) 489-8408

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

September 29, 2009

The Honorable Mayor
Members of the City Council
Alpine City, Utah

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Alpine City, Utah, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued my report thereon dated September 29, 2009. As part of my audit, I have audited Alpine City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2009. The City received the following major State assistance programs from the State of Utah:

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

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

Public Debt	Other General Issues
Cash Management	Uniform Building Code Standards
Purchasing Requirements	Liquor Law Enforcement
Budgetary Compliance	Justice Court
Truth in Taxation and Property	Impact Fees
Tax Limitations	Asset Forfeiture
Class C Road Funds	Utah Retirement System
Special Districts	

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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

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

The results of my audit procedures disclosed an immaterial instance of noncompliance with the requirements referred to above which is described in the accompanying management letter. I considered this instance of noncompliance in forming my opinion on compliance, which is expressed in the following paragraph.

In my opinion, Alpine City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2009.

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

 CPA
Greg Ogden
Certified Public Accountant

GOVERNMENT AUDITING STANDARDS REPORT

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

September 29, 2009

Honorable Mayor
Members of the City Council
Alpine City, Utah

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alpine City, Utah (City), which collectively comprise the City's basic financial statements and have issued my report thereon dated September 29, 2009. I conducted my 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 my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions 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, I 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 City'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 City's financial statements that is more than inconsequential will not be prevented or detected by the City'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 City's internal control.

My consideration of the 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 the internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

I noted certain matters that I reported to the City's management in the management letter dated September 29, 2009.

This report is intended solely for the information of the audit committee, the City's management, others within the organization, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.


Greg Ogden
Certified Public Accountant