MONA CITY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2007

MONA CITY, UTAH

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INDEPENDENT AUDITOR'S REPORT

September 26, 2007

Honorable Mayor
Members of the City Council
Mona 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 Mona City, Utah (City) as of and for the year ended June 30, 2007, which collectively comprise the 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, 2007, and the respective changes in financial position and cash flows, where applicable thereof of those activities and funds, 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 26, 2007 on my consideration of Mona City, Utah's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 State 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 an opinion on the financial statements that collectively comprise Mona City's basic financial statements. The combining nonmajor fund statements and the schedule of impact fees 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. The schedule of impact fees has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.

Greg Ogden CPA

Greg Ogden,
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mona City
Management's Discussion and Analysis
June 30, 2007

As management of Mona City (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2007.

FINANCIAL HIGHLIGHTS

*Total net assets for the City as a whole increased by $247,261.

*Total unrestricted net assets for the City as a whole increased by $122,789.

*Total net assets for governmental activities increased by $64,220.

*Total net assets for business-type activities increased by $183,041.

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Mona City. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a 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 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 revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

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 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 two categories: governmental funds and proprietary funds.

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

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 government 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 government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds, the general fund and a capital projects fund.

The City adopts an annual appropriated budget for its general and cemetery perpetual care funds A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses two enterprise funds to account for the operations of the water utilities and natural gas utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the City.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City.

FINANCIAL ANALYSIS

Mona City's Net Assets

	Governmental Activities		Business-type Activities			
	Current Year	Previous Year	Current Year	Previous Year	Total Current Year	Total Previous Year
Current and other assets	$ 416,263	293,521	664,869	493,891	1,081,131	787,412
Net capital assets	3,139,985	3,196,948	2,199,913	2,256,034	5,339,897	5,452,982
Total assets	**3,556,247**	**3,490,468**	**2,864,781**	**2,749,925**	**6,421,029**	**6,240,393**
Current liabilities	11,390	9,830	33,446	35,513	44,836	45,344
Long-term liabilities	-	-	910,329	976,447	910,329	976,447
Total liabilities	**11,390**	**9,830**	**943,775**	**1,011,960**	**955,165**	**1,021,791**
Net assets:						
Capital assets, net of debt	3,139,985	3,196,948	1,289,584	1,279,587	4,429,568	4,476,535
Restricted	247,172	121,254	223,766	178,246	470,938	299,500
Unrestricted	157,701	162,437	407,657	280,132	565,357	442,568
Total net assets	**$ 3,544,858**	**3,480,638**	**1,921,006**	**1,737,965**	**5,465,864**	**5,218,603**

As noted above, net assets may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by $5,465,864, an increase of $247,261 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net assets at the end of the year are $565,357, which represents an increase of $122,789 from the previous year. Unrestricted net assets are those available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other assets due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

FINANCIAL ANALYSIS (continued)

Mona City's Change in Net Assets

	Governmental Activities		Business-type Activities			
	Current Year	Previous Year	Current Year	Previous Year	Total Current Year	Total Previous Year
Program revenues:						
Charges for services	$ 123,438	99,230	612,545	570,784	735,983	670,014
Operating grants	53,254	49,189	-	-	53,254	49,189
Capital grants	55,579	58,886	64,806	229,184	120,385	288,071
General revenues:						
Property taxes	63,233	92,313	-	-	63,233	92,313
Sales tax	123,969	100,800	-	-	123,969	100,800
Other taxes	200	(126)	-	-	200	(126)
Other revenues	44,017	25,304	-	-	44,017	25,304
Total revenues	**463,690**	**425,597**	**677,351**	**799,968**	**1,141,041**	**1,225,565**
Expenses:						
General government	101,308	71,360	-	-	101,308	71,360
Public safety	106,424	65,624	-	-	106,424	65,624
Highways and improvements	74,389	57,601	-	-	74,389	57,601
Sanitation	70,252	70,035	-	-	70,252	70,035
Parks and recreation	34,046	43,853	-	-	34,046	43,853
Cemetery	13,051	8,338	-	-	13,051	8,338
Interest on long-term debt	-	-	43,880	51,638	43,880	51,638
Water	-	-	107,805	114,655	107,805	114,655
Natural gas	-	-	342,624	343,571	342,624	343,571
Total expenses	**399,471**	**316,812**	**494,309**	**509,864**	**893,780**	**826,676**
Change in net assets	**$ 64,220**	**108,785**	**183,041**	**290,104**	**247,261**	**398,889**

For the City as a whole, total revenues decreased by $84,524 compared to the previous year, while total expenses increased by $67,104. The total net change of $247,261 is, in private sector terms, the net income for the year which is $151,628 less than the previous year's net change (net income).

Governmental activities revenues of $463,690 is $38,093 more than the previous year. Property taxes decreased but sales taxes, building permits and interest income increased. Governmental activities expenses of $399,471 is $82,658 more than the previous year. However, this increase includes the transfer of fire buildings and land having a net book value of $80,455 to the Juab County Special Fire District which is included above in the public safety expense. Exclusive of this transfer, governmental activities expenses increased by $2,204.

Business-type activities revenue of $677,351 is $122,617 less than the previous year. This overall decrease results from lower grant receipts. Customer charges for services increased by $41,761 because of increased utility service connections. Business-type activities expenses of $494,309 were less than the previous year by $15,554. All areas of business activity costs were slightly lower.

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net assets and any restrictions on those amounts is described below:

General Fund

The fund balance of $200,531 reflects an increase of $43,447 from the previous year. Total revenues increased by $78,039. Tax revenues, including property taxes and sales taxes increased by $31,053. Intergovernmental revenue increased by $4,065. All other revenues increased by $42,921.

Total expenditures increased by $16,879. Current expenditure changes by department (excluding capital outlay related to that department) were as follows: administrative increased by $28,326, public safety increased by $567, streets and highways increased by $2,051, and parks and recreation increased by $6,009 . Total expenditures for capital outlay for all departments decreased by $8,056.

Net assets restricted for Class C roads amount to $92,236. The unreserved fund balance is $108,295.

Water Fund

Net operating income for the year was $61,190 compared to the previous year amount of $22,350. The change in net assets (net income) was $97,500 compared to the previous year's amount of $212,868. However, there were developer contributions in the amount of $179,761 in the previous year while there were no developer contributions to the water fund this year.

The amount restricted for debt service is $166,131. Unrestricted net assets amount to $229,219.

Natural Gas Fund

Net operating income for the year was $104,676 compared to the previous year amount of $90,208. The change in net assets (net income) was $85,442 compared to the previous year's amount of $77,237. Unrestricted net assets amount to $236,073.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers, were originally budgeted in the amount of $315,200. There were no changes in budgeted amounts during the year. Actual revenues for the current year, exclusive of transfers, amounted to $401,728 which was $86,528 more than budgeted. Increases in property tax, sales tax and building permits provided the difference.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of $315,200. Again, there were no changes in budgeted amounts during the year. Actual expenditures, excluding transfers, amounted to $283,280 which was $31,920 under the budgeted amount. All department's spending was less than budgeted. A transfer of $75,000 was made from the general fund to the capital projects fund during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Mona City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities			
	Current Year	Previous Year	Current Year	Previous Year	Total Current Year	Total Previous Year
Net Capital Assets:						
Land	$ 2,058,019	2,059,019	1,780	1,780	2,059,799	2,060,799
Water shares and rights	-	-	291,330	291,330	291,330	291,330
Buildings	90,489	149,951	-	-	90,489	149,951
Improvements	1,301,342	1,262,330	-	-	1,301,342	1,262,330
Water distribution system	-	-	1,881,792	1,881,792	1,881,792	1,881,792
Gas distribution system	-	-	594,456	594,456	594,456	594,456
Machinery and equipment	15,981	15,981	-	-	15,981	15,981
Total	3,465,831	3,487,281	2,769,357	2,769,357	6,235,188	6,256,638
Less accumulated depreciation	(325,846)	(290,333)	(569,445)	(513,324)	(895,291)	(803,656)
Net capital assets	**$ 3,139,985**	**3,196,948**	**2,199,913**	**2,256,034**	**5,339,897**	**5,452,982**

The total amount of capital assets, net of depreciation, of $5,339,897 is a decrease of $113,084 from the previous year.

Governmental activities capital assets, net of depreciation, of $3,139,985 represents a decrease of $56,963 from the previous year. Assets added during the year in the total amount of $83,619 were improvements to the City office building and a fire building. The City transferred its fire buildings and related land having a net book value of $80,455 to the Juab County Special Fire District. Depreciation charged during the year on business type activity assets amounted to $60,126.

Business-type activities capital assets, net of depreciation, of $2,199,913 decreased during the year by $56,121 which is the amount of depreciation charged on these assets. There were no additions or retirements of this type asset during the year.

Additional information regarding capital assets may be found in the notes to financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Mona City's Outstanding Debt

	Current Year	Previous Year
Business-type activities:		
1999 Water Revenue bond	$ 663,000	686,000
Mona Irrigation Loan	56,250	60,000
General Obligation Natural Gas bond	204,000	249,000
Refunding and Issue Cost	(12,921)	(18,553)
Total business-type	**910,329**	**976,447**
Total outstanding debt	**$ 910,329**	**976,447**

The general obligation bonds are backed by the full faith and credit of the City. They were issued specifically to provide for the construction of the natural gas distribution system. The Natural Gas enterprise fund provides all of the resources for repayment of these bonds.

The water revenue bonds and the loan from Mona Irrigation Co. were issued to provide assets of the culinary water and pressurized irrigation systems respectively. The resources for retirement of these liabilities are provided by the Water enterprise fund.

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the City are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Mona 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 the Mona City Director of Finance, P.O. Box 69, 50 West Center, Mona, UT, 84645.

BASIC FINANCIAL STATEMENTS

MONA CITY, UTAH
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 95,839	$ 409,296	$ 505,135
Accounts Receivable	65,797	31,806	97,603
Prepaid Expenses	7,455	-	7,455
TOTAL CURRENT ASSETS	169,091	441,102	610,193
NONCURRENT ASSETS			
Restricted Assets			
Cash and Cash Equivalents	247,172	223,766	470,938
Capital Assets			
Non Depreciable	2,058,019	293,110	2,351,129
Depreciable Assets (net of Depreciation)	1,081,966	1,906,803	2,988,769
TOTAL NONCURRENT ASSETS	3,387,157	2,423,679	5,810,836
TOTAL ASSETS	3,556,248	2,864,781	6,421,029
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	11,390	33,446	44,836
TOTAL CURRENT LIABILITIES	11,390	33,446	44,836
NONCURRENT LIABILITIES			
Due Within One Year	-	72,750	72,750
Due in more than One Year	-	837,579	837,579
TOTAL NONCURRENT LIABILITIES	-	910,329	910,329
TOTAL LIABILITIES	11,390	943,775	955,165
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	3,139,985	1,289,584	4,429,569
Restricted for			
Debt Service	-	166,131	166,131
Capital Projects	238,686	57,635	296,321
Permanent Fund-Perpetual Care	8,486	-	8,486
Unrestricted	157,701	407,656	565,357
TOTAL NET ASSETS	$ 3,544,858	$ 1,921,006	$ 5,465,864

See the accompanying notes to the financial statements

MONA CITY, UTAH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental Activities				
General Government	$ 101,309	$ 35,840	$ -	$ -
Sanitation	70,252	74,425	-	-
Public Safety	106,424	2,753	492	55,578
Streets	74,389	-	-	52,762
Parks and Recreation	34,046	5,470	-	-
Cemetery	13,051	4,950	-	-
Total Governmental Activities	399,471	123,438	492	108,340
Business-type Activities				
Water	132,451	165,245	-	64,806
Natural Gas	361,857	447,299	-	-
Total Business-type Activities	494,308	612,544	-	64,806
TOTAL PRIMARY GOVERNMENT	$ 893,779	$ 735,982	$ 492	$ 173,146

General Revenues
- Property Taxes
- Vehicle Taxes
- Sales Taxes
- Franchise Taxes
- Unrestricted Investment Earnings
- Miscellaneous

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		
Governmental Activities	Business-type Activities	Total
$ (65,469)	-	$ (65,469)
4,173	-	4,173
(47,601)	-	(47,601)
(21,627)	-	(21,627)
(28,576)	-	(28,576)
(8,101)	-	(8,101)
(167,201)	-	(167,201)
-	97,600	97,600
-	85,442	85,442
-	183,042	183,042
(167,201)	183,042	15,841
50,863	-	50,863
12,370	-	12,370
123,969	-	123,969
200	-	200
40,809	-	40,809
3,209	-	3,209
231,420	-	231,420
64,219	183,042	247,261
3,480,639	1,737,964	5,218,603
$ 3,544,858	$ 1,921,006	$ 5,465,864

MONA CITY, UTAH
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	Governmental-type Activities			
	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 95,839	$ -	$ -	$ 95,839
Restricted Cash	92,236	146,450	8,486	247,172
Accounts Receivable	4,178	-	-	4,178
Taxes Receivable	50,626	-	-	50,626
Class C Road Receivable	10,993	-	-	10,993
Prepaid Expenses	7,455	-	-	7,455
TOTAL ASSETS	$ 261,327	$ 146,450	$ 8,486	$ 416,263
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	$ 11,390	$ -	$ -	$ 11,390
Deferred Revenue	49,406	-	-	49,406
TOTAL LIABILITIES	60,796	-	-	60,796
FUND BALANCE				
Reserved				
Class C Roads	92,236	-	-	92,236
Capital Projects	-	146,450	-	146,450
Perpetual Care	-	-	8,486	8,486
Unreserved	108,295	-	-	108,295
TOTAL FUND EQUITY	200,531	146,450	8,486	355,467
TOTAL LIABILITIES AND FUND EQUITY	$ 261,327	$ 146,450	$ 8,486	$ 416,263

See the accompanying notes to the financial statements

MONA CITY, UTAH

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2007

TOTAL GOVERNMENTAL FUNDS BALANCES	$	355,467
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		3,139,985
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		49,406
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	3,544,858

See the accompanying notes to the financial statements

MONA CITY, UTAH

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Governmental-type Activities			
	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 181,018	$ -	$ -	$ 181,018
Licenses and Permits	38,513	-	-	38,513
Intergovernmental	53,254	-	-	53,254
Charges for Services	84,925	55,578	-	140,503
Interest	40,809	-	-	40,809
Miscellaneous	3,209	-	-	3,209
TOTAL REVENUES	401,728	55,578	-	457,306
EXPENDITURES				
General Government	96,964	-	-	96,964
Sanitation	70,252	-	-	70,252
Public Safety	11,348	59,227	-	70,575
Streets	60,545	-	-	60,545
Parks and Recreation	32,089	-	-	32,089
Cemetery	12,083	-	-	12,083
TOTAL EXPENDITURES	283,281	59,227	-	342,508
EXCESS OF REVENUES OVER EXPENDITURES	118,447	(3,649)	-	114,798
OTHER FINANCING SOURCES (USES)				
Transfer from Other Fund	-	75,000	-	75,000
Transfer to Other Fund	(75,000)	-	-	(75,000)
TOTAL OTHER FINANCING SOURCES (USES)	(75,000)	75,000	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	43,447	71,351	-	114,798
BEGINNING FUND BALANCE	157,084	75,099	8,486	240,669
ENDING FUND BALANCE	$ 200,531	$ 146,450	$ 8,486	$ 355,467

See the accompanying notes to the financial statements

MONA CITY, UTAH

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, 2007

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES - TOTAL GOVERNMENTAL FUNDS	$ 114,798
Amounts reported for governmental activities in the statement of activites 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.	6,384
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 depreciation and contribution of assets exceeded capital outlays in the current period.	(56,963)
CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS	$ 64,219

See the accompanying notes to the financial statements

MONA CITY, UTAH
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
REVENUES				
Taxes	$ 116,200	$ 116,200	$ 181,018	$ 64,818
Licenses and Permits	13,200	14,200	38,513	24,313
Intergovernmental	45,750	45,750	53,254	7,504
Charges for Services	91,050	90,050	84,925	(5,125)
Interest	47,000	47,000	40,809	(6,191)
Miscellaneous	2,000	2,000	3,209	1,209
TOTAL REVENUES	315,200	315,200	401,728	86,528
EXPENDITURES				
General Government	93,000	101,000	96,964	4,036
Sanitation	74,000	84,000	70,252	13,748
Public Safety	17,200	15,200	11,348	3,852
Streets	60,000	64,000	60,545	3,455
Parks and Recreation	46,000	38,000	32,089	5,911
Cemetery	25,000	13,000	12,083	917
TOTAL EXPENDITURES	315,200	315,200	283,281	31,919
EXCESS OF REVENUES OVER EXPENDITURES	-	-	118,447	118,447
OTHER FINANCING SOURCES				
Transfer to Other Fund	-	-	(75,000)	75,000
FUND BALANCE ALLOCATION	-	-	-	-
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	$ -	$ -	$ 43,447	$ 43,447

See the accompanying notes to the financial statements

MONA CITY, UTAH
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Business-type Activities - Enterprise Funds		
	Water	Natural Gas	Total Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 177,510	$ 231,786	409,296
Accounts Receivable	8,030	23,776	31,806
TOTAL CURRENT ASSETS	185,540	255,562	441,102
NONCURRENT ASSETS			
Restricted Assets			
Cash and Cash Equivalents	223,766	-	223,766
Capital Assets			
Land	1,780	-	1,780
Water Shares and Rights	291,330	-	291,330
Improvements	1,881,792	594,456	2,476,248
Less Accumulated Depreciation	(404,245)	(165,200)	(569,445)
TOTAL NONCURRENT ASSETS	1,994,423	429,256	2,423,679
TOTAL ASSETS	2,179,963	684,818	2,864,781
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	-	17,603	17,603
Accrued Interest Payable	13,956	1,887	15,843
Current Portion of Long-Term Debt	26,750	46,000	72,750
TOTAL CURRENT LIABILITIES	40,706	65,490	106,196
NONCURRENT LIABILITIES			
Notes Payable	52,500	-	52,500
Bonds Payable	640,000	145,079	785,079
TOTAL NONCURRENT LIABILITIES	692,500	145,079	837,579
TOTAL LIABILITIES	733,206	210,569	943,775
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	1,051,407	238,177	1,289,584
Restricted			
Bond Requirements	166,131	-	166,131
Impact Fees	57,635	-	57,635
Unrestricted	171,584	236,072	407,656
TOTAL NET ASSETS	$ 1,446,757	$ 474,249	$ 1,921,006

See the accompanying notes to the financial statements

MONA CITY, UTAH

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds		
	Water	Natural Gas	Total Enterprise Funds
OPERATING REVENUES			
Charges for Services	$ 146,495	$ 416,779	$ 563,274
Connection Fees	18,225	28,050	46,275
Miscellaneous	525	2,470	2,995
TOTAL OPERATING REVENUES	165,245	447,299	612,544
OPERATING EXPENSES			
Salaries, Wages and Benefits	10,200	9,596	19,796
Production and Maintenance	50,221	320,540	370,761
Depreciation	43,634	12,487	56,121
TOTAL OPERATING EXPENSES	104,055	342,623	446,678
OPERATING INCOME	61,190	104,676	165,866
NON-OPERATING REVENUES (EXPENSES)			
Impact Fees	64,806	-	64,806
Interest Expense	(28,396)	(19,234)	(47,630)
NET NON-OPERATING REVENUES (EXPENSES)	36,410	(19,234)	17,176
CHANGE IN NET ASSETS	97,600	85,442	183,042
TOTAL NET ASSETS AT BEGINNING OF YEAR	1,349,157	388,807	1,737,964
TOTAL NET ASSETS AT END OF YEAR	$ 1,446,757	$ 474,249	$ 1,921,006

See the accompanying notes to the financial statements

MONA CITY, UTAH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds		
	Water	Natural Gas	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 166,733	$ 454,457	$ 621,190
Payments to Suppliers	(53,482)	(318,447)	(371,929)
Payments to Employees	(10,200)	(9,596)	(19,796)
NET CASH FLOWS FROM OPERATING ACTIVITIES	103,051	126,414	229,465
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Impact Fees	64,806	-	64,806
Bond and Note Principal Payments	(26,750)	(39,368)	(66,118)
Interest Expense	(28,880)	(19,650)	(48,530)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	9,176	(59,018)	(49,842)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	112,227	67,396	179,623
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	289,049	164,390	453,439
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 401,276	$ 231,786	$ 633,062

See the accompanying notes to the financial statements

CITY OF MONA, UTAH

STATEMENT OF CASH FLOWS (CONTINUED)

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds		
	Water	Natural Gas	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income	$ 61,190	$ 104,676	$ 165,866
Adjustments			
Depreciation	43,634	12,487	56,121
Changes in Assets and Liabilities			
Accounts Receivable	1,488	7,158	8,646
Accounts Payable	(3,261)	2,093	(1,168)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 103,051	$ 126,414	$ 229,465

See the accompanying notes to the financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Mona 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

Mona 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, Treasurer and Recorder

Public Safety: Police and Fire (provided under contract with Juab County), Emergency Medical Services, Planning and Zoning, and Code Enforcement

Public Works: Streets, Water, Sanitation, and Natural Gas Services

Parks and Recreation

Cemetery

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 is used to account 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 *natural gas fund* accounts for the activities of the City's natural gas distribution operations.

Activities of these two funds include administration, operations and maintenance of the systems, billing and collection. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for proprietary 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

A. 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.

B. 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.

C. 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.

NOTE 1 - (CONTINUED)

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

Classification	Range of Lives
Buildings and Structures	20-60 years
Improvements and Infrastructure	20-35 years
Machinery and Equipment	5-20 years

D. 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.

E. 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.

F. 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.

NOTE 1 - (CONTINUED)

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, 2007 and unpaid from 2006 are shown as deferred revenue.

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	$ 2,058,019
Buildings and Structures	90,489
Improvements and Infrastructure	1,301,342
Machinery and Equipment	15,981
Less Accumulated Depreciation	(325,846)
Net Capital Asset Difference	$ 3,139,985

Other Long-Term Asset Differences

Property taxes due in November 2007 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 2007	$ 49,406

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:

Building Donated to Fire District	$ (80,456)
Capital Outlay	83,619
Depreciation Expense	(60,126)
Net Difference	$ (56,963)

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to the first regularly scheduled meeting of the City Council in May, the Mayor submits 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.

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.

NOTE 3 - (CONTINUED)

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.

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, 2007, none of the City's bank balances of $64,330 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.

NOTE 4 - (CONTINUED)

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, 2007:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurer's Investment Fund (PTIF)	$ 926,034	$ 926,034	$ -	$ -	$ -

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.

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

Deposits	$ 49,817
Investments	926,034
Cash on Hand	222
Total	$ 976,073
Cash and Cash Equivalents	$ 505,135
Restricted Cash and Cash Equivalents	470,938
Total	$ 976,073

NOTE 5 - RECEIVABLES

Accounts receivable at June 30, 2007 are presented in the schedule below.

Property taxes are levied on January 1 of 2007, are due in November of 2007, and are budgeted for the 2007 fiscal year. Even though they are not intended to fund the 2007 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.

NOTE 5 - (CONTINUED)

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, 2007:

	Governmental Activities	Business-type Activities	Total
Accounts Receivable	$ 4,178	$ 31,806	$ 35,984
Property Taxes Receivable	50,625	-	50,625
Class C Road Receivable	10,994	-	10,994
Total	$ 65,797	$ 31,806	$ 97,603

NOTE 6 - CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2007.

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated				
Land	$ 2,059,019	$ -	$ 1,000	$ 2,058,019
Capital Assets being Depreciated				
Buildings and Structures	149,951	44,607	104,069	90,489
Improvements and Infrastructure	1,262,330	39,012	-	1,301,342
Machinery and Equipment	15,981	-	-	15,981
Total	3,487,281	83,619	105,069	3,465,831
Less Accumulated Depreciation	(290,333)	(60,126)	(24,613)	(325,846)
Governmental Activities Capital Assets, Net	$ 3,196,948	$ 23,493	$ 80,456	$ 3,139,985

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2007.

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated				
Land	$ 1,780	$ -	$ -	$ 1,780
Water Shares and Rights	291,330	-	-	291,330
Capital Assets being Depreciated				
Improvements and Infrastructure	2,476,248	-	-	2,476,248
Total	2,769,358	-	-	2,769,358
Less Accumulated Depreciation	(513,324)	(56,121)	-	(569,445)
Governmental Activities Capital Assets, Net	$ 2,256,034	$ (56,121)	$ -	$ 2,199,913

NOTE 6 - (CONTINUED)

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

Government Activities	
General Government	$ 4,345
Streets	52,856
Parks and Recreation	1,957
Cemetery	968
Total Depreciation Expense-Governmental Activities	$ 60,126
Business-type Activities	
Water	$ 43,634
Natural Gas	12,487
Total Depreciation Expense-Business-type Activities	$ 56,121

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Governmental Activities	Business-type Activities
Accounts Payable	$ 11,390	$ 17,603
Accrued Interest Payable	-	15,843
Total Accounts Payable and Accrued Liabilities	$ 11,390	$ 33,446

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Notes Payable					
2002 Loan from Mona Irrigation	$ 60,000	$ -	$ (3,750)	$ 56,250	$ 3,750
General Obligation Bonds					
1997 Natural Gas Refunding	249,000	-	(45,000)	204,000	46,000
Revenue Bonds					
2000 Water	686,000	-	(23,000)	663,000	23,000
	$ 995,000	$ -	$ (71,750)	923,250	$ 72,750
Unamortized Bond Issuance and Refunding Costs				(12,921)	
				$ 901,329	

NOTE 8 - (CONTINUED)

Long-term debt and obligations payable at June 30, 2007 were as follows:

Business-type Activities	Interest Rate	Maturity Dates	Current Portion	Long-term Balance
Notes Payable				
2002 Loan from Mona Irrigation (original amount--$125,000)	0.00%	2022	$ 3,750	$ 52,500
Bonds Payable				
Natural Gas Utility General Obligation Refunding, Series 1997, Dated December 23, 1997 (original amount --$340,000)	5.15% to 5.55%	2011	46,000	158,000
Water Revenue Bonds, Series 2000, Dated January 1, 2000 (original amount--$786,000)	4.21%	2026	23,000	640,000
Unamortized Bond Issuance and Refunding Costs			-	(12,921)
Total Business-type Activities Long-term Debt			$ 72,750	$ 837,579

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

	Business-type Activities	
	Principal	Interest
2008	$ 72,750	$ 39,234
2009	77,750	35,713
2010	82,750	31,928
2011	85,750	27,892
2012	31,750	23,702
2013-2017	175,750	99,945
2018-2022	210,750	64,118
2023-2026	186,000	19,955
	$ 923,250	$ 342,487

NOTE 9 - 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.

NOTE 10 - RISK MANAGEMENT

Mona 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 11 - RELATED PARTY TRANSACTIONS

The Planning Department's secretary is the daughter of the Mayor. She was paid wages during the 2007 fiscal year. One Council member's parents are the Treasurer and the Cemetery Sexton/Park Superintendent. The Mayor's construction business built the ambulance bay at the Town Hall for $48,650. The Mayor's son's construction business built the addition at the fire station for $49,225.

NOTE 12 - SUBSEQUENT EVENTS

The City received a community development block grant of $77,792 subsequent to the end of the fiscal year. This grant will assist the City in installing sidewalks along a portion of Main Street.

SUPPLEMENTARY INFORMATION

MONA CITY, UTAH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Permanent Fund
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ -
Restricted Cash	8,486
TOTAL ASSETS	$ 8,486
FUND BALANCE	
Reserved	
Perpetual Care	8,486
Unreserved	-
TOTAL FUND EQUITY	$ 8,486

MONA CITY, UTAH

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2007

	Permanent Fund
REVENUES	
Charges for Services	$ -
TOTAL REVENUES	-
EXPENDITURES	
Cemetery	-
TOTAL EXPENDITURES	-
EXCESS OF REVENUES OVER EXPENDITURES	-
BEGINNING FUND BALANCE	8,486
ENDING FUND BALANCE	$ 8,486

MONA CITY

SCHEDULE OF IMPACT FEES
FOR THE YEAR ENDED JUNE 30, 2007

Mona City collects water impact fees. The following is a recap of the impact fees outstanding by year of collection:

Year Collected	Water
2007	$ 57,635
Total	$ 57,635

The City constructed the improvements to the water system in 2001. They plan to use the impact fees collected in the future to repay the related bonds as shown below:

Use of Impact Fees	Projected Cost	Planned Date of Use
Repay Water Bonds	$ 51,881	Annually through 2026

STATE LEGAL COMPLIANCE REPORT

GREG OGDEN, 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 26, 2007

The Honorable Mayor
Members of the City Council
City of Mona, 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 the City of Mona, Utah, as of and for the year ended June 30, 2007, which collectively comprise the basic financial statements and have issued my report thereon dated September 26, 2007. As part of my audit, I have audited the City of Mona'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, 2007. 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 the following 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 Tax Limitations	Impact Fees
	Class C Road Funds

The management of the City of Mona 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.

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The results of my audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described as State Compliance Findings #1 through #3 in the accompanying management letter. I considered these instances of noncompliance in forming my opinion on compliance, which is expressed in the following paragraph.

In my opinion, the City of Mona, 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, 2007.

Greg Ogden CPA

Greg Ogden,
Certified Public Accountant

GOVERNMENT AUDITING STANDARDS REPORT

GREG OGDEN, CPA
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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 26, 2007

Honorable Mayor
Members of the City Council
City of Mona, Utah

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Mona, Utah, (City) as of and for the year ended June 30, 2007, which collectively comprise Mona Utah's basic financial statements and have issued my report thereon dated September 26, 2007. 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.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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. I consider internal control deficiencies #1 through #7 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mona, Utah's financial statements are free of material misstatements, 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*.

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

Greg Ogden CPA

Greg Ogden,
Certified Public Accountant

CITY OF MONA
MANAGEMENT LETTER
JUNE 30, 2007

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

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

September 26, 2007

Honorable Mayor
Members of the City Council
Mona City, Utah

Council Members:

While planning and performing my audit of the basic financial statements of Mona City, Utah (City) for the year ended June 30, 2007, I noted matters regarding compliance with requirements of the *Utah Code* and the City's internal control over financial reporting which need to be addressed by the City's management.

My findings from the audit are attached. I feel that internal control findings #1 through #7 are significant deficiencies. If these weaknesses and deficiencies are left uncorrected, an unacceptable amount of errors could occur without detection.

This report is intended solely for the use of the management of Mona City. However, this report is a matter of public record and its distribution is not limited.

By its nature, this report focuses on exceptions, weaknesses and problems. This focus should not be understood to mean that there are not also various strengths and accomplishments. I appreciate the courtesy and assistance extended to me by the personnel of the City during the course of my audit, and I look forward to a continuing professional relationship. I would be pleased to discuss any of these matters with you at your convenience and, if desired, to assist you in implementing any of these suggestions.

Greg Ogden CPA

Greg Ogden,
Certified Public Accountant

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE COMPLIANCE FINDINGS

1. FINDING - GENERAL FUND BALANCE EXCEEDS LIMIT

The State requires cities to maintain their general fund balances between 5% and 18% of the budgeted general fund revenues. For the 2007 fiscal year, Mona was required to maintain their general fund balance between $19,047 and $68,570. The actual general fund balance at the end of the 2007 fiscal year was $108,295.

RECOMMENDATION

You should find a use for the excess general fund balance during the 2007 fiscal year. It can either be used for a 2007 project or it can be moved to a capital project fund and earmarked for a future project.

RESPONSE - MONA CITY

We are getting new software and assistance that will help us to correct this problem so that it will not happen in the future.

2. FINDING - TREASURER'S BONDING COVERAGE

Utah Code 51-7-15 requires the City to secure a fidelity bond for the treasurer based on the previous year's budgeted gross revenues. Mona City's budgets have been increasing over the past few years. The City's current level of budgeted gross revenues would require a bond in the amount of approximately $70,000. The Treasurer is currently bonded for $65,000.

RECOMMENDATION

I recommend that the amount of the Treasurer's bond be increased sufficiently to comply with the State requirement. Since your original 2008 budget is even higher that the 2007 budget, you may want to increase the bond to $100,000 so you don't have to change it each year.

RESPONSE - MONA CITY

We have increased the Treasurer's bond to $100,000.

3. FINDING - DEPOSITS WITHIN THREE DAYS OF RECEIPT

Utah Code 51-4-2(2) states that "All public funds shall be deposited daily, whenever practicable, but not later than three business days after receipt." The City did not always make deposits within three days of receipt of public funds.

RECOMMENDATION

I recommend that all money collected by the City be deposited within three days of receipt in accordance with State Law.

RESPONSE - MONA CITY

We will deposit checks and other payment within three days of receiving them.

INTERNAL CONTROL DEFICIENCIES

1. FINDING - PAST DUE UTILITY ACCOUNTS

The City's past due utility accounts receivable balance has decreased but remains relatively high. Of the total receivable at June 30, 2007, 58% was over 30 days past due. The most serious aspect of this is that 17% of the outstanding receivables was more than 90 days past due. I also noted that two City employees' utility bills were more than sixty days past due at June 30, 2007. According to City policy their utilities should have been shut off on July 1, 2007, but were not. Several other customers with similarly late bills did have their utilities shut off.

RECOMMENDATION

The City has a strict policy to shut-off service to anyone who is more than 60 days past due. If this policy were being followed and evenly applied, the outstanding balance of utility accounts receivable would be brought into better control. I recommend that the City Council ensure that the City's policy be followed.

RESPONSE - MONA CITY

We will strictly follow the Mona City shut-off policy.

2. FINDING - POSTING DEBT-RELATED ADJUSTING ENTRIES

Management does not currently post debt-related adjusting entries in accordance with generally accepted accounting principles. The auditor, with oversight from management, recommends adjusting entries to the City to record the principal and interest payments accurately.

RECOMMENDATION

Management should receive training on posting debt-related activity.

RESPONSE - MONA CITY

We are purchasing new software and will receive training and assistance in posting all activities and statements.

3. FINDING - DRAFT FINANCIAL STATEMENTS

The City does not have an employee with the expertise to draft the City's basic financial statements and related footnotes. The auditor, with oversight from management, drafts the financial statements and footnotes. Management then reviews, approves and accepts responsibility for financial statements.

RECOMMENDATION

Management should try to gain as much expertise as possible regarding the preparation of financial statements and footnotes to ensure that they are qualified to review, approve and accept responsibility for the financial statements.

RESPONSE - MONA CITY

We are purchasing new software and will receive training and assistance in posting all activities and statements.

4. FINDING - ADJUSTMENTS TO ACCRUAL BASIS ACCOUNTING

Management does not currently post year-end adjusting entries necessary to adjust the financial statements to accrual basis accounting. For example, entries are not posted to reverse prior year and accrue the current year accounts receivable and accounts payable. The auditor, with oversight from management, recommends adjusting entries to the City to adjust the financial statements to accrual basis accounting.

RECOMMENDATION

Management should receive training on posting year-end accrual basis adjusting entries.

RESPONSE - MONA CITY

We are purchasing new software and will receive training and assistance in posting all activities and statements.

5. FINDING - ADJUSTMENTS FOR EQUITY RESERVES

Management does not currently post year-end adjusting entries necessary to adjust the reserved equity accounts for the current year's activity. For example, entries are not posted to adjust the Class C Roads and various impact fee equity reserves to the correct year-end balances. The auditor, with oversight from management, recommends adjusting entries to the City to adjust the reserved equity account for the current year's activity.

RECOMMENDATION

Management should receive training on posting reserved equity account adjusting entries.

RESPONSE - MONA CITY

We are purchasing new software and will receive training and assistance in posting all activities and statements.

6. FINDING - ADJUSTMENTS FOR FIXED ASSETS

Management does not currently post year-end adjusting entries necessary to capitalize fixed assets and adjust the depreciation expense and accumulated depreciation to match the depreciation schedules. The auditor, with oversight from management, recommends adjusting entries to the City to capitalize the fixed assets purchased during the year and to match the various funds' depreciation amounts to the depreciation schedules.

RECOMMENDATION

Management should receive training on posting fixed asset and depreciation adjusting entries.

RESPONSE - MONA CITY

We are purchasing new software and will receive training and assistance in posting all activities and statements.

7. FINDING - SEPARATION OF DUTIES

Mona City has very limited separation of duties since they only have two office employees. Almost all financial activities are performed by these two employees. Management tries to mitigate this lack of separation of duties by closely monitoring utility aging reports, lists of vendor invoices, etc. on a regular basis.

RECOMMENDATION

Where possible, implement internal controls that will allow the Council Members to review and approve bank reconciliations, adjusting journal entries, billing and collection adjustment, etc. as well as those areas already being monitored.

RESPONSE - MONA CITY

We will involve City Council Members in approving financial matters where such involvement is appropriate.

OTHER RECOMMENDATION

CHANGE ACCOUNTING SOFTWARE

The City has been using QuickBooks as its accounting software for several years. While it has been adequate. QuickBooks does not allow the financial records to be kept by funds, as is required for governmental accounting. As the City grows and adds more funds this is causing more problems.

RECOMMENDATION

I recommend that the City investigate and purchase alternative accounting software that will allow your financial records to be kept as required for governmental accounting.

RESPONSE - MONA CITY

We are purchasing new software and will receive training and assistance in posting all activities and statements as required by governmental accounting.