

NORTH OGDEN CITY
Financial Statements - June 30, 2012
(With Auditors' Report Thereon)

Available Cash

Less amt already reserved for PW Building

\$ 750,000
\$ 630,000

Capital Projects Fund

Loan payback from RDA Fund

Cash amt available over 100% of yearly expenditures in enterprise funds

Water	\$ 650,000	\$ 197,000	\$ 453,000
Sewer	\$ 225,000	\$ 148,000	\$ 77,000
Storm Water	\$ 500,000	\$ 99,000	\$ 401,000
Solid Waste	\$ 125,000	\$ 50,000	\$ 75,000
	<u>\$ 1,500,000</u>	<u>\$ 494,000</u>	<u>\$ 1,006,000</u>
			<u>\$ 1,380,000</u>

Less amt already reserved for PW Building

\$ 750,000
\$ 630,000

Capital Projects Fund

Loan payback from RDA Fund

Cash amt available over 50% of yearly expenditures in enterprise funds

Water	\$ 1,300,000	\$ 197,000	\$ 1,103,000
Sewer	\$ 900,000	\$ 148,000	\$ 752,000
Storm Water	\$ 1,300,000	\$ 99,000	\$ 1,201,000
Solid Waste	\$ 550,000	\$ 50,000	\$ 500,000
	<u>\$ 4,050,000</u>	<u>\$ 494,000</u>	<u>\$ 3,556,000</u>
			<u>\$ 1,380,000</u>

NORTH OGDEN CITY

Table of Contents

	<u>Page</u>	
Independent Auditors' Report	1-2	
Management's Discussion and Analysis	3-16	
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	17	
Statement of Activities	18	
Governmental Funds Statements		
Balance Sheet	19	
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	20	
Statement of Revenue, Expenditures, and Changes in Fund Balances	21	
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	22	
Enterprise Funds Statements		
Statement of Net Assets	23	
Statement of Revenue, Expenses, and Changes in Fund Net Assets	24	
Statement of Cash Flows	25-26	
Notes to Financial Statements	27-39	
Required Supplemental Information		
Notes to Required Supplementary Information	40	
Budgetary Comparisons - Major Governmental Funds		
General Fund	41-43	
Redevelopment Agency	44	
Other Information		
Capital Projects Fund		
Statement of Revenue, Expenses, and Changes in Net Assets - Budget and Actual	45	
Internal Service Funds		
Combining Statement of Net Assets	46	
Combining Statement of Revenue, Expenses, and Changes in Net Assets	47	
Combining Statement of Cash Flows	48	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		49
Independent Auditors' Legal Compliance Report	50-51	
Schedule of State Compliance Findings and Questioned Costs	52	



Independent Auditors' Report

Honorable Mayor and City Council
North Ogden City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Ogden City (the City), as of and for the year ended June 30, 2012, which collectively comprises the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and combining information on pages 3 through 16 and 41 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Crane, Christman, Palmer & Gombro P.C.

December 4, 2012

Management's Discussion and Analysis

This section of North Ogden City's annual financial report presents our discussion and analysis of the City's financial performance and activities for the fiscal year ended June 30, 2012. The management's discussion and analysis is not specifically audited. The information is provided to help readers understand the impact of financial activities during the fiscal year, how the City performed compared to prior years, and to provide information on important issues concerning the City's future.

Financial Highlights

- North Ogden City's total net assets increased during the fiscal year by \$622,648. Net assets of governmental activities increased by \$614,841 or 2.69%. Net assets of business-type activities increased by \$7,807 or .02%.
- The assets of North Ogden City exceeded its liabilities by \$58,071,047. Of this amount, \$10,957,520 represents unrestricted net assets and may be used to meet the government's ongoing obligations.
- North Ogden City's governmental funds reported combined ending fund balances of \$2,476,769 at June 30, 2012, an increase of \$728,375 in comparison to the previous year. Of the ending fund balances, \$1,767,544 was unassigned and available for spending at the City's discretion.
- As of June 30, 2012, the enterprise funds of North Ogden City had retained earnings of \$34,550,939. Of this amount \$27,358,527 is the net amount invested in capital assets. Combined cash from Business-Type Activities in the Enterprise Funds increased \$372,767.
- The City reduced its 2004 sales tax revenue bond debt by \$180,000 during the fiscal year, leaving a balance of \$2,865,000. The \$4,040,000 bonds were issued to construct a new Aquatic Center. The debt is being paid with RDA tax increment monies and will fully mature in the year 2024.
- North Ogden has 5 operating leases. 1 lease obligation was paid off during the Fiscal Year. The total amount of principal remaining on the other 4 leases is \$419,980. The amount paid on principal for the leases in Fiscal Year 2012 was \$89,651.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. North Ogden City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves that will help the reader to gain a more in-depth understanding of the City.

Government-wide Financial Statements –

The government-wide financial statements are designed to provide a broad overview of North Ogden's financial position, similar to consolidated financial statements in a private-sector business.

The statement of net assets presents information on all of North Ogden's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as an indicator of changes in the financial position of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of North Ogden City include general government, police, community and economic development, streets and public improvements and parks and recreation. The business-type activities of North Ogden City include services for water, sewer, storm water, solid waste and motor pool.

Fund Financial Statements

The fund financial statements provide detailed information about individual funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of its assets, liabilities, fund equity and revenues and expenses. In this report all of the funds can be divided into two classes; governmental funds and proprietary funds.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which use an accounting method called modified accrual accounting. Modified accrual accounting measures cash and all other financial assets that can readily be converted to cash and focus on near-term inflows and outflows of spendable resources. The City maintains a general fund, capital projects fund and redevelopment agency fund as governmental funds.

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 the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand

the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

North Ogden City uses two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. North Ogden City has four enterprise funds-water, sewer, storm water and solid waste. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains two internal service funds to account for its fleet activities. Because these services predominantly benefit government rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

Differences between Government-Wide and Fund Statements

- Capital assets and long term debt are included on the government-wide statements but are not reported on the governmental fund statements
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the statements for major funds.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds. Combining and individual fund statements and schedules can be found after the notes in the financial section.

Government-wide Financial Analysis

As noted earlier, increases or decreases in net assets offers a measuring tool of the overall financial condition. This indicates that the City's overall financial condition has slightly improved over the prior year. The City's net assets increased \$622,648 or 1.08%. Of that \$614,841 or 2.69% is the result of Governmental Activities while \$7,807 or .02% came from business-type activities.

The largest component of the City's net assets, making up 81.13% of the total, is the Capital Assets (land, buildings, machinery and equipment, improvements and other infrastructure) less the outstanding related debt obligated by the City, and used to purchase or build those assets. The City uses these assets to provide services to its citizens. Consequently, these resources are not available for future spending, nor can they all be readily liquidated to pay off related liabilities. Resources needed to repay debt must be provided by other sources.

Restricted net assets are subject to external restrictions on how they may be used. The City has no restricted assets. Unrestricted net assets however may be used at the City's discretion to meet its ongoing obligations to citizens and creditors. The unrestricted net assets increased by \$1,019,975 and make up 18.87% of the total net assets. Overall liabilities increased by \$139,931.

Statement of Net Assets June 30, 2012

Assets	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current & Other Assets	6,454,625	5,425,660	7,185,662	6,773,427	13,640,287	12,199,087
Capital Assets (net)	22,779,257	22,999,514	27,676,825	28,135,190	50,456,082	51,134,704
Total Assets	29,233,882	28,425,174	34,862,487	34,908,617	64,096,369	63,333,791
Liabilities	1,072,571	760,671	-14,557	-24,800	1,058,014	735,870
Unearned Revenue	1,682,328	1,594,890	-	-	1,682,328	1,594,890
Long Term Debt						
Outstanding	2,966,682	3,172,153	318,298	382,476	3,284,980	3,554,631
Total Liabilities	5,721,581	5,527,714	303,741	357,677	6,025,322	5,885,391
Net Assets:						
Invested in capital assets, net of related debt	19,755,000	19,758,142	27,358,527	27,752,713	47,113,527	47,510,855
Unrestricted	3,757,301	3,139,318	7,200,219	6,798,227	10,957,520	9,937,545
Total Net Assets	23,512,301	22,897,460	34,558,746	34,550,940	58,071,047	57,448,400

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Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
General Revenues						
Property Tax	1,696,711	1,608,028			1,696,711	1,608,028
Sales Tax	1,843,296	1,730,701			1,843,296	1,730,701
Other Taxes	1,011,073	1,021,636			1,011,073	1,021,636
Interest & Investment	64,161	50,492			64,161	50,492
Grants & Contributions	717,102	1,189,040	67,471	436,660	784,573	1,625,700
Charges for Services	1,372,847	1,137,095	3,630,474	3,354,831	5,003,321	4,491,926
Sale of Assets	10,337	16,593	900	3,330	11,237	19,923
Other	35,661	40,683	267,513	196,192	303,174	236,875
Total Revenues	6,751,188	6,794,268	3,966,358	3,991,013	10,717,546	10,785,281
Expenses						
General Government	1,129,902	1,266,483			1,129,902	1,266,483
Public Safety	2,421,373	2,317,569			2,421,373	2,317,569
Economic Development	3,363	1,700			3,363	1,700
Streets & public improvements	992,524	999,235			992,524	999,235
Community Services	1,460,892	1,470,610			1,460,892	1,470,610
Interest on Long Term Debt	128,293	134,474			128,293	134,474
Water			1,302,658	1,202,357	1,302,658	1,202,357
Sewer			1,282,112	1,152,526	1,282,112	1,152,526
Storm Water			608,251	574,898	608,251	574,898
Solid Waste			765,530	751,615	765,530	751,615
Total Expenses	6,136,347	6,190,071	3,958,551	3,681,396	10,094,898	9,871,467
Increase (decrease) in net assets	614,841	604,197	7,807	309,617	622,648	913,814
Net Assets—Beginning of Fiscal Year	22,897,460	22,293,263	34,550,939	34,241,323	57,448,399	56,534,586
Net Assets—Ending of Fiscal Year	23,512,301	22,897,460	34,558,746	34,550,939	58,071,047	57,448,400

Total revenues for governmental activities decreased \$43,080 or 6.34%. This is less of a decrease from the last year, when the revenues decreased \$1,241,408 or 15.4%. The main reason for the decrease was because of a \$471,938 or 39.7% decrease in grant & contribution revenue. Taxes are the City's main source of revenue, and account for \$4,551,080 or 67.4% of revenues overall. Although revenues decreased, expenses for Governmental Activities decreased as well. For the year, expenses decreased by \$53,724 or 0.8%.

Total revenues for business-type activities decreased \$24,655 or .62%. This also is mainly due to a decrease in Grants & Contributions of \$369,189. This is a less than the decrease of \$2,615,754 or 39.6% from last year. This year, program revenues made up 91.5% of the total revenues for business-type activities, while general revenues made up 6.74%. Program revenues include utility fees, connection

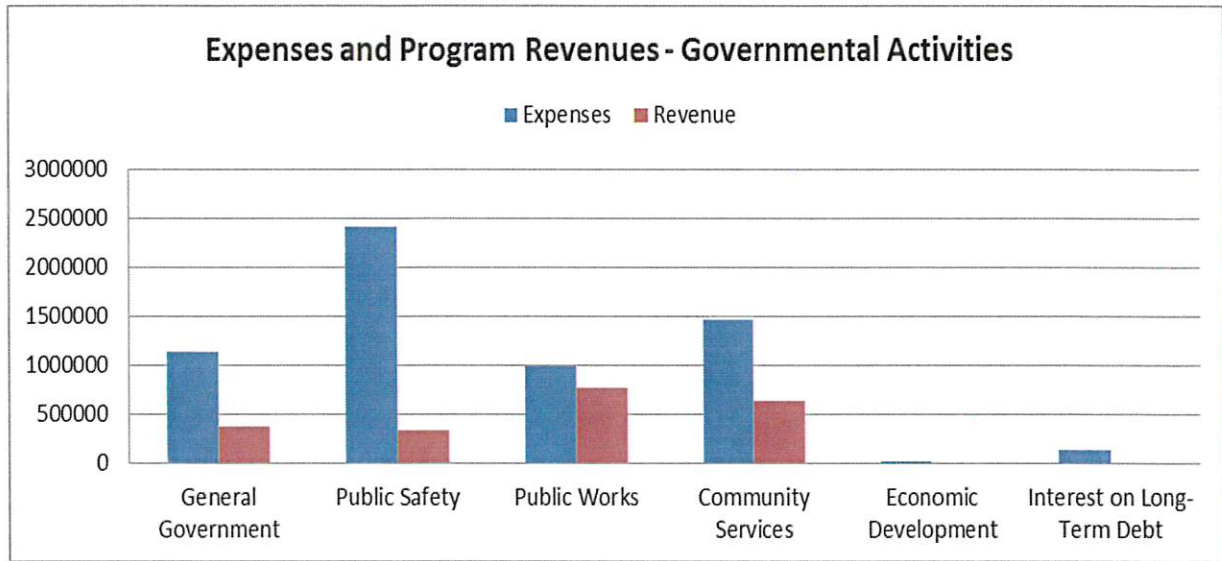
fees and special fees to builders while general fees include impact fees, gains from the sale of assets and other miscellaneous revenue.

Governmental Activities

Governmental activities are reflected in the government-wide activities statement. The activities in the governmental funds resulted in an increase in net assets of \$614,841 or 2.69%. The following table and chart show the relative net uses (expenses less any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.

The table below shows that program generated revenues, (charges for services, operating grants and contributions, and capital grants and contributions), covered \$2,089,949 or 34.1% of the costs of the City’s governmental activities.

<i>Activities</i>	<i>Total Program Expenses</i>	<i>Less Program Revenues</i>	<i>Net Program Costs</i>	<i>Program Revenues as a Percentage of Total Expenses</i>
General Government	1,129,902	365,870	-764,032	32.4%
Public Safety	2,421,373	331,421	-2,089,952	13.7%
Public Works	992,524	762,129	-230,395	76.8%
Community Services	1,460,892	630,529	-830,363	43.2%
Economic Development	3,363	-0-	-3,363	0.00%
Interest on long-term debt	128,293	-0-	-128,293	0.00%
<i>Totals</i>	<i>6,136,347</i>	<i>2,089,949</i>	<i>4,046,398</i>	<i>34.1%</i>



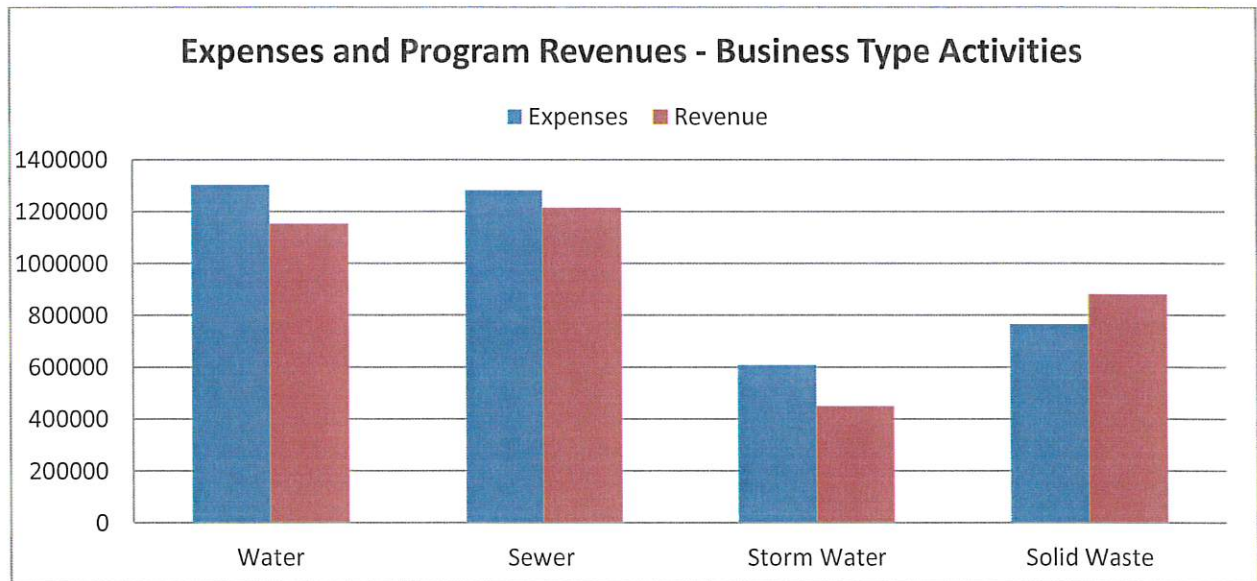
Business-Type Activities

Business-Type activities are also shown in the government-wide activities statement. Activities in the enterprise funds increased the City’s net assets by \$7,807 or .02%.

Three of the four enterprise funds did not have sufficient revenues to cover expenses. The only fund that did cover its expenses was the Solid Waste Fund. The fees charged for these activities make up 98.2% of program revenues and 1.8% of program revenues came from Capital Grants and Contributions.

The following chart shows the relative net uses (expenses minus any revenue directly attributed to that particular enterprise fund) for the business type activities shown on the Statement of Activities.

<u>Activities</u>	<u>Total Program Expenses</u>	<u>Less Program Revenues</u>	<u>Net Program Costs</u>	<i>Program Revenues as a Percentage of Total Expenses</i>
Water Fund	1,302,658	1,152,348	-150,310	88.5%
Sewer Fund	1,282,112	1,215,207	-66,905	94.8%
Storm Water Fund	608,521	449,335	-158,916	73.8%
Solid Waste Fund	765,530	881,055	115,525	115.1%
<i>Totals</i>	<i>3,958,551</i>	<i>3,697,945</i>	<i>-260,606</i>	<i>93.4%</i>



CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

North Ogden City's governmental funds had a reduction of capital assets in the amount of \$220,257, net of depreciation during the fiscal year. This is less than the \$347,386 net of depreciation, in new capital assets from last fiscal year and the \$1,586,527 added the year before that. North Ogden City saw a \$458,365 reduction in capital assets net of depreciation from Business-Type Activities. This is similar to the \$58,792 reduction last fiscal year and a reversal of the \$2,968,920 addition that Business Type Activities added the year before last.

The following table shows the changes made during this fiscal year in buildings, infrastructure (curb, gutter, sidewalks, roads and parking lot), land and park improvement and machinery and equipment for both governmental and business type activities.

Capital Assets Activity - June 30, 2012

Capital Assets	Governmental Activities			Business-Type Activities		
	Beginning Balance	Additions /Deletion	Ending Balance (net)	Beginning Balance	Additions/ Deletions	Ending Balance (net)
Capital assets not being depreciated:						
Construction in Progress	-	-	-	133,092	(12,864)	120,228
Water rights & stock	-	-	-	6,250	-0-	6,250
Land and improvements	3,493,107	-	3,493,107	159,493	-0-	159,493
Total	3,493,107	-	3,493,107	298,835	(12,864)	285,971
Capital assets being depreciated:						
Buildings & improvements	9,563,504	-0-	9,563,504	324,649	-0-	324,649
Infrastructure	10,722,055	553,106	11,275,161	36,601,911	547,566	37,149,477
Land & Park improvements	2,539,056	24,524	2,563,580	-	-	-
Machinery & equipment	3,604,221	55,186	3,659,407	2,634,099	46,042	2,680,141
Total	26,428,836	632,816	27,061,652	39,560,659	593,608	40,154,267
Less accumulated depreciation:						
Buildings & improvements	2,681,570	282,538	2,964,108	220,556	8,650	229,206
Infrastructure	1,258,832	341,704	1,600,536	9,739,290	839,028	10,578,318
Land & Park improvements	284,234	63,299	347,533	-	-	-
Machinery & equipment	2,697,793	165,532	2,863,325	1,764,458	191,431	1,955,889
Total	6,922,429	853,073	7,775,502	11,724,304	1,039,109	12,763,413
Capital asset being depreciated, net	19,506,407	(220,257)	19,286,150	27,836,355	(445,501)	27,390,854
Governmental activity capital assets, net	22,999,514	(220,257)	22,779,257	28,135,190	(458,365)	27,676,825

Long Term Debt

As stated in the Financial Highlights section, the City issued \$4,040,000 in revenue bonds in November 2004, all of it in governmental activities. The City paid down \$180,000 in principal in leaving an ending balance of \$2,865,000. The debt matures in 2024.

In fiscal year 2008-2009 the City entered into a 10 year, \$310,000 lease purchase agreement to purchase two new dump trucks costing \$155,000 each. These multi-purpose dump trucks are used extensively in the winter to remove snow on the City's steep hillside areas. The City made its fourth payment this

fiscal year and reduced the debt by \$28,722 leaving a balance of \$203,364. Six years remain on the lease. The final payment is due June 30, 2018.

Also in fiscal year 2008-2009 the City entered into a 4 year lease purchase agreement of \$42,174 for the purchase of a Jacobsen HR5111 Toro lawnmower. The City made its fourth and final principal payment of \$11,111 this fiscal year.

In fiscal year ending June 30, 2010 the City entered into a 5 year, \$189,440 lease purchase agreement to purchase a Street Sweeper. The City made its second payment this fiscal year and reduced the debt by \$35,318 leaving a balance of \$114,413. The final payment is due June 30, 2014.

Also in fiscal year ending June 30, 2010 the City entered into an 8 year \$130,100 lease purchase agreement to purchase a Vacuum Leaf Collector. The City reduced the debt by \$14,500 this year leaving a balance of \$102,203. The final payment is due July 1, 2018. Both the Street Sweeper and the Vacuum Leaf Collector were purchased in an effort to stay ahead of the changes made in Storm Water regulations.

The following tables show the activity of the City's long-term debt for fiscal year 2011-2012 and ending balances as compared to last year.

Long Term Debt Activity June 30, 2012 (detail)

<u>Long Term Debt</u>	<u>Governmental Activities</u>			<u>Business Type Activities</u>		
	<u>Beginning Balance</u>	<u>Issued/ (Retired)</u>	<u>Ending Balance</u>	<u>Beginning Balance</u>	<u>Issued/ (Retired)</u>	<u>Ending Balance</u>
Bonds Payable	3,045,000	(180,000)	2,865,000	-	-	-
Mower Lease	11,111	(11,111)	0	-	-	-
Dump Truck Lease (GA)	116,043	(14,361)	101,682	-	-	-
Dump Truck Lease (BA)	-	-	-	116,043	(14,361)	101,682
Street Sweeper Lease	-	-	-	149,731	(35,318)	114,413
Leaf Collector Lease	-	-	-	116,703	(14,500)	102,203
Total	3,172,154	(205,472)	2,966,682	382,477	(64,179)	318,298

Long Term Debt Activity June 30, 2012 (summary)

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Ending Balances	2,966,682	3,172,154	318,298	382,477	3,284,980	3,554,631

Analysis of Financial Funds

Governmental Funds

The City's Governmental Funds are accounted for using the modified accrual basis of accounting. The governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$2,476,769, and increase of \$728,376. \$1,052,261 of the total amount (42.5%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance can be categorized in one of four components; nonspendable, restricted, assigned and committed. The city had no committed or restricted fund balance. Nonspendable fund balance at year end was \$709,225 (28.6%) which was for interfund receivables and prepaid expenses. Assigned fund balance was \$715,283 (28.9%) and was assigned to be used for capital projects.

General Fund

The general fund is the chief operating fund of North Ogden City and accounts for all of the general services provided. At June 30, 2012 the unassigned fund balance of the general fund was \$936,555, while the total fund balance was \$1,645,780. The General Fund transferred \$1,082,500 to the Capital Projects Fund.

The following tables and charts compare general fund revenues and expenditures by function between 2011 and 2012.

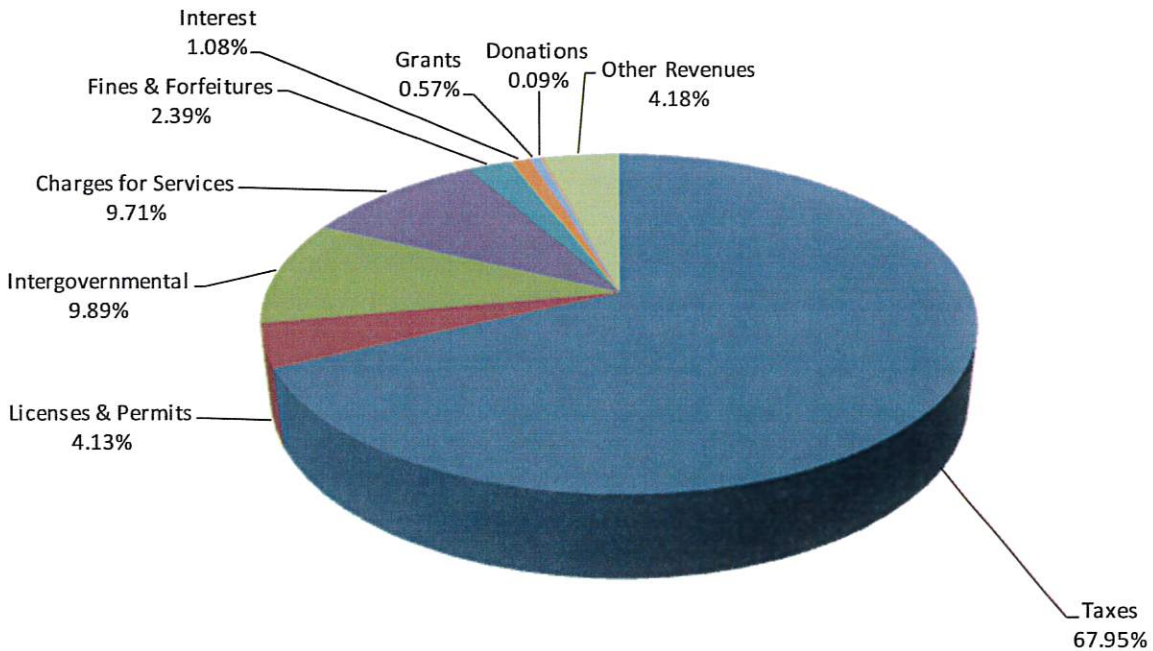
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General Fund Revenues

(prior year comparison)

Revenues	<u>2012</u>	<u>2011</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2012 Percent of Total</u>
Taxes	\$3,993,652	\$3,876,974	\$116,678	3.01%	67.95%
Licenses & Permits	\$242,970	\$164,070	\$78,900	48.09%	4.13%
Intergovernmental	\$581,503	\$593,236	-\$11,733	-1.98%	9.89%
Charges for Services	\$570,893	\$530,677	\$40,216	7.58%	9.71%
Fines & Forfeitures	\$140,385	\$208,871	-\$68,486	-32.79%	2.39%
Interest	\$63,296	\$49,626	\$13,670	27.55%	1.08%
Grants	\$33,689	\$191,504	-\$157,815	-82.41%	0.57%
Donations	\$5,041	-\$337	\$5,378	1395.85%	0.09%
Other Revenues	\$245,684	\$256,512	-\$10,828	-4.22%	4.18%
Total Revenue	<u>\$5,877,113</u>	<u>\$5,871,133</u>	<u>\$5,980</u>	<u>0.10%</u>	

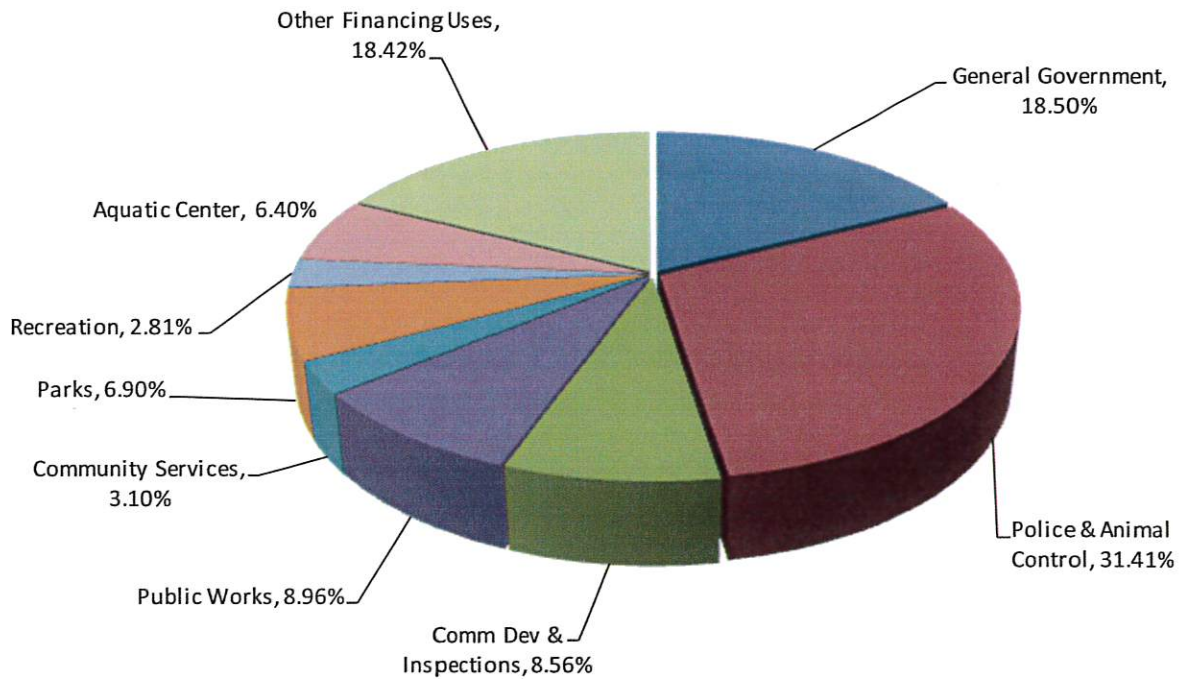
Governmental Funds Revenue Sources



General Fund Expenditures (prior year comparison)

Expenditures	<u>2012</u>	<u>2011</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2012 Percent of Total</u>
General Government	\$1,087,126	\$1,226,852	-\$139,726	-11.39%	18.50%
Police & Animal Control	\$1,846,108	\$1,991,250	-\$145,142	-7.29%	31.41%
Comm Dev & Inspections	\$503,227	\$462,984	\$40,243	8.69%	8.56%
Public Works	\$526,649	\$695,156	-\$168,507	-24.24%	8.96%
Community Services	\$182,132	\$177,832	\$4,300	2.42%	3.10%
Parks	\$405,787	\$493,003	-\$87,216	-17.69%	6.90%
Recreation	\$165,067	\$161,886	\$3,181	1.96%	2.81%
Aquatic Center	\$376,010	\$369,024	\$6,986	1.89%	6.40%
Other Financing Uses	\$1,082,500	\$435,479	\$647,021	148.58%	18.42%
Total Revenue	<u>\$6,174,606</u>	<u>\$6,013,466</u>	<u>\$161,140</u>	<u>2.68%</u>	

Governmental Funds Expenditures



Other Governmental Funds

The fund balance in the Redevelopment Agency fund increased by \$245,218 during the year, bring the fund balance from a deficit in 2011 to a positive in 2012. Property tax increment revenues increased from \$483,391 in 2011 to \$557,428 in 2012. This is an increase of 16%. The City will continue to delay repayment of loans in to the General Fund and several Enterprise Funds.

The Capital Projects fund balance increased by \$846,020 which was mainly due to a transfer from the General Fund of \$1,082,500.

Enterprise Funds

The City enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The Enterprise Funds consist of the Water, Sewer, Storm Drain and Solid Waste funds. The Statement of Revenue, Expenses, and Changes in Fund Net Assets include the Internal Service Fund as an Enterprise Fund even though it is a Government Activity in the government-wide financial statements.

This year the Water Fund had an operating loss of \$189,852, the Sewer Fund had an operating loss of \$93,934, the Storm Water Fund had an operating loss of \$158,916 and the Solid Waste Fund had an operating profit of \$115,525.

The Internal Service Fund which is responsible for the repair, maintenance and purchase of the City's vehicles and equipment, had an operating loss of \$255,671. Funding for the internal service fund comes from the departments, both in the general and enterprise funds that are serviced by the fund.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and transfers was amended from \$5,784,648 to a final budget total of \$6,239,407, an increase of \$454,759. Actual expenditures and transfers were \$6,174,606 and were \$64,801 less than the final budget.

Economic Factors

After a few years of weathering the storm during the economic downturn which officially began in December of 2007, it appears North Ogden City is beginning to see some positive change. Revenues for two of the leading economic indicators were up over the previous year. Sales tax revenues were up 7% and revenues relating to new housing construction permits were up 93%.

According to the Utah Department of Workforce Services, the unemployment rate for Weber County (of which North Ogden is the 3rd largest) is 7.1%. This rate is more than the state unemployment rate of 6.0% but below the National average of 8.2%. The previous year's rates were 8.2%, 7.7% and 9.0% respectively.

Request for Information

This financial report is designed to provide a general overview of North Ogden City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: North Ogden City, Finance Director, 505 East 2600 North, North Ogden, UT 84414.

NORTH OGDEN CITY

Statement of Net Assets

June 30, 2012

	Primary Government		
	Govern- mental Activities	Business- type Activities	Total
Assets:			
Cash and cash equivalents	\$ 4,099,477	6,808,021	10,907,498
Restricted cash with agent	126,875	-	126,875
Accounts receivable	2,098,208	377,641	2,475,849
Prepaid items	77,018	-	77,018
Deferred charges (net)	53,047	-	53,047
Capital assets:			
Land and related non-depreciable assets	3,493,107	159,493	3,652,600
Construction in process	-	120,228	120,228
Water stock and rights	-	6,250	6,250
Buildings	9,563,504	324,649	9,888,153
Depreciable infrastructure and improvements	11,275,161	37,149,477	48,424,638
Park improvements	2,563,580	-	2,563,580
Machinery and equipment	3,659,407	2,680,141	6,339,548
Less accumulated depreciation	<u>(7,775,502)</u>	<u>(12,763,413)</u>	<u>(20,538,915)</u>
Total capital assets	<u>22,779,257</u>	<u>27,676,825</u>	<u>50,456,082</u>
Total assets	<u>29,233,882</u>	<u>34,862,487</u>	<u>64,096,369</u>
Liabilities:			
Accounts payable and accrued liabilities	438,468	-	438,468
Compensated absences payable	210,574	45,393	255,967
Accrued interest payable on bonds	20,979	4,268	25,247
Due to other governments	103,818	-	103,818
Performance bonds and deposits	134,839	42,100	176,939
Unearned revenue	1,682,328	-	1,682,328
Internal balances	106,318	(106,318)	-
Bond issue premium (net)	57,575	-	57,575
Noncurrent liabilities:			
Amount due within one year	205,043	66,906	271,949
Due in more than one year	<u>2,761,639</u>	<u>251,392</u>	<u>3,013,031</u>
Total liabilities	<u>5,721,581</u>	<u>303,741</u>	<u>6,025,322</u>
Net assets:			
Invested in capital assets net of related debt	19,755,000	27,358,527	47,113,527
Unrestricted	<u>3,757,301</u>	<u>7,200,219</u>	<u>10,957,520</u>
Total net assets	<u>\$23,512,301</u>	<u>34,558,746</u>	<u>58,071,047</u>

See independent auditors' report and notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets
 Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
(764,032)	-	(764,032)
(2,089,952)	-	(2,089,952)
(230,395)	-	(230,395)
(830,363)	-	(830,363)
(3,363)	-	(3,363)
(128,293)	-	(128,293)
<u>-</u>	<u>-</u>	<u>-</u>
<u>(4,046,398)</u>	<u>-</u>	<u>(4,046,398)</u>
-	(150,310)	(150,310)
-	(66,905)	(66,905)
-	(158,916)	(158,916)
<u>-</u>	<u>115,525</u>	<u>115,525</u>
<u>-</u>	<u>(260,606)</u>	<u>(260,606)</u>
<u>(4,046,398)</u>	<u>(260,606)</u>	<u>(4,307,004)</u>
1,696,711	-	1,696,711
1,843,296	-	1,843,296
<u>1,011,073</u>	<u>-</u>	<u>1,011,073</u>
<u>4,551,080</u>	<u>-</u>	<u>4,551,080</u>
64,161	-	64,161
35,661	267,513	303,174
<u>10,337</u>	<u>900</u>	<u>11,237</u>
<u>45,998</u>	<u>268,413</u>	<u>314,411</u>
<u>4,661,239</u>	<u>268,413</u>	<u>4,929,652</u>
614,841	7,807	622,648
<u>22,897,460</u>	<u>34,550,939</u>	<u>57,448,399</u>
<u>\$23,512,301</u>	<u>34,558,746</u>	<u>58,071,047</u>

NORTH OGDEN CITY

Balance Sheet
Governmental Funds

June 30, 2012

<u>Assets</u>	<u>General Fund</u>	<u>RDA Fund</u>	<u>Capital Projects Fund</u>	<u>Total Government Funds</u>
Cash and cash equivalents	\$ 1,104,636	777,321	758,482	2,640,439
Restricted cash with fiscal agent	-	126,875	-	126,875
Accounts receivable	1,523,173	575,035	-	2,098,208
Prepaid items	77,018	-	-	77,018
Due from other funds	<u>632,207</u>	<u>-</u>	<u>-</u>	<u>632,207</u>
	<u>\$ 3,337,034</u>	<u>1,479,231</u>	<u>758,482</u>	<u>5,574,747</u>
 <u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	\$ 438,468	-	-	438,468
Due to other funds	-	738,525	-	738,525
Due to other governments	103,818	-	-	103,818
Performance bonds and deposits	134,839	-	-	134,839
Unearned revenue	<u>1,014,129</u>	<u>625,000</u>	<u>43,199</u>	<u>1,682,328</u>
Total liabilities	<u>1,691,254</u>	<u>1,363,525</u>	<u>43,199</u>	<u>3,097,978</u>
Fund equity:				
Nonspendable:				
Interfund receivable	632,207	-	-	632,207
Prepays	77,018	-	-	77,018
Assigned	-	-	715,283	715,283
Unassigned	<u>936,555</u>	<u>115,706</u>	<u>-</u>	<u>1,052,261</u>
Total fund equity	<u>1,645,780</u>	<u>115,706</u>	<u>715,283</u>	<u>2,476,769</u>
	<u>\$ 3,337,034</u>	<u>1,479,231</u>	<u>758,482</u>	<u>5,574,747</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2012

Total fund balance - governmental funds		\$ 2,476,769
Amount reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not reported as assets in governmental funds. These assets consist of:		
Land and related non-depreciable assets	\$ 3,493,107	
Buildings	9,225,939	
Depreciable infrastructure and improvements	11,275,162	
Depreciable park improvement	2,563,580	
Vehicles and equipment	1,233,647	
Accumulated depreciation	<u>(5,716,523)</u>	
Total capital assets		22,074,912
Deferred charges such as unamortized bond issue costs are not financial resources and are, therefore, not reported in governmental funds		53,047
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net assets.		2,058,673
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(2,865,000)	
Net bond premium	(57,575)	
Interest payable	(20,979)	
Compensated absences and benefits	<u>(207,546)</u>	
Total long-term debt		<u>(3,151,100)</u>
Total net assets - governmental activities		<u>\$23,512,301</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2012

	<u>General Fund</u>	<u>RDA Fund</u>	<u>Capital Projects Fund</u>	<u>Total Government Funds</u>
Revenue:				
Taxes	\$ 3,993,652	557,428	-	4,551,080
Licenses and permits	242,970	-	-	242,970
Intergovernmental	615,192	-	16,950	632,142
Charges for services	570,893	-	-	570,893
Fines and forfeitures	140,385	-	-	140,385
Interest	63,296	865	-	64,161
Rents	30,969	-	5,245	36,214
Donations from private sources	5,041	-	-	5,041
Traffic school	28,373	-	-	28,373
Sale of assets	8,914	-	-	8,914
Impact fees	-	-	168,651	168,651
Administrative fee from utility funds	172,736	-	-	172,736
Other revenue	<u>4,692</u>	<u>-</u>	<u>25,286</u>	<u>29,978</u>
Total revenue	<u>5,877,113</u>	<u>558,293</u>	<u>216,132</u>	<u>6,651,538</u>
Expenditures:				
General government	1,087,126	-	-	1,087,126
Public safety	2,349,335	-	-	2,349,335
Public works	526,649	-	480,165	1,006,814
Community services	1,128,996	-	37,815	1,166,811
Economic development	-	3,363	-	3,363
Bond retirement	-	180,000	-	180,000
Interest on bonds	-	<u>129,713</u>	-	<u>129,713</u>
Total expenditures	<u>5,092,106</u>	<u>313,076</u>	<u>517,980</u>	<u>5,923,162</u>
Excess (deficiency) of revenue over (under) expenditures	<u>785,007</u>	<u>245,217</u>	<u>(301,848)</u>	<u>728,376</u>
Other financing sources (uses):				
Transfers from (to) other funds	<u>(1,082,500)</u>	<u>-</u>	<u>1,082,500</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,082,500)</u>	<u>-</u>	<u>1,082,500</u>	<u>-</u>
Net change in fund balance	(297,493)	245,217	780,652	728,376
Fund balance (deficit) - beginning of year	<u>1,943,273</u>	<u>(129,511)</u>	<u>(65,369)</u>	<u>1,748,393</u>
Fund balance - end of year	<u>\$ 1,645,780</u>	<u>115,706</u>	<u>715,283</u>	<u>2,476,769</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities

Year Ended June 30, 2012

Net change in fund balance - total governmental funds	\$ 728,376
Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures \$532,155. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense \$730,302. Depreciation exceeded capital outlays for the period.	(198,147)
The payment of long-term debt uses current financial resources to governmental funds. These payments are treated as payments of liabilities in the statement of activities.	180,000
Contributions of infrastructure to governmental funds do not provide current financial resources but are reported in the statement of activities.	98,227
Adjustments and asset retirement of general government capital assets are not reported in fund statements but are reflected in the statement of activities.	(65)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities.	(224,972)
Changes in compensated absences payable are treated as expenditures in governmental funds statements, but are reductions or increases in liabilities in the statement of activities.	30,002
Changes in accrued interest expense used in government activities are not payable from current resources and are therefore not reported in governmental funds.	1,044
Some reductions of expense reported in the statement of activities do not use current financial resources and therefore are not in governmental funds.	<u>376</u>
Changes in net assets of governmental activities	<u>\$ 614,841</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Net Assets
Enterprise Funds

June 30, 2012

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Activities - Internal Service Funds
Current assets:						
Cash	\$ 2,608,725	1,782,984	1,488,269	928,043	6,808,021	1,459,038
Accounts receivable	90,492	147,033	47,841	92,275	377,641	-
Total current assets	<u>2,699,217</u>	<u>1,930,110</u>	<u>1,526,110</u>	<u>1,020,318</u>	<u>7,185,662</u>	<u>1,459,038</u>
Capital assets:						
Land	60,510	-	98,983	-	159,493	-
Building and structures	324,649	-	-	-	324,649	337,565
Construction in process	30,057	30,057	30,057	30,057	120,228	-
Water system and wells	20,310,345	7,970,926	8,874,456	-	37,155,727	-
Vehicles and equipment	514,017	344,054	865,947	956,123	2,680,141	2,425,759
Accumulated depreciation	(6,775,972)	(2,427,723)	(2,722,240)	(837,478)	(12,763,413)	(2,058,979)
Net capital assets	<u>14,463,606</u>	<u>5,917,314</u>	<u>7,147,203</u>	<u>148,702</u>	<u>27,676,825</u>	<u>704,345</u>
Other assets:						
Due from RDA Fund	64,837	41,481	-	-	106,318	-
Total assets	<u>17,227,660</u>	<u>7,888,812</u>	<u>8,683,313</u>	<u>1,169,020</u>	<u>34,968,805</u>	<u>2,163,383</u>
Current liabilities:						
Current portion of lease obligation payable	-	-	66,906	-	66,906	15,043
Accrued interest payable on leases	-	-	4,268	-	4,268	-
Deposits	42,100	-	-	-	42,100	-
Total current liabilities	<u>42,100</u>	<u>-</u>	<u>71,174</u>	<u>-</u>	<u>113,274</u>	<u>15,043</u>
Non-current liabilities:						
Compensated absences payable	11,009	17,736	12,984	3,664	45,393	3,028
Lease obligation payable	-	-	318,298	-	318,298	101,682
Current portion of lease obligation payable	-	-	(66,906)	-	(66,906)	(15,043)
Total non-current liabilities	<u>11,009</u>	<u>17,736</u>	<u>264,376</u>	<u>3,664</u>	<u>296,785</u>	<u>89,667</u>
Total liabilities	<u>53,109</u>	<u>17,736</u>	<u>335,550</u>	<u>3,664</u>	<u>410,059</u>	<u>104,710</u>
Net assets:						
Invested in capital assets, net of related debt	14,463,660	5,917,314	6,698,772	148,702	27,358,527	602,663
Unrestricted	2,710,945	1,953,762	1,648,991	1,016,654	7,200,219	1,456,010
Total net assets	<u>\$17,174,551</u>	<u>7,871,076</u>	<u>8,347,763</u>	<u>1,165,356</u>	<u>34,558,746</u>	<u>2,058,673</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenue, Expenses, and Changes in Fund Net Assets
Enterprise Funds

Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Activities - Internal Service Funds
Operating revenue:						
Charges for services	\$ 1,034,763	1,184,650	449,335	865,249	3,533,997	269,043
Connection fees	19,341	3,528	-	-	22,869	-
Special fees to builders	-	-	-	6,300	6,300	-
Gain from sale of assets	900	-	-	-	900	1,488
Miscellaneous	57,802	-	-	9,506	67,308	-
Total operating revenue	<u>1,112,806</u>	<u>1,188,178</u>	<u>449,335</u>	<u>881,055</u>	<u>3,631,374</u>	<u>270,531</u>
Operating expenses:						
Salaries and benefits	381,865	158,695	143,743	29,830	714,133	151,243
Sewer fees	-	806,345	-	-	806,345	-
Transfer station fees - Weber County	-	-	-	201,913	201,913	-
Contract service - Waste Management	-	-	-	392,475	392,475	-
Engineering and professional fees	59,311	39,647	62,610	39,490	201,058	-
Repairs and maintenance	17,824	19,681	8,542	-	46,047	79,854
Motor pool rents	39,695	19,890	24,525	1,989	86,099	-
Depreciation	504,918	186,459	309,371	39,259	1,040,007	145,799
Administrative services fee	86,496	31,199	21,739	33,302	172,736	-
Other operating	212,549	20,196	37,721	27,272	297,738	149,306
Total operating expenses	<u>1,302,658</u>	<u>1,282,112</u>	<u>608,251</u>	<u>765,530</u>	<u>3,958,551</u>	<u>526,202</u>
Operating income (loss)	<u>(189,852)</u>	<u>(93,934)</u>	<u>(158,916)</u>	<u>115,525</u>	<u>(327,177)</u>	<u>(255,671)</u>
Non-operating revenue (expenses):						
Impact fees	182,176	32,259	53,078	-	267,513	-
Total non-operating revenue (expenses)	<u>182,176</u>	<u>32,259</u>	<u>53,078</u>	<u>-</u>	<u>267,513</u>	<u>-</u>
Capital contribution - builders and developers	40,442	27,029	-	-	67,471	-
Capital contribution - general fund	-	-	-	-	-	30,699
Change in net assets	32,766	(34,646)	(105,838)	115,525	7,807	(224,972)
Net assets - beginning of year	<u>17,141,785</u>	<u>7,905,722</u>	<u>8,453,601</u>	<u>1,049,831</u>	<u>34,550,939</u>	<u>2,283,645</u>
Net assets - end of year	<u>\$17,174,551</u>	<u>7,871,076</u>	<u>8,347,763</u>	<u>1,165,356</u>	<u>34,558,746</u>	<u>2,058,673</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows
Enterprise Funds

Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Cash flows from operating activities:						
Cash received from customers	\$ 1,030,243	1,150,482	449,053	864,751	3,494,529	269,043
Cash received from other activities	77,143	3,528	-	15,806	96,477	-
Cash payments for payroll and benefits	(382,762)	(157,521)	(144,891)	(27,667)	(712,841)	(156,940)
Cash payments for goods and services	(412,659)	(933,742)	(153,238)	(693,225)	(2,192,864)	(229,160)
Payment of deposits for services	<u>10,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,268</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>322,233</u>	<u>62,747</u>	<u>150,924</u>	<u>159,665</u>	<u>695,569</u>	<u>(117,057)</u>
Cash flows from capital and related financing activities:						
Cash payments for property and equipment	(342,829)	(147,791)	-	(35,516)	(526,136)	-
Proceeds from capital assets sales	-	-	-	-	-	6,660
Impact fee collections for capital projects	182,176	32,259	53,078	-	267,513	-
Principal payments on lease financing	<u>-</u>	<u>-</u>	<u>(64,179)</u>	<u>-</u>	<u>(64,179)</u>	<u>(25,472)</u>
Net cash used by capital and related financing activities	<u>(160,653)</u>	<u>(115,532)</u>	<u>(11,101)</u>	<u>(35,516)</u>	<u>(322,802)</u>	<u>(18,812)</u>
Cash flows from non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	161,580	(52,785)	139,823	124,149	372,767	(135,869)
Cash and cash equivalents - beginning of year	<u>2,447,145</u>	<u>1,835,769</u>	<u>1,348,446</u>	<u>803,894</u>	<u>6,435,254</u>	<u>1,594,907</u>
Cash and cash equivalents - end of year	<u>\$ 2,608,725</u>	<u>1,782,984</u>	<u>1,488,269</u>	<u>928,043</u>	<u>6,808,021</u>	<u>1,459,038</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows - Continued
Enterprise Funds

Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (190,752)	(93,934)	(158,916)	115,525	(328,077)	(257,159)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	504,918	186,459	309,371	39,259	1,040,007	145,799
Adjust construction in progress	3,216	3,216	3,216	3,216	12,864	-
Increase in receivables	(4,520)	(34,168)	(282)	(498)	(39,468)	-
(Decrease) increase in compensated absences or accounts payable	(897)	1,174	(2,465)	2,163	(25)	(5,697)
Increase in deposits for services	<u>10,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,268</u>	<u>-</u>
Total adjustments	<u>512,985</u>	<u>156,681</u>	<u>309,840</u>	<u>44,140</u>	<u>1,023,646</u>	<u>140,102</u>
Net cash provided (used) by operating activities	\$ <u>322,233</u>	<u>62,747</u>	<u>150,924</u>	<u>159,665</u>	<u>695,569</u>	<u>(117,057)</u>
Noncash investing, capital and financing activities:						
Capital contributions by general fund \$	-	-	-	-	-	30,699
Capital contributions by developers	<u>40,442</u>	<u>27,029</u>	<u>-</u>	<u>-</u>	<u>67,471</u>	<u>-</u>
Total noncash investing, capital and financing activities	\$ <u>40,442</u>	<u>27,029</u>	<u>-</u>	<u>-</u>	<u>67,471</u>	<u>30,699</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

This summary of significant accounting policies of North Ogden City (the City) is presented to assist in understanding the City's financial statements. The financial statements and notes are the representation of the City's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles, as applicable to governmental organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

A. Organization

North Ogden City was incorporated in 1934. The City (a municipal corporation) operates under a traditional council/mayor form of government and provides the following services as authorized by its charter: public safety, public utilities, highways and streets, sanitation, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

B. Reporting Entity

As required by generally accepted accounting principles, these financial statements present North Ogden City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units:

North Ogden Redevelopment Agency - The North Ogden Redevelopment Agency (RDA) is governed by the Mayor and City Council. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its sole purpose is to redevelop areas within the City thereby generating additional property tax and sales tax.

The RDA does not prepare separately issued financial statements. Financial information for the RDA may be obtained at the City Administrative Offices.

C. Government-Wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-Wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenue.

Fund Financial Statements

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and statutory mandate. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(1) Summary of Significant Accounting Policies - Continued

Governmental Fund Types:

The City reports the following major governmental funds:

General fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in other funds. It also includes the financial activities related to most federal and state funds.

Special revenue funds - These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital projects funds - These funds are used to account for financial resources to be used for the acquisition or construction of general major capital facilities.

Proprietary Fund Types:

Enterprise funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City operates its water, sewer, storm drainage, and solid waste fund as enterprise funds. Each is considered a major proprietary fund.

Internal service funds - The internal service funds are used to provide financing of goods and services provided by one department or agency to other departments or agencies of the government, or other governments on a cost-reimbursements basis. The City maintained internal service funds for motor vehicle fleet operations. Internal service funds are reported as a single column on the enterprise fund statements and are combined with governmental activities on the government-wide statements.

D. Measurement Focus and Basis of Accounting

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.

All governmental funds are reported using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All governmental funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (within sixty days) to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The City applies only the applicable FASB pronouncements issued on or before November 30, 1989.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(1) Summary of Significant Accounting Policies - Continued

Sales and use taxes, franchise taxes, and earned but un-reimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. All other revenues are considered to be measurable and available only when cash is received by the government.

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenue include all taxes and fees in lieu.

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 proprietary 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.

E. Assets, Liabilities, and Net Assets or Equity

Cash, Deposits, and Investments

Cash includes cash on hand, demand deposits with banks, and deposits in 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 (the Fund) and other investments allowed by the State of Utah's Money Management Act.

The Utah Public Treasurer's Investment Fund operates in accordance with state laws and regulations, The reported value of the Fund is the same as the fair value of the Fund shares.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interactivity receivable or interactivity payable". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "interactivity balances".

Advances between funds, as reported in fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

Accounts receivable for services related to government activities and trade accounts receivable for business-type activities are shown net of allowance for doubtful accounts. The allowance is calculated using a percentage of total accounts receivable in conjunction with an evaluation of items over 180 days.

Inventories and Prepaid Items

All inventories are valued at cost and accounted for on the first-in, first-out method (FIFO). Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. No material inventories were on hand at June 30, 2012.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

Certain assets are classified as restricted because their use is restricted by laws and regulations.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(1) Summary of Significant Accounting Policies - Continued

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	50 years
Water distribution system	50 years
Sewer collection system	50 years
Equipment and machinery	3-10 years
Infrastructure and other improvements	10-30 years
Wells and related structures	5-10 years
Trucks	4-10 years

Water Rights and Stock

The City does not place a limitation on the life of the water rights, an intangible capital asset, and does not expect to cease utilizing the water rights in the foreseeable future. The water rights are recorded at historical cost and are considered to have an indefinite useful life. The total book value for water rights for the Water Utility Fund is \$6,250 at June 30, 2012.

Compensated Absences

It is the City's policy to allow employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. Compensated absences are reported in governmental funds only if an employee has resigned or retired and the accrued leave has not been paid out. The accumulated vacation and compensatory time that is not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. Accumulated vacation and compensatory time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Year-end liabilities for compensated absences are accrued at the employees' current hourly rate for the maximum possible separation benefit.

Sick leave amounts are charged to expenditures when incurred. Employees may accumulate sick leave to a total of nine hundred sixty hours. Regular employees accumulated sick leave benefits at the rate of twelve days per year. The City has implemented an unused sick leave incentive to increase productivity and encourage longevity within the City. The incentive allows for converting a portion of unused sick leave to either annual leave or cash. The incentive is elected annually in December and requires employees to meet strict criteria to be eligible. Employees who retire or separate under favorable conditions are paid a portion of unused sick leave based on years of service and accumulated sick leave hours.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond discounts and premiums, as well as issuance costs, are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(1) Summary of Significant Accounting Policies - Continued

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.

Net Assets/Fund Balances

The difference between assets and liabilities is *net assets* on the government-wide statements and *fund balance* on the governmental fund statements. Net assets are divided into invested in capital assets (net of related debt), restricted and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable and Restricted fund balances represent the restricted classifications and Committed, Assigned, and Unassigned represent the unrestricted classifications.

Nonspendable fund balance includes amounts that can not be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact. Restricted fund balance is externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority, namely, the Council. The Council approval is required to commit resources or to rescind the commitment. Assigned fund balance represents limitations imposed by management. Assigned fund balance requests are submitted to the Finance Director for approval/non-approval. Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

F. Budgets

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities" by North Ogden City Municipal Council on or before June 22nd for the following fiscal year which begins on July 1. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolution are generally required only if the fund desires to exceed its total budget appropriation. The City follows Uniform Fiscal Procedures for Cities as adopted by the State Legislature for policies concerning its budgetary accounting. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at fiscal year end.

During the year, two supplemental amendments were made to the City's general fund budget totaling \$141,856.

G. Non-spendable Fund Balance/Retained Earnings

Non-spendable fund balance is comprised of redevelopment agency receivable of \$632,207 and prepaids of \$77,018 at June 30, 2012.

H. Assignment of Fund Balance

Assignment of fund balance is comprised of \$715,283 in the capital projects fund for planned projects.

I. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(2) Deposits and Investments

Deposits and investments for North Ogden City are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the City's exposure to various risks related to its cash management activities.

A. 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 City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council. The City's deposits in banks in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's deposits at the banks at June 30, 2012 were \$2,153,323, of which \$-0- was uninsured and uncollateralized.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction 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; and shares in a money market fund as defined in the Act.

The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject 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 costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City's investments at June 30, 2012:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 8,918,587	85 days*	not rated
PTIF Investments - Wells Fargo debt service	<u>126,875</u>	85 days*	not rated
	<u>\$ 9,045,462</u>		

*Weighted-average maturity

C. 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 investing solely 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 in the previous table.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(2) Deposits and Investments - Continued

Components of cash including interest bearing deposits at June 30, 2012 are as follows:

Cash on hand and deposit:	
Cash on hand	\$ 6,875
Cash on deposit	481,839
Money market deposits	1,397,361
PTIF deposit	8,918,587
Certificates of deposit - maturity of one year or less	<u>102,836</u>
	<u>\$10,907,498</u>

(3) Assets Held by Trustee

The balance of assets held by the fiscal agent in each fund at June 30, 2012 was as follows:

Bond debt service fund	\$ <u>126,875</u>
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The assets held by the fiscal agent consisted of the following at June 30, 2012:

Utah Public Treasurer's Investment Fund	\$ <u>126,875</u>
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(4) Accounts Receivable

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

	General Fund	Special Revenue Fund	Water Utility Enterprise Fund	Sewer Utility Enterprise Fund	Storm Water Utility Enterprise Fund	Solid Waste Utility Enterprise Fund	Total
Taxes	\$ 1,047,434	575,035	-	-	-	-	1,622,469
Utilities	-	-	90,493	147,033	47,840	92,275	377,641
Intergovernmental	252,361	-	-	-	-	-	252,361
Other	<u>223,378</u>	-	-	-	-	-	<u>223,378</u>
	1,523,173	575,035	90,493	147,033	47,840	92,275	2,475,849
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,523,173</u>	<u>575,035</u>	<u>90,493</u>	<u>147,033</u>	<u>47,840</u>	<u>92,275</u>	<u>2,475,849</u>

The City considers its utility fund accounts receivable to be substantially collectable and has therefore not recorded an allowance for doubtful accounts.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes levied not yet due	\$ 1,496,876	1,496,876
Property taxes received not yet due	-	<u>142,253</u>
	<u>\$ 1,496,876</u>	<u>1,639,129</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(5) Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 3,493,107	-	-	3,493,107
Total	<u>3,493,107</u>	<u>-</u>	<u>-</u>	<u>3,493,107</u>
Capital assets being depreciated:				
Buildings and improvements	9,563,504	-	-	9,563,504
Infrastructure	10,722,055	553,106	-	11,275,161
Park improvements	2,539,056	24,524	-	2,563,580
Machinery and equipment	3,604,221	83,452	28,266	3,659,407
Total	<u>26,428,836</u>	<u>661,082</u>	<u>28,266</u>	<u>27,061,652</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,681,570)	(282,538)	-	(2,964,108)
Infrastructure	(1,258,832)	(341,704)	-	(1,600,536)
Park improvements	(284,234)	(63,299)	-	(347,533)
Machinery and equipment	(2,697,793)	(188,561)	(23,029)	(2,863,325)
Total	<u>(6,922,429)</u>	<u>(876,102)</u>	<u>(23,029)</u>	<u>(7,775,502)</u>
Capital assets being depreciated, net	<u>19,506,407</u>	<u>(215,020)</u>	<u>5,237</u>	<u>19,286,150</u>
Governmental activity capital assets, net	<u>\$22,999,514</u>	<u>(215,020)</u>	<u>5,237</u>	<u>22,779,257</u>

Capital assets in the statement of net assets also includes the equipment and other depreciable assets, net of accumulated depreciation, for the internal service fund of \$704,355.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in process	\$ 133,092	-	12,864	120,228
Water rights and stock	6,250	-	-	6,250
Land and land improvements	159,493	-	-	159,493
Total	<u>298,835</u>	<u>-</u>	<u>12,864</u>	<u>285,971</u>
Capital assets being depreciated:				
Buildings and improvements	324,649	-	-	324,649
Infrastructure	36,601,911	547,566	-	37,149,477
Machinery and equipment	2,634,099	46,940	898	2,680,141
Total	<u>39,560,659</u>	<u>594,506</u>	<u>898</u>	<u>40,154,267</u>
Less accumulated depreciation for:				
Buildings and improvements	(220,556)	(8,650)	-	(229,206)
Infrastructure	(9,739,290)	(839,028)	-	(10,578,318)
Machinery and equipment	(1,764,458)	(192,329)	(898)	(1,955,889)
Total	<u>(11,724,304)</u>	<u>(1,040,007)</u>	<u>(898)</u>	<u>(12,763,413)</u>
Capital assets being depreciated, net	<u>27,836,355</u>	<u>(445,501)</u>	<u>-</u>	<u>27,390,854</u>
Business-type activities capital assets, net	<u>\$28,135,190</u>	<u>(445,501)</u>	<u>12,864</u>	<u>27,676,825</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(5) Capital Assets - Continued

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

Government activities:		
General government		\$ 61,613
Public safety		97,137
Public works, including depreciation of general infrastructure		389,774
Community services		<u>327,578</u>
		<u>876,102</u>
Business activities:		
Water		504,918
Sewer		186,459
Storm water		309,371
Solid waste		<u>39,259</u>
		<u>1,040,007</u>
		<u>\$ 1,916,109</u>

(6) Changes in Capital Leases and Long-Term Liabilities

Activity with long-term liabilities including capital leases for the year ending June 30, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<i>Governmental activities:</i>					
Revenue bonds	\$ 3,045,000	-	180,000	2,865,000	190,000
Dump truck lease	116,043	-	14,361	101,682	15,043
Mower lease	11,111	-	11,111	-	-
Total	<u>\$ 3,172,154</u>	<u>-</u>	<u>205,472</u>	<u>2,966,682</u>	<u>205,043</u>
<i>Business-type activities:</i>					
Dump truck lease	\$ 116,043	-	14,361	101,682	15,044
Street sweeper lease	149,731	-	35,318	114,413	36,692
Leaf collection truck	116,703	-	14,500	102,203	15,170
Total	<u>\$ 382,477</u>	<u>-</u>	<u>64,179</u>	<u>318,298</u>	<u>66,906</u>

For the current year ended June 30, 2012, interest of \$129,139 was charged to expenses by governmental activities and \$15,411 by business-type activities. No interest was capitalized during the year by either type of activity.

(7) Long-Term Debt

Revenue bonds

On November 9, 2004, the City issued \$4,040,000 in sales tax revenue bonds. The proceeds of the bonds were used to construct the City's new aquatic center. The bonds carry interest rates ranging from 2.00% to 5.00% and fully mature in the year 2025.

The debt maturities are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 190,000	123,237	313,237
2014	200,000	116,163	316,163
2015	190,000	108,850	298,850
2016	200,000	101,288	301,288
2017	210,000	93,087	303,087
2018-2022	1,145,000	315,538	1,460,538
2023-2025	730,000	49,231	779,231
	<u>\$ 2,865,000</u>	<u>907,394</u>	<u>3,772,394</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(8) Capital Leases

The City has three outstanding lease purchase contracts. These contracts are treated as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments. All amortization expense for these leases has been included in depreciation expense.

On June 13, 2008 the City entered into two lease purchase agreements. The proceeds of these two lease purchases are to acquire two new dump trucks with snow plow equipment and one mower. The lease purchase contracts carry interest rates of 4.75% and 3.50% and are fully paid in 2018 and 2012 respectively. The contract for the mower was completed during 2012.

The obligation for one dump truck and the mower is an obligation of the motor pool fund and will be paid from rent payments from the City's general fund. The obligation for one dump truck is an obligation of the City's storm water utility and will be paid from service fees.

On May 24, 2010 the City entered into a lease purchase contract to purchase a new street sweeper. The contract has an interest rate of 3.89% and will be fully paid in July of 2014. This obligation is that of the City's storm water utility and will be paid from service fees.

On June 2, 2010 the City signed a lease purchase contract to purchase a leaf collection truck. The contract has an interest rate of 4.62% and will be fully paid in July of 2018. This obligation is that of the City's storm water utility and will be paid from service fees. Although the lease contract was signed and funded in June of 2010, the purchase of the leaf collection truck was completed in the year ended June 30, 2011.

Future minimum lease payments together with the present value of the net minimum lease payments under these capital lease obligations at June 30, 2012 are as follows:

Year Ended June 30,	Governmental Activities			Business Type Activities			
	Motor Pool			Storm Water Utility			
	Mower	Dump Truck	Total	Dump Truck	Street Sweeper	Leaf Collector	Total
2013	\$ -	19,874	19,874	19,874	41,142	19,892	80,908
2014	-	19,873	19,873	19,873	41,143	19,892	80,908
2015	-	19,873	19,873	19,873	41,143	19,892	80,908
2016	-	19,873	19,873	19,873	-	19,892	39,765
2017	-	19,873	19,873	19,873	-	19,892	39,765
2018	-	19,873	19,873	19,873	-	19,891	39,764
Total lease payments	-	119,239	119,239	119,239	123,428	119,351	362,018
Less amounts representing interest	-	17,557	17,557	17,557	9,015	17,148	43,720
Present value of minimum lease payments	-	101,682	101,682	101,682	114,413	102,203	318,298
Less current portion	-	15,043	15,043	15,044	36,692	15,170	66,906
Portion of obligations under capital lease due after one year	\$ -	86,639	86,639	86,638	77,721	87,033	251,392

(9) Interfund Receivables and Payables

Individual interfund receivable and payable balances are as follows at June 30, 2012.

	Due from Other Funds	Due to Other Funds
General fund	\$ 632,207	-
RDA - special revenue	-	738,525
Water utility - enterprise fund	64,837	-
Sewer utility - enterprise fund	41,481	-
	\$ 738,525	738,525

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(9) Interfund Receivables and Payables - Continued

Activity between funds that represents lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All other outstanding balances between funds are also reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

(10) Retirement Plans

Plan Description

North Ogden City (City) contributes to the Local Governmental Contributory, Non-contributory, and Public Safety Retirement Systems, all cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The System is 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 Non-contributory 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 1-800-753-7361.

Funding Policy

In the Local Governmental Contributory System the City contributes a combined rate of 15.76% of covered salary, in the Non-contributory Retirement System the City is required to contribute 13.77% of its annual covered salary. The City contributes 27.07% to the Public Safety Non-contributory System and 16.27% to the Public Safety - Contributory System based on covered wages. The contribution rate is actuarially determined. The contribution requirements of the System is authorized by statute and specified by the Board.

The City's contributions to the various systems for June 30, 2012, 2011 and 2010 were as follows:

A. Local Governmental System - Contributory

	<u>2012</u>	<u>2011</u>	<u>2010</u>	
\$	4,910	4,555	4,448	Employer paid for employee contributions.
	11,768	7,105	5,671	Employer contributions.

B. Local Governmental System - Non-contributory

	<u>2012</u>	<u>2011</u>	<u>2010</u>	
\$	1,763,720	1,477,914	1,546,159	Salary subject to retirement contributions.
	220,120	197,597	180,282	Employer contributions.

C. Public Safety with Social Security System - Contributory

	<u>2012</u>	<u>2011</u>	<u>2010</u>	
\$	2,578	-	-	Employer contributions.

D. Public Safety with Social Security System - Non-contributory*

	<u>2012</u>	<u>2011</u>	<u>2010</u>	
\$	176,309	162,350	139,908	Employer contributions.

*The Public Safety Contributory and Non-contributory Retirement systems are combined for financial statement disclosure.

The above contributions were equal to the required contributions for each year.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(11) 401K Defined Contribution Plan - Continued

North Ogden City maintains a 401K Defined Contribution Pension Plan established July 1, 1993 to provide additional retirement benefits for its employees. At June 30, 2012, there were fifty-eight Plan members. Plan members make elective contributions to the Plan of 0% to 15% subject to certain limitations. The City makes a matching contribution up to 3%. The City makes an elective contribution each year as established by the City's Council. For June 30, 2012, the City's contribution was 3.00%. Plan provision and contribution requirements are established and may be amended by the City Council.

Plan members and the City's contributions are recognized in the period the contributions are due. Required contributions for the year were made.

(12) Unearned Revenue

Deferred revenue is comprised of the following:

2012 property taxes received in the fiscal year which will be used to finance the 2012-2013 fiscal year expenditures	
General fund	\$ 1,014,129
RDA fund	<u>625,000</u>
	1,639,129
Grants received by the City's capital improvement fund will be recognized as revenue only when the stated conditions for use have occurred	
	<u>43,199</u>
	<u>\$ 1,682,328</u>

(13) North Ogden Redevelopment Agency

The redevelopment agency (RDA) collected tax increments of \$575,428 and interest of \$865 for the year ended June 30, 2010, and paid \$-0- to other taxing agencies. The RDA has issued no bonds to finance costs associated with its project areas. The RDA paid \$-0- to the City's general fund and \$-0- to utility funds on debt. Total debt to utility funds was \$106,318 at June 30, 2012. The RDA has borrowed \$632,207 from the general fund.

During the year the RDA incurred the following expenditures:

Pay agent fees	\$ 1,850
Engineering services	1,513
Interest	129,713
Debt service	<u>180,000</u>
Total expenditures	<u>\$ 313,076</u>

(14) Interfund Balances and Transfers

The following governmental interfund receivables/payables are eliminated in the consolidation of the fund statements and government-wide financial statements. The enterprise due from/to other funds balance is included as Internal Balances on the government-wide Statement of Net Assets.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General fund	\$ 685,691	-
RDA fund	-	738,525
Capital projects fund	-	<u>53,484</u>
Total governmental funds	<u>685,691</u>	<u>792,009</u>
Enterprise funds:		
Water fund	64,837	-
Sewer fund	<u>41,481</u>	-
Total enterprise funds	<u>106,318</u>	-
Total all funds	<u>\$ 792,009</u>	<u>792,009</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2012

(14) Interfund Balances and Transfers - Continued

Transfers during the year end June 30, 2012 were as follows:

Transfer from general fund	\$(1,082,500)
Transfer to capital projects fund	<u>1,082,500</u>
	<u>\$ -</u>

(15) Deficit Fund Balances and Budgetary Compliance

The City's general fund parks department exceeded budgeted expenditures by \$443 and transfers to capital projects fund exceeded budgeted expenditures by \$360,000. The RDA fund exceeded budgeted expenditures by \$7,238.

(16) Property Taxes

Property taxes are recognized when they are measurable and available. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are due on November 30, City property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of the Governmental Accounting Standards Board Codification, Section P70.

No revenue is recognized for delinquent taxes as corresponding entries are made to takes receivable and deferred revenue. Due to the collection process, which is a County function, delinquent property taxes are reported as revenue when received. The County handles the accounting for property tax collections and the collection of delinquencies can take up to five years, at which time property is sold at tax auctions to collect on property tax liens.

(17) Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

(18) Risk Management

North Ogden City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. Deductibles on claims are paid for out of the department experiencing the damage or loss.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2012, there were no outstanding claims or judgements against the City. Settlements did not exceed insurance coverage for each of the past three years.

(19) Subsequent Events

Management has evaluated subsequent events through December 4, 2012, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

NORTH OGDEN CITY

Notes to Required Supplementary Information

June 30, 2012

Budgeting and Budgetary Control

As more fully explained in Note 1 of the Notes to Financial Statements, annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1 in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpected balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

NORTH OGDEN CITY

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund

Year Ended June 30, 2012

Revenue	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Taxes:				
General property taxes	\$ 982,366	982,366	982,270	(96)
Delinquent property taxes	36,610	36,610	37,878	1,268
Fees in lieu of taxes	125,720	125,720	119,135	(6,585)
General sales and use tax	1,718,000	1,718,000	1,843,296	125,296
Utility franchise tax	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,011,073</u>	<u>11,073</u>
Total taxes	<u>3,862,696</u>	<u>3,862,696</u>	<u>3,993,652</u>	<u>130,956</u>
Licenses and permits:				
Business licenses	51,000	51,000	58,742	7,742
Building permits	75,000	75,000	162,521	87,521
Animal licenses	<u>20,000</u>	<u>20,000</u>	<u>21,707</u>	<u>1,707</u>
Total licenses and permits	<u>146,000</u>	<u>146,000</u>	<u>242,970</u>	<u>96,970</u>
Intergovernmental:				
State road allotment	525,000	525,000	568,236	43,236
State liquor law	13,000	13,000	13,267	267
Grants	<u>8,000</u>	<u>8,000</u>	<u>33,689</u>	<u>25,689</u>
Total intergovernmental	<u>546,000</u>	<u>546,000</u>	<u>615,192</u>	<u>69,192</u>
Charges for services:				
Aquatic center and recreation fees	375,000	375,000	439,683	64,683
Building plan/development fees	37,000	37,000	66,571	29,571
Zoning and subdivision fees	4,500	4,500	5,293	793
Cherry Days	30,000	30,000	49,741	19,741
Credit card fees	-	-	7,223	7,223
Youth council projects	<u>1,000</u>	<u>1,000</u>	<u>2,382</u>	<u>1,382</u>
Total charges for services	<u>447,500</u>	<u>447,500</u>	<u>570,893</u>	<u>123,393</u>
Fines and forfeitures	<u>175,000</u>	<u>175,000</u>	<u>140,385</u>	<u>(34,615)</u>
Other revenue:				
Interest	45,000	45,000	63,296	18,296
Rents	32,000	32,000	30,969	(1,031)
Traffic school	40,000	40,000	28,373	(11,627)
Donations	10,000	10,000	5,041	(4,959)
Administrative service fee to utility funds	172,736	172,736	172,736	-
Sale of assets	-	-	8,914	8,914
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>4,692</u>	<u>(5,308)</u>
Total other revenue	<u>309,736</u>	<u>309,736</u>	<u>314,021</u>	<u>4,285</u>
Total revenue	<u>5,486,932</u>	<u>5,486,932</u>	<u>5,877,113</u>	<u>390,181</u>
<u>Expenditures</u>				
<u>General Government</u>				
Legislative:				
Salaries and benefits	\$ 36,932	36,932	36,091	841
Operating	25,645	25,645	21,596	4,049
Capital	<u>600</u>	<u>5,545</u>	<u>4,945</u>	<u>600</u>
	<u>63,177</u>	<u>68,122</u>	<u>62,632</u>	<u>5,490</u>
Judicial:				
Salaries and benefits	106,443	106,443	105,542	901
Operating	27,401	24,264	22,269	1,995
Capital	-	5,137	4,960	177
	<u>133,844</u>	<u>135,844</u>	<u>132,771</u>	<u>3,073</u>

NORTH OGDEN CITY

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2012

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>General Government</u>				
Finance:				
Salaries and benefits	\$ 226,861	243,861	241,800	2,061
Operating	43,739	43,739	42,825	914
Capital	600	600	523	77
	<u>271,200</u>	<u>288,200</u>	<u>285,148</u>	<u>3,052</u>
Administrative:				
Salaries and benefits	284,437	284,437	279,158	5,279
Operating	51,675	51,675	41,027	10,648
Capital	10,600	10,600	2,880	7,720
	<u>346,712</u>	<u>346,712</u>	<u>323,065</u>	<u>23,647</u>
Non-Departmental:				
Salaries and benefits	12,100	12,100	777	11,323
Operating	172,760	172,760	179,309	(6,549)
	<u>184,860</u>	<u>184,860</u>	<u>180,086</u>	<u>4,774</u>
Elections:				
Operating	15,000	26,000	19,861	6,139
	<u>15,000</u>	<u>26,000</u>	<u>19,861</u>	<u>6,139</u>
General government buildings:				
Salaries and benefits	25,000	25,000	21,652	3,348
Operating	78,470	79,445	61,911	17,534
	<u>103,470</u>	<u>104,445</u>	<u>83,563</u>	<u>20,882</u>
Total general government	<u>1,118,263</u>	<u>1,154,183</u>	<u>1,087,126</u>	<u>67,057</u>
<u>Public Safety</u>				
Police service:				
Salaries and benefits	1,540,743	1,540,743	1,507,414	33,329
Operating	208,917	203,456	195,342	8,114
Capital	39,131	54,271	51,374	2,897
	<u>1,788,791</u>	<u>1,798,470</u>	<u>1,754,130</u>	<u>44,340</u>
Planning:				
Salaries and benefits	210,806	210,806	145,155	65,651
Operating	36,080	37,122	38,071	(949)
Capital	-	-	542	(542)
	<u>246,886</u>	<u>247,928</u>	<u>183,768</u>	<u>64,160</u>
Inspection:				
Salaries and benefits	309,556	309,556	304,621	4,935
Operating	20,856	20,856	13,791	7,065
Capital	1,200	1,200	1,047	153
	<u>331,612</u>	<u>331,612</u>	<u>319,459</u>	<u>12,153</u>
Animal control:				
Salaries and benefits	59,425	59,425	57,366	2,059
Operating	9,209	39,209	34,612	4,597
	<u>68,634</u>	<u>98,634</u>	<u>91,978</u>	<u>6,656</u>
Total public safety	<u>2,435,923</u>	<u>2,476,644</u>	<u>2,349,335</u>	<u>127,309</u>
<u>Streets and Highways</u>				
Salaries and benefits	362,986	362,986	249,065	113,921
Operating	304,297	304,297	271,596	32,701
Capital	8,000	8,000	5,988	2,012
	<u>675,283</u>	<u>675,283</u>	<u>526,649</u>	<u>148,634</u>
Total streets and highways	<u>675,283</u>	<u>675,283</u>	<u>526,649</u>	<u>148,634</u>

NORTH OGDEN CITY

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2012

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Community Services</u>				
Administration:				
Salaries and benefits	\$ 143,116	146,179	104,900	41,279
Operating	31,509	81,509	76,708	4,801
Capital	600	600	524	76
	<u>175,225</u>	<u>228,288</u>	<u>182,132</u>	<u>46,156</u>
Parks department:				
Salaries and benefits	309,304	322,367	330,329	(7,962)
Operating	71,550	71,550	75,458	(3,908)
Capital	11,427	11,427	-	11,427
	<u>392,281</u>	<u>405,344</u>	<u>405,787</u>	<u>(443)</u>
Recreation department:				
Salaries and benefits	120,637	123,700	107,014	16,686
Operating	60,640	60,640	58,053	2,587
	<u>181,277</u>	<u>184,340</u>	<u>165,067</u>	<u>19,273</u>
Aquatic center:				
Salaries and benefits	184,090	235,153	219,228	15,925
Operating	144,808	144,808	145,590	(782)
Capital	5,000	12,864	11,192	1,672
	<u>333,898</u>	<u>392,825</u>	<u>376,010</u>	<u>16,815</u>
Total community services	<u>1,082,681</u>	<u>1,210,797</u>	<u>1,128,996</u>	<u>81,801</u>
Total expenditures	<u>5,312,150</u>	<u>5,516,907</u>	<u>5,092,106</u>	<u>424,801</u>
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses)	<u>174,782</u>	<u>(29,975)</u>	<u>785,007</u>	<u>814,982</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(472,500)</u>	<u>(722,500)</u>	<u>(1,082,500)</u>	<u>(360,000)</u>
Total other financing sources (uses)	<u>(472,500)</u>	<u>(722,500)</u>	<u>(1,082,500)</u>	<u>(360,000)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	(297,718)	(752,475)	(297,493)	454,982
Fund balance - beginning of year	<u>1,943,273</u>	<u>1,943,273</u>	<u>1,943,273</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,645,555</u>	<u>1,190,798</u>	<u>1,645,780</u>	<u>454,982</u>

NORTH OGDEN CITY

Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
Redevelopment Agency

Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Property taxes	\$ 600,000	600,000	557,428	(42,572)
Interest income	3,000	500	865	365
Total revenue	<u>603,000</u>	<u>600,500</u>	<u>558,293</u>	<u>(42,207)</u>
Expenditures:				
Professional services - pay agent	-	-	1,850	(1,850)
Engineering services	-	-	1,513	(1,513)
Bond retirement	170,000	170,000	180,000	(10,000)
Interest expense - bonds	<u>135,838</u>	<u>135,838</u>	<u>129,713</u>	<u>6,125</u>
Total expenditures	<u>305,838</u>	<u>305,838</u>	<u>313,076</u>	<u>(7,238)</u>
Excess (deficiency) of revenue over (under) expenditures	297,162	294,662	245,217	(49,445)
Fund balance (deficit) - beginning of year	<u>(129,511)</u>	<u>(129,511)</u>	<u>(129,511)</u>	-
Fund balance (deficit) - end of year	<u>\$ 167,651</u>	<u>165,151</u>	<u>115,706</u>	<u>(49,445)</u>

OTHER INFORMATION

NORTH OGDEN CITY

Statement of Revenue, Expenditures, and Changes in Net Assets - Budget and Actual
Capital Projects Fund

Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
RAMP grants recognized	\$ 72,260	72,260	16,950	(55,310)
Park rents	-	-	5,245	5,245
Park impact fees	-	-	168,651	168,651
Escrow defaults	-	-	25,286	25,286
Total revenue	<u>72,260</u>	<u>72,260</u>	<u>216,132</u>	<u>143,872</u>
Expenditures:				
Park improvements and construction	72,260	73,410	24,823	48,587
Street and road improvement and construction	472,500	472,500	480,165	(7,665)
Contingency	-	10,559	12,992	(2,433)
Total expenditures	<u>544,760</u>	<u>556,469</u>	<u>517,980</u>	<u>38,489</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(472,500)</u>	<u>(484,209)</u>	<u>(301,848)</u>	<u>182,361</u>
Other financing sources (uses):				
Transfers in (out)	<u>472,500</u>	<u>472,500</u>	<u>1,082,500</u>	<u>610,000</u>
Total other financing sources (uses)	<u>472,500</u>	<u>472,500</u>	<u>1,082,500</u>	<u>610,000</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	-	(11,709)	780,652	792,361
Fund balance (deficit) - beginning of year	<u>(65,369)</u>	<u>(65,369)</u>	<u>(65,369)</u>	<u>-</u>
Fund balance (deficit) - end of year	<u><u>\$ (65,369)</u></u>	<u><u>(77,078)</u></u>	<u><u>715,283</u></u>	<u><u>792,361</u></u>

NORTH OGDEN CITY

Combining Statement of Net Assets
Internal Service Funds

June 30, 2012

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Current assets:			
Combined investments	\$ 1,264,089	194,949	1,459,038
Total current assets	<u>1,264,089</u>	<u>194,949</u>	<u>1,459,038</u>
Capital assets:			
Buildings and structures	337,565	-	337,565
Vehicles and equipment	1,843,608	582,151	2,425,759
Accumulated depreciation	<u>(1,666,057)</u>	<u>(392,922)</u>	<u>(2,058,979)</u>
Net capital assets	<u>515,116</u>	<u>189,229</u>	<u>704,345</u>
Total assets	<u>1,779,205</u>	<u>384,178</u>	<u>2,163,383</u>
Current Liabilities:			
Current portion of lease obligations payable	24,446	-	24,446
Compensated absences payable	<u>3,028</u>	-	<u>3,028</u>
Total current liabilities	<u>27,474</u>	<u>-</u>	<u>27,474</u>
Non-current liabilities:			
Lease obligations payable	101,682	-	101,682
Lease obligations payable - current portion	<u>(24,446)</u>	-	<u>(24,446)</u>
Total non-current liabilities	<u>77,236</u>	<u>-</u>	<u>77,236</u>
Total liabilities	<u>104,710</u>	<u>-</u>	<u>104,710</u>
Net assets:			
Investment in capital assets net of related debt	413,434	189,229	602,663
Unrestricted	<u>1,261,061</u>	<u>194,949</u>	<u>1,456,010</u>
Total net assets	<u>\$ 1,674,495</u>	<u>384,178</u>	<u>2,058,673</u>

NORTH OGDEN CITY

Combining Statement of Revenue, Expenses, and Changes in Net Assets
Internal Service Funds

Year Ended June 30, 2012

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Revenue:			
Lease contracts:			
General fund	\$ 95,704	86,870	182,574
Water utility fund	39,695	-	39,695
Sewer utility fund	19,890	-	19,890
Storm water utility fund	24,525	-	24,525
Solid waste utility fund	1,989	-	1,989
Total lease contracts	<u>181,803</u>	<u>86,870</u>	<u>268,673</u>
Operating charge - police motorpool	56,990	(56,990)	-
Sale of materials and supplies	370	-	370
Total revenue	<u>239,163</u>	<u>29,880</u>	<u>269,043</u>
Expenses:			
Salaries	103,406	-	103,406
Compensated absences	(1,663)	-	(1,663)
Benefits	48,164	-	48,164
Uniform allowance	1,336	-	1,336
Utilities	12,901	-	12,901
Subscriptions and memberships	1,500	-	1,500
Building maintenance	1,205	-	1,205
Travel and training	3,279	-	3,279
Equipment O and M	68,964	9,685	78,649
Fuel	117,694	-	117,694
Computer services	306	-	306
Telephone	1,467	-	1,467
Department supplies	6,258	-	6,258
Interest on capital leases	5,901	-	5,901
Depreciation	93,417	52,382	145,799
Total expenses	<u>464,135</u>	<u>62,067</u>	<u>526,202</u>
Income (loss) from operations	<u>(224,972)</u>	<u>(32,187)</u>	<u>(257,159)</u>
Other non-operating revenue (expenses):			
Gain from sale of assets	-	1,488	1,488
Capital contribution - general fund	-	30,699	30,699
Total other non-operating revenue (expenses)	<u>-</u>	<u>32,187</u>	<u>32,187</u>
Change in net assets	(224,972)	-	(224,972)
Net assets - beginning of year	<u>1,899,467</u>	<u>384,178</u>	<u>2,283,645</u>
Net assets - end of year	<u>\$ 1,674,495</u>	<u>384,178</u>	<u>2,058,673</u>

NORTH OGDEN CITY

Combining Statement of Cash Flows
Internal Service Funds

June 30, 2012

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from vehicle rents from:			
General fund	\$ 95,704	86,870	182,574
Utility funds	86,099	-	86,099
Sale of materials and supplies	370	-	370
Operating charge - police motorpool	56,990	(56,990)	-
Payments for payroll and benefits	(156,940)	-	(156,940)
Payments for goods and services	<u>(219,475)</u>	<u>(9,685)</u>	<u>(229,160)</u>
Net cash provided (used) by operating activities	<u>(137,252)</u>	<u>20,195</u>	<u>(117,057)</u>
Cash flows from capital and related financing activities:			
Proceeds from the sale of capital assets	-	6,660	6,660
Principal payments on lease financing	<u>(25,472)</u>	<u>-</u>	<u>(25,472)</u>
Net cash provided (used) by capital and related financing activities	<u>(25,472)</u>	<u>6,660</u>	<u>(18,812)</u>
Cash flows from non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and equivalents	(162,724)	26,855	(135,869)
Cash and cash equivalents - beginning of year	<u>1,426,813</u>	<u>168,094</u>	<u>1,594,907</u>
Cash and cash equivalents - end of year	<u>\$ 1,264,089</u>	<u>194,949</u>	<u>1,459,038</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (224,972)	(32,187)	(257,159)
Adjustments to reconcile operating income to net net cash provided (used) by operating activities:			
Depreciation	93,417	52,382	145,799
Decrease in compensated absences or wages and benefits payable	<u>(5,697)</u>	<u>-</u>	<u>(5,697)</u>
Total adjustments	<u>87,720</u>	<u>52,382</u>	<u>140,102</u>
Net cash provided (used) by operating activities	<u>\$ (137,252)</u>	<u>20,195</u>	<u>(117,057)</u>
Noncash investing, capital and financing activities:	<u>\$ -</u>	<u>30,699</u>	<u>30,699</u>



Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

Honorable Mayor and City Council
North Ogden City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North Ogden City as of and for the year ended June 30, 2012, which collectively comprise North Ogden City's basic financial statements and have issued our report thereon dated December 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of North Ogden City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered North Ogden City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Ogden City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North Ogden City's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

Crane, Christensen, Palmer & Ambrose PC

December 4, 2012



Independent Auditors' Legal Compliance Report

Honorable Mayor and City Council
North Ogden City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of North Ogden City, Utah, for the year ended June 30, 2012, and have issued our report thereon dated December 4, 2012. As part of our audit, we have audited North Ogden City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2012. The City received the following major assistance program from the State of Utah.

B & C Road Funds (Department of Transportation)

The City also received the following non-major grant which is not required to be audited for specific compliance requirements: (However, this program was subject to test work as part of the audit of North Ogden City's financial statements.)

Police Grants (Department of Public Safety)

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

Public Debt	B & C Road Funds
Cash Management	Department of Commerce General Compliance
Purchasing Requirements	Other Compliance Requirements
Budgetary Compliance	Impact Fees and Other Development Fees
Truth in Taxation and Property Tax limitations	Utah Retirement Systems Compliance
Liquor Law Enforcement	Fund Balance Compliance
Justice Courts	

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

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

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

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, which are outlined on the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, North Ogden 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, 2012.

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

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

Crane, Christman, Palmer & Ambrose PC

NORTH OGDEN CITY

Schedule of State Compliance Findings and Questioned Costs

Year Ended June 30, 2012

PROGRAM: GENERAL COMPLIANCE - BUDGETARY COMPLIANCE

FINDING: The City's general fund parks department, transfers, and the RDA fund exceeded budget expenditures during the year.

QUESTIONED COSTS: Parks department \$443, transfers \$360,000, and the RDA \$7,238.

RECOMMENDATION: Keep spending within budget amounts. If during the year it becomes necessary, procedures to adopt or change a budget should be followed including required public hearings.

CITY'S REPLY: The main reason for the expenditures exceeding budget in the Parks Department was because of a cancellation of a City Council meeting at the end of June. Normally budget amendments would have been presented at the end of June but because the last council meeting for the fiscal year was on June 12th best guesses had to be made of what the final numbers were with about 3 weeks left in the fiscal year. The City will work at making better estimations of final numbers when doing year end budget amendments. The City will also educate the department in making sure they understand they are not allowed to exceed their department budget without an amendment.

One of the reasons for the expenditures exceeding budget in Transfers was because of a cancellation of a City Council meeting at the end of June. Normally budget amendments would have been presented at the end of June but because the last council meeting for the fiscal year was on June 12th best guesses had to be made of what the final numbers were with about 3 weeks left in the fiscal year. Another reason for the expenditure exceeding budget in Transfers was because revenues came in higher than what were projected so in order to meet the 18% fund balance rule we had to transfer more monies to the Capital Projects Fund than originally thought. The City will work at making better estimations of final numbers when doing year end budget amendments.

The expenditures exceeding budget in the RDA Fund was a misunderstanding of what the Project Reserve account is used for. New staff thought that line item was part of the budget in the fund and so when other line items were over-spent it was thought the amount in the Project Reserve line item would cover any overage. Because this is not the case, the City will not include the Project Reserve line item when calculating the budget for the RDA Fund and will make necessary amendments the Fund's budget.