

**NORTH OGDEN CITY**  
**Financial Statements - June 30, 2013**  
**(With Auditor's Report Thereon)**

# NORTH OGDEN CITY

## Table of Contents

	<u>Page</u>
Independent Auditor's Report .....	1-2
Management's Discussion and Analysis .....	3-18
 <b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position .....	19
Statement of Activities .....	20
 Governmental Funds Statements	
Balance Sheet .....	21
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position .....	22
Statement of Revenue, Expenditures, and Changes in Fund Balances .....	23
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	24
 Enterprise Funds Statements	
Statement of Net Position .....	25
Statement of Revenue, Expenses, and Changes in Fund Net Position .....	26
Statement of Cash Flows .....	27-28
Notes to Financial Statements .....	29-42
 <b>Required Supplemental Information</b>	
Notes to Required Supplementary Information .....	43
Budgetary Comparisons - Major Governmental Funds	
General Fund .....	44-46
Redevelopment Agency .....	47
 <b>Other Information</b>	
Capital Projects Fund	
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual .....	48
Internal Service Funds	
Combining Statement of Net Position .....	49
Combining Statement of Revenue, Expenses, and Changes in Net Position .....	50
Combining Statement of Cash Flows .....	51
Independent Auditor's 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> .....	
	52
Independent Auditor's Report on Compliance and on Internal Controls Over Compliance in Accordance With the <i>State of Utah Legal Compliance Audit Guide</i> .....	
	53-54
Schedule of State Compliance Findings and Questioned Costs .....	55
State of Utah - Schedule of Expenditures of State Grants, Contracts, and Loan Funds .....	56



## Independent Auditor's Report

Honorable Mayor and City Council  
North Ogden City, Utah

### **Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-18 and 43-47 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Ogden City's basic financial statements. The budgetary comparison and combining fund financial statements on pages 48-51 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013 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* in considering the City's internal control over financial reporting and compliance.

*Christman, Palmer & Ambrose P.C.*

December 9, 2013

## 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, 2013. 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 position increased during the fiscal year by \$592,710. Net position of governmental activities increased by \$1,341,738 or 5.72%. Net position of business-type activities decreased by \$749,028 or (2.18)%.
- The assets and deferred outflows of North Ogden City exceeded its liabilities and deferred inflows by \$58,479,617. Of this amount, \$10,192,729 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 \$3,425,957 at June 30, 2013, an increase of \$949,188 in comparison to the previous year. Of the ending fund balances, \$1,559,358 was unassigned and available for spending at the City's discretion.
- As of June 30, 2013, the enterprise funds of North Ogden City had a net position of \$33,678,624. Of this amount \$27,111,178 is the net amount invested in capital assets. Combined cash from Business-Type Activities in the Enterprise Funds decreased \$435,430, mainly due to the purchase of land with cash for the future Public Works Facility.
- The City reduced its 2004 sales tax revenue bond debt by \$190,000 during the fiscal year, leaving a balance of \$2,675,000. 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 4 operating leases. The total amount of principal remaining on the 4 leases is \$338,030. The amount paid on principal for the leases in Fiscal Year 2013 was \$81,950.
- During the year it was found that 2 separate reimbursement agreements with a developer for construction of water reservoirs, distribution lines and a pump station were never booked on the financial records of the City. The reimbursements are paid back through culinary water impact fees collected from homes that benefit from the infrastructure.
  - o The first agreement was for a reservoir and culinary water distribution lines and was dated in 2005. The total amount to be reimbursed to the developer is \$625,032.45 of

which \$86,119.54 has been reimbursed. Of that amount, \$26,498.32 was collected and remitted in FY2013. The termination date of the agreement is January 1, 2030.

- The second agreement was for a separate reservoir and a pump station and pump line which was recorded in 2012. The construction of the infrastructure was completed in 2008. The total amount to be reimbursed to the developer is \$1,612,000 of which \$36,435.19 has been reimbursed. Of that amount \$16,561.45 was collected and remitted in FY2013. The termination date of the reimbursement part of the agreement is August 23, 2027.
- A prior period adjustment was done to record the corresponding assets, depreciation and liabilities associated with these agreements.

### **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 position presents information on all of North Ogden's assets, deferred outflows, liabilities and deferred inflows, with the difference between assets and deferred outflows less liabilities and deferred inflows reported as net position. Over time, increases and decreases in net position 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 position changed during the fiscal year. All changes in net position 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 position 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 position (formerly net assets) increased \$592,710 or 1.02%. Of that \$1,341,738 or 2.32% is the result of Governmental Activities while (\$749,028) or -1.3% came from business-type activities.

The largest component of the City's net assets, making up 85.9% 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 \$858,163 in restricted assets for the construction of the future Public Works Facility. 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 decreased by \$764,791 and make up 17.43% of the total net assets. Overall liabilities increased by \$1,896,926, mainly



caused by recognition of liabilities to developers for reservoirs and other water related infrastructure they constructed on behalf of the City.

**Statement of Net Position  
June 30, 2013**

	<b>Governmental</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>Activities</b>					
Assets	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current & Other Assets	7,040,771	6,454,625	6,745,460	7,185,662	13,786,231	13,640,287
Capital Assets (net)	23,131,962	22,779,257	29,483,672	27,676,825	52,615,634	50,456,082
<b>Total Assets</b>	<b>30,172,733</b>	<b>29,233,882</b>	<b>36,229,132</b>	<b>34,862,487</b>	<b>66,401,865</b>	<b>64,096,369</b>
Liabilities	893,951	1,072,571	178,014	-14,557	1,071,965	1,058,014
Long Term Debt						
Outstanding	2,761,638	2,966,682	2,372,494**	318,298	5,134,132	3,284,980
<b>Total Liabilities</b>	<b>3,655,589</b>	<b>4,039,253</b>	<b>2,550,508**</b>	<b>303,741</b>	<b>6,206,097</b>	<b>4,342,994</b>
Deferred inflow of resources	1,716,151	1,682,328	-	-	1,716,151	1,682,328
<b>Net Position:</b>						
Invested in capital assets, net of related debt	20,317,547	19,755,000	27,111,178	27,358,527	47,428,725	47,113,527
Restricted	858,163	-	-	-	858,163	-
Unrestricted	3,625,283	3,757,301	6,567,446	7,200,219	10,192,729	10,957,520
<b>Total Net Position</b>	<b>24,800,993</b>	<b>23,512,301</b>	<b>33,678,624</b>	<b>34,558,746</b>	<b>58,479,617</b>	<b>58,071,047</b>

\*\*This number increased from 2012 because of 2 reimbursement agreements with developers that were previously signed but not recognized in the financial statements. They were entered in to because the developers constructed some water infrastructure on behalf of the City. The reimbursements are paid back through impact fees collected from construction which is benefited by the infrastructure.

**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
General Revenues						
Property Tax	1,702,859	1,696,711			1,702,859	1,696,711
Sales Tax	1,956,544	1,843,296			1,956,544	1,843,296
Other Taxes	1,080,750	1,011,073			1,080,750	1,011,073
Interest & Investment	63,426	64,161			63,296	64,161
Grants & Contributions	804,189	717,102	385,110	67,471	1,189,299	784,573
Charges for Services	1,484,227	1,372,847	3,797,106	3,630,474	5,281,333	5,003,321
Sale of Assets	10,194	10,337	3,780	900	13,974	11,237
Other	25,941	35,661	-	267,513	25,941	303,174
<b>Total Revenues</b>	<b>7,128,130</b>	<b>6,751,188</b>	<b>4,185,996</b>	<b>3,966,358</b>	<b>11,314,126</b>	<b>10,717,546</b>
<b>Expenses</b>						
General Government	1,174,341	1,129,902			1,174,341	1,129,902
Public Safety	2,310,512	2,421,373			2,310,512	2,421,373
Economic Development	5,022	3,363			5,022	3,363
Streets & public improvements	1,248,123	992,524			1,248,123	992,524
Community Services	1,488,874	1,460,892			1,488,874	1,460,892
Interest on Long Term Debt	117,338	128,293			117,338	128,293
Water			1,489,936	1,302,658	1,489,936	1,302,658
Sewer			1,524,735	1,282,112	1,524,735	1,282,112
Storm Water			574,506	574,898	574,506	574,898
Solid Waste			788,029	751,615	788,029	751,615
<b>Total Expenses</b>	<b>6,344,210</b>	<b>6,136,347</b>	<b>4,377,206</b>	<b>3,958,551</b>	<b>10,721,416</b>	<b>10,094,898</b>
Transfers – Internal Activities	557,818		(557,818)			
Increase (decrease) in net position	1,341,738	614,841	(749,028)	7,807	592,710	622,648
Net Position—Beginning of Fiscal Year	23,512,301	22,897,460	34,558,746	34,550,939	58,071,047	57,448,399
Prior Period Adjustment	(53,047)		(131,094)		(184,141)	
Net Position – Beginning of Fiscal Year restated	23,459,255		34,427,652		57,886,906	
Net Position-Ending of Fiscal Year	24,800,993	23,512,301	33,678,624	34,558,746	58,479,616	58,071,047

Total revenues for governmental activities increased \$376,942 or 5.58%. This is a change from the last two years when revenues from governmental activities decreased. The increase was mainly driven by two sources. Sales tax revenues increased \$113,248 or 6.14% and charges for services increased \$111,380 or 8.11%. Taxes are the City's main source of revenue, and account for \$4,740,153 or 66.5% of revenues overall. Expenses for Governmental Activities increased as well. For the year, expenses increased by \$207,863 or 3.39%.

Total revenues for business-type activities increased \$219,638 or 5.54%. Again, this is a change from the last two years when revenues from business-type activities have gone down. This year, program

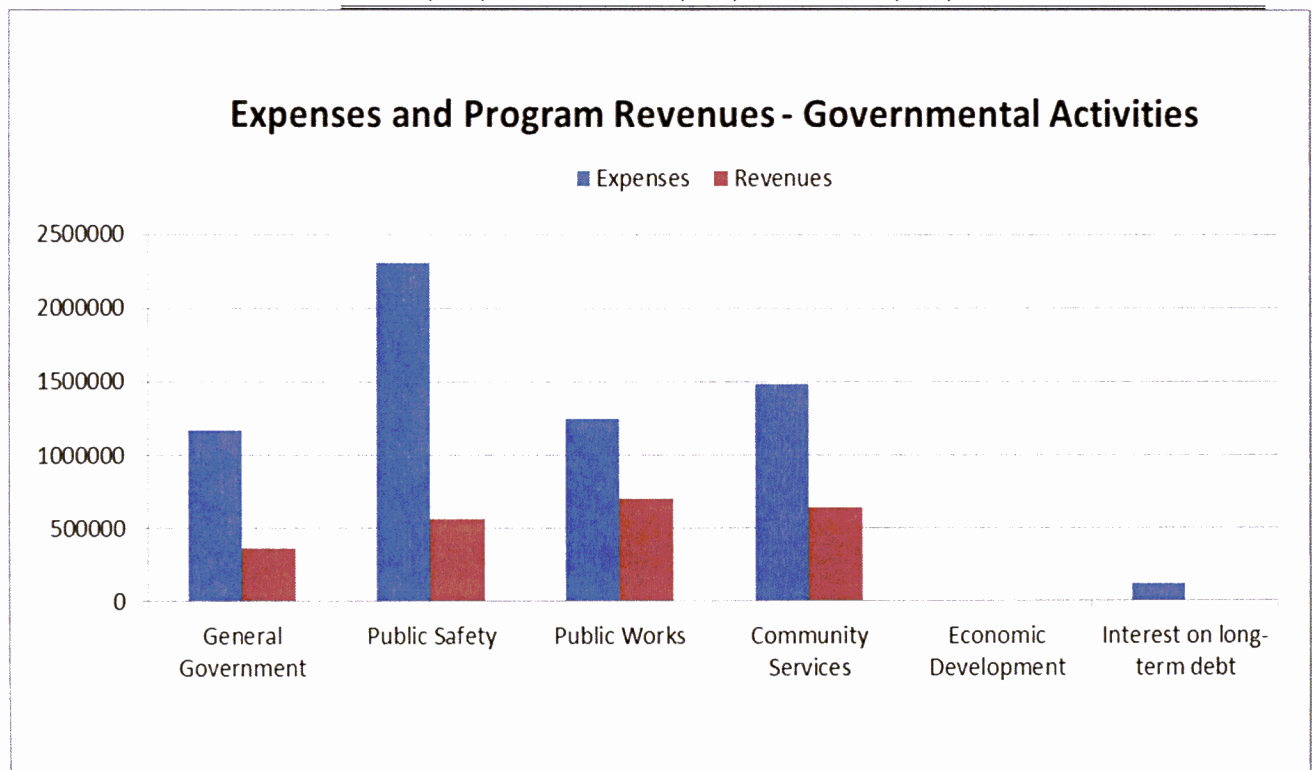
revenues made up 90.7% of the total revenues for business-type activities. Program revenues include utility fees, connection fees and special fees to builders while other fees include impact fees, gains from the sale of assets and miscellaneous revenue.

**Governmental Activities**

Governmental activities are reflected in the government-wide activities statement. The activities in the governmental funds resulted in an increase in net position of \$1,341,738 or 5.72%. 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 \$2,288,416 or 36.1% 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	1,174,341	366,045	-808,296	31.2%
Public Safety	2,310,512	565,352	-1,745,160	24.5%
Public Works	1,248,123	711,243	-536,880	57.0%
Community Services	1,488,874	645,776	-843,098	43.4%
Economic Development	5,022	-0-	-5,022	0.00%
Interest on long-term debt	117,338	-0-	-117,338	0.00%
<b>Totals</b>	<b>6,344,210</b>	<b>2,288,416</b>	<b>4,055,794</b>	<b>36.1%</b>



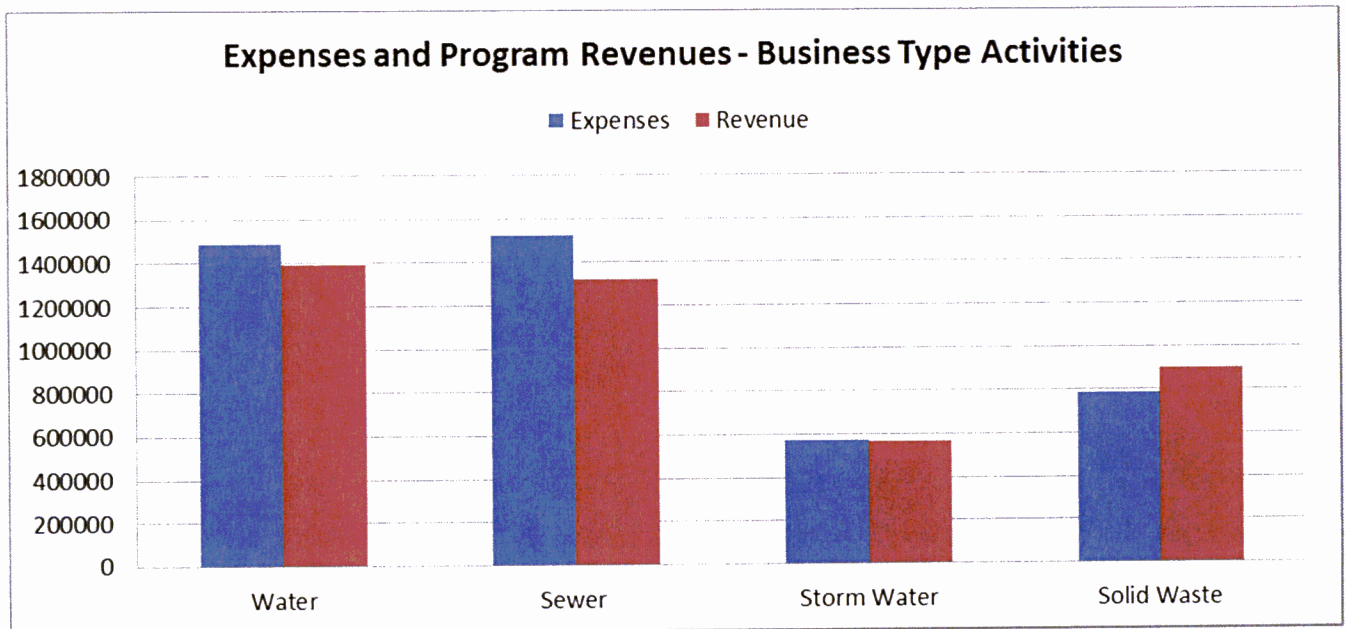
**Business-Type Activities**

Business-Type activities are also shown in the government-wide activities statement. Activities in the enterprise funds decreased the City’s net assets by \$749,028.

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. Fees were increased as of July 1, 2013 in the Water, Sewer and Storm Water Funds to try to help those funds cover their program expenses. The fees charged for these activities make up 90.7% of program revenues and 9.3% 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>	<u>Program Revenues as a Percentage of Total Expenses</u>
Water Fund	1,489,936	1,396,229	-93,707	93.7%
Sewer Fund	1,524,735	1,320,035	-204,700	86.6%
Storm Water Fund	574,506	565,932	-8,574	98.5%
Solid Waste Fund	788,029	900,020	111,991	114.2%
<b>Totals</b>	<b>4,377,206</b>	<b>4,182,216</b>	<b>-194,990</b>	<b>95.5%</b>



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.

(Note: The amount of infrastructure and corresponding depreciation in the Business-Type Activities was mainly caused by a restatement due to assets which were built on behalf of the City by a developer in previous years but never recorded on the financial statements of the City).

**Capital Assets Activity - June 30, 2013**

Capital Assets	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	Beginning Balance	Additions /Deletion	Ending Balance (net)	Beginning Balance	Additions/ Deletions	Ending Balance (net)
Capital assets not being depreciated:						
Construction in Progress	-	-	-	120,228	(120,228)	-0-
Water rights & stock	-	-	-	6,250	-0-	6,250
Land and improvements	3,493,107	557,818	4,050,925	159,493	-0-	159,493
<b>Total</b>	<b>3,493,107</b>	<b>557,818</b>	<b>4,050,925</b>	<b>285,971</b>	<b>(120,228)</b>	<b>165,743</b>
Capital assets being depreciated:						
Buildings & improvements	9,563,504	6,122	9,569,626	324,649	-0-	324,649
Infrastructure	11,275,161	482,218	11,757,379	37,149,477	3,155,043	40,304,520
Land & Park improvements	2,563,580	57,253	2,620,833	-	-	-
Machinery & equipment	3,659,407	21,855	3,681,262	2,680,141	46,482	2,726,623
<b>Total</b>	<b>27,061,652</b>	<b>567,448</b>	<b>27,629,100</b>	<b>40,154,267</b>	<b>3,201,525</b>	<b>43,355,792</b>
Less accumulated depreciation:						
Buildings & improvements	2,964,108	272,147	3,236,255	229,206	8,650	237,856
Infrastructure	1,600,536	366,407	1,966,943	10,782,281	916,516	11,698,797
Park Improvements	347,533	66,902	414,435	-	-	-
Machinery & equipment	2,863,325	67,105	2,930,430	1,955,889	145,321	2,101,210
<b>Total</b>	<b>7,775,502</b>	<b>772,561</b>	<b>8,548,063</b>	<b>12,763,413</b>	<b>1,274,450</b>	<b>14,037,863</b>
Capital asset being depreciated, net	19,286,150	(205,113)	19,081,037	27,390,854	1,927,075	29,317,929
Governmental activity capital assets, net	22,779,257	352,705	23,484,667	27,676,825	1,806,847	29,483,672

## 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 \$190,000 in principal in leaving an ending balance of \$2,675,000. 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 fifth payment this fiscal year and reduced the debt by \$30,088 leaving a balance of \$31,516. Five years remain on the lease. The final payment is due June 30, 2018. The lease for one of the dump trucks is serviced by the Storm Water Fund and the other is serviced by the Motor Pool Fund.

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 third payment this fiscal year and reduced the debt by \$36,692 leaving a balance of \$77,721. The final payment is due July 15, 2014. This debt is serviced by the Storm Water Utility Fund.

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 \$15,170 this year leaving a balance of \$87,033. 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. This debt is serviced by the Storm Water Utility Fund.

The City's water fund has entered into two agreements with developers to construct various improvements to the water system as part of development of various areas within the City. These agreements have no required repayment terms by date or no interest but rather required the developer to be reimbursed for the cost of these improvements from impact fees charged in the area covered by the agreement. The current debt on these agreements is \$2,121,102 with \$43,060 being retired during the 2012-2013 Fiscal Year.

The following tables show the activity of the City's long-term debt for fiscal year 2012-2013 and ending balances as compared to last year.

This space left blank intentionally

## Long Term Debt Activity

June 30, 2013

(detail)

<u>Long Term Debt</u>	Governmental Activities			Business Type Activities		
	<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	2,865,000	(190,000)	2,675,000	-	-	-
Dump Truck Lease (GA)	101,682	(15,043)	86,639	-	-	-
Dump Truck Lease (BA)	-	-	-	101,682	(15,043)	86,639
Street Sweeper Lease	-	-	-	114,413	(36,692)	77,721
Leaf Collector Lease System	-	-	-	102,203	(15,170)	87,033
Reimbursements				2,164,162	(43,060)	2,121,102
<b>Total</b>	<u>2,966,682</u>	<u>(205,043)</u>	<u>2,761,639</u>	<u>2,482,460</u>	<u>(109,966)</u>	<u>2,372,494</u>

## Long Term Debt Activity

June 30, 2013

(summary)

	Governmental		Business Type		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Ending Balances	<u>2,761,639</u>	<u>2,966,682</u>	<u>2,372,494</u>	<u>2,482,460</u>	<u>5,134,133</u>	<u>5,449,142</u>

This space left blank intentionally

## **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 \$3,425,957, and increase of \$949,188. \$1,559,358 of the total amount (45.5%) constitutes unassigned funds, which are 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 restricted fund balance. Nonspendable fund balance at year end was \$24,729 (.72%) which was for prepaid expenses. Committed fund balance of \$983,707 (28.7%) was earmarked for construction of a new Public Works Facility. Assigned fund balance was \$858,153 (25.04%) 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, 2013 the unassigned fund balance of the general fund was \$1,240,232, while the total fund balance was \$2,237,921.

The following tables and charts compare general fund revenues and expenditures by function between 2012 and 2013.

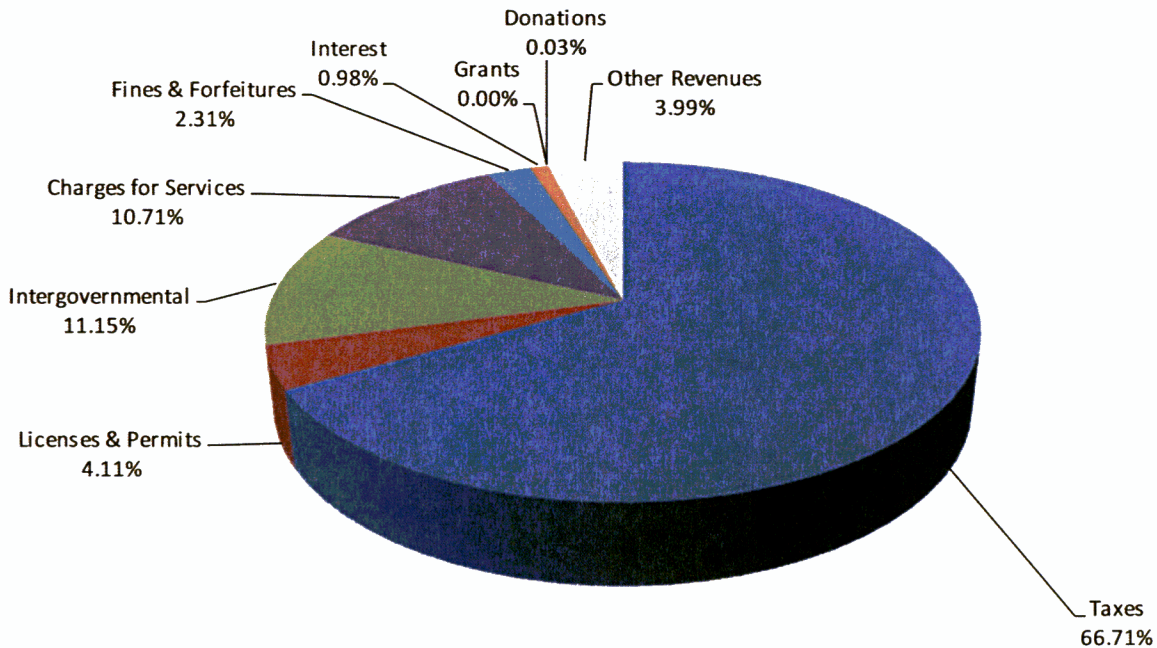
**THIS SECTION INTENTIONALLY LEFT BLANK**



## General Fund Revenues (prior year comparison)

Revenues	<u>2013</u>	<u>2012</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2013 Percent of Total</u>
Taxes	\$4,219,664	\$3,993,652	\$226,012	5.66%	66.71%
Licenses & Permits	\$260,135	\$242,970	\$17,165	7.06%	4.11%
Intergovernmental	\$705,095	\$581,503	\$123,592	21.25%	11.15%
Charges for Services	\$677,618	\$570,893	\$106,725	18.69%	10.71%
Fines & Forfeitures	\$146,148	\$140,385	\$5,763	4.11%	2.31%
Interest	\$62,236	\$63,296	-\$1,060	-1.67%	0.98%
Grants	\$0	\$33,689	-\$33,689	-100.00%	0.00%
Donations	\$2,119	\$5,041	-\$2,922	-57.96%	0.03%
Other Revenues	\$252,169	\$245,684	\$6,485	2.64%	3.99%
Total Revenue	<u>\$6,325,184</u>	<u>\$5,877,113</u>	<u>\$448,071</u>	<u>7.62%</u>	

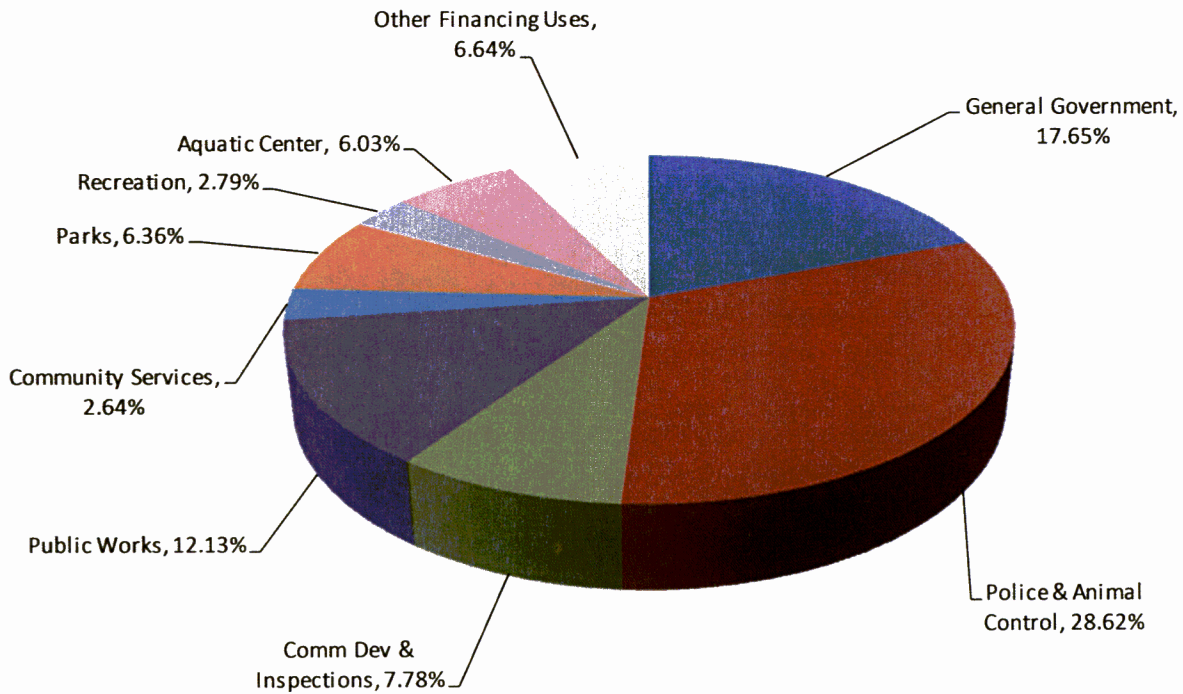
### Governmental Funds Revenue Sources



## General Fund Expenditures (prior year comparison)

Expenditures	<u>2013</u>	<u>2012</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2013 Percent of Total</u>
General Government	\$1,116,213	\$1,087,126	\$29,087	2.68%	17.65%
Police & Animal Control	\$1,810,274	\$1,846,108	-\$35,834	-1.94%	28.62%
Comm Dev & Inspections	\$492,257	\$503,227	-\$10,970	-2.18%	7.78%
Public Works	\$767,143	\$526,649	\$240,494	45.66%	12.13%
Community Services	\$167,042	\$182,132	-\$15,090	-8.29%	2.64%
Parks	\$402,152	\$405,787	-\$3,635	-0.90%	6.36%
Recreation	\$176,557	\$165,067	\$11,490	6.96%	2.79%
Aquatic Center	\$381,405	\$376,010	\$5,395	1.43%	6.03%
Other Financing Uses	\$420,000	\$1,082,500	-\$662,500	-61.20%	6.64%
<b>Total Revenue</b>	<b>\$5,733,043</b>	<b>\$6,174,606</b>	<b>-\$441,563</b>	<b>-7.15%</b>	

### Governmental Funds Expenditures



### **Other Governmental Funds**

The fund balance in the Redevelopment Agency fund increased by \$203,419 during the year, bringing the fund balance from a 115,707 in 2012 to 319,126 in 2013. Property tax increment revenues decreased from \$557,248 in 2012 to \$520,489 in 2013. This is a decrease of 6.6%. The City decided to repay the interfund loans the RDA owed to the General Fund and 2 Enterprise Funds during the year due to the health of the fund balance.

The Capital Projects fund balance increased by \$153,627 bringing the fund balance to \$868,910 at the end of the Fiscal Year.

### **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 \$331,528, the Sewer Fund had an operating loss of \$252,622, the Storm Water Fund had an operating loss of \$107,941 and the Solid Waste Fund had an operating profit of \$111,991.

The Enterprise funds contributed funds for the purchase of some land for the future Public Works Facility. The amount of the purchase was \$557,818 and the money came from funds which were set aside in previous years for the Public Works Facility.

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 \$249,976. 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 \$5,734,004 to a final budget total of \$6,072,577, an increase of \$338,573. Actual expenditures and transfers were \$5,733,043 and were \$339,534 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 6.14% and revenues relating to new housing construction permits were up 20.4%.

According to the Utah Department of Workforce Services, the unemployment rate for Weber County (of which North Ogden is the 3<sup>rd</sup> largest) is 5.3%. This rate is more than the state unemployment rate of

4.7% but below the National average of 7.6%. The previous year's rates were 7.1%, 8.2% and 7.7% 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 Position

June 30, 2013

	Primary Government		
	Govern- mental Activities	Business- type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,784,909	6,372,590	11,157,499
Restricted cash with agent	187,499	-	187,499
Accounts receivable	2,043,634	372,870	2,416,504
Prepaid items	24,729	-	24,729
<b>Capital assets:</b>			
Land and related non-depreciable assets	4,050,925	159,493	4,210,418
Water stock and rights	-	6,250	6,250
Buildings	9,569,626	324,649	9,894,275
Depreciable infrastructure and improvements	11,757,379	40,304,520	52,061,899
Park improvements	2,620,833	-	2,620,833
Machinery and equipment	3,681,262	2,726,623	6,407,885
Less accumulated depreciation	<u>(8,548,063)</u>	<u>(14,037,863)</u>	<u>(22,585,926)</u>
Total capital assets	<u>23,131,962</u>	<u>29,483,672</u>	<u>52,615,634</u>
Total assets	<u>30,172,733</u>	<u>36,229,132</u>	<u>66,401,865</u>
Deferred outflows of resources	-	-	-
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	650,897	39	650,936
Compensated absences payable	183,737	40,655	224,392
Accrued interest payable on bonds	19,877	2,899	22,776
Due to other governments	-	86,321	86,321
Performance bonds and deposits	39,440	48,100	87,540
<b>Noncurrent liabilities:</b>			
Amount due within one year	215,758	69,748	285,506
Due in more than one year	<u>2,545,880</u>	<u>2,302,746</u>	<u>4,848,626</u>
Total liabilities	<u>3,655,589</u>	<u>2,550,508</u>	<u>6,206,097</u>
<b>Deferred inflows of resources:</b>			
Unearned property tax revenue	1,663,374	-	1,663,374
Bond issue premium (net)	<u>52,777</u>	-	<u>52,777</u>
Total deferred inflows of resources	<u>1,716,151</u>	-	<u>1,716,151</u>
<b>Net position:</b>			
Net investment in capital assets	20,317,547	27,111,178	47,428,725
<b>Restricted for:</b>			
Capital projects	858,163	-	858,163
Unrestricted	<u>3,625,283</u>	<u>6,567,446</u>	<u>10,192,729</u>
Total net position	<u>\$24,800,993</u>	<u>33,678,624</u>	<u>58,479,617</u>

See independent auditor's report and notes to financial statements.



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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
(808,296)	-	(808,296)
(1,745,160)	-	(1,745,160)
(536,880)	-	(536,880)
(843,098)	-	(843,098)
(5,022)	-	(5,022)
(117,338)	-	(117,338)
<u>-</u>	<u>-</u>	<u>-</u>
<u>(4,055,794)</u>	<u>-</u>	<u>(4,055,794)</u>
-	(93,707)	(93,707)
-	(204,700)	(204,700)
-	(8,574)	(8,574)
<u>-</u>	<u>111,991</u>	<u>111,991</u>
<u>-</u>	<u>(194,990)</u>	<u>(194,990)</u>
<u>(4,055,794)</u>	<u>(194,990)</u>	<u>(4,250,784)</u>
1,702,859	-	1,702,859
1,956,544	-	1,956,544
<u>1,080,750</u>	<u>-</u>	<u>1,080,750</u>
<u>4,740,153</u>	<u>-</u>	<u>4,740,153</u>
63,426	-	63,426
25,941	-	25,941
10,194	3,780	13,974
<u>557,818</u>	<u>(557,818)</u>	<u>-</u>
<u>593,953</u>	<u>(554,038)</u>	<u>39,915</u>
<u>5,397,532</u>	<u>(554,038)</u>	<u>4,843,494</u>
<u>1,341,738</u>	<u>(749,028)</u>	<u>592,710</u>
23,512,302	34,558,746	58,071,048
<u>(53,047)</u>	<u>(131,094)</u>	<u>(184,141)</u>
<u>23,459,255</u>	<u>34,427,652</u>	<u>57,886,907</u>
<u>\$24,800,993</u>	<u>33,678,624</u>	<u>58,479,617</u>

NORTH OGDEN CITY

Balance Sheet  
Governmental Funds

June 30, 2013

	<u>General Fund</u>	<u>RDA Fund</u>	<u>Capital Projects Fund</u>	<u>Total Government Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 2,489,631	181,891	858,163	3,529,685
Restricted cash with fiscal agent	-	187,499	-	187,499
Accounts receivable	1,468,898	574,736	-	2,043,634
Prepaid items	<u>13,982</u>	<u>-</u>	<u>10,747</u>	<u>24,729</u>
Total assets	<u>3,972,511</u>	<u>944,126</u>	<u>868,910</u>	<u>5,785,547</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 3,972,511</u>	<u>944,126</u>	<u>868,910</u>	<u>5,785,547</u>
<b>Liabilities:</b>				
Accounts payable	\$ 650,869	-	-	650,869
Compensated absences payable	5,907	-	-	5,907
Performance bonds and deposits	<u>39,440</u>	<u>-</u>	<u>-</u>	<u>39,440</u>
Total liabilities	<u>696,216</u>	<u>-</u>	<u>-</u>	<u>696,216</u>
Deferred inflows of resources:				
Unearned property tax revenue	<u>1,038,374</u>	<u>625,000</u>	<u>-</u>	<u>1,663,374</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepays	13,982	-	10,747	24,729
Committed	983,707	-	-	983,707
Assigned	-	-	858,153	858,163
Unassigned	<u>1,240,232</u>	<u>319,126</u>	<u>-</u>	<u>1,559,358</u>
Total fund balances	<u>2,237,921</u>	<u>319,126</u>	<u>868,910</u>	<u>3,425,957</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,972,511</u>	<u>944,126</u>	<u>868,910</u>	<u>5,785,547</u>

See independent auditor's report and notes to financial statements.



NORTH OGDEN CITY

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

June 30, 2013

Total fund balance - governmental funds		\$ 3,425,957
Amount reported for governmental activities in the statement of net position 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	\$ 4,050,925	
Buildings	9,232,061	
Depreciable infrastructure and improvements	11,757,379	
Depreciable park improvement	2,620,833	
Vehicles and equipment	1,274,103	
Accumulated depreciation	<u>(6,455,807)</u>	
Total capital assets		22,479,494
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 position.		
		1,816,865
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	(2,675,000)	
Net bond premium	(19,877)	
Interest payable	<u>(173,669)</u>	
Total long-term debt		(2,868,546)
Bond premiums, discounts, and refundings are reported as other financing sources and uses and expenditures in the governmental fund financial statements but premiums and discounts are netted against the related debt and reported on the government-wide statement of net position and refunding amounts are reported as deferred inflows of resources on the government-wide statement of net position.		
		<u>(52,777)</u>
Total net position - governmental activities		<u>\$24,800,993</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY

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

Year Ended June 30, 2013

	<u>General Fund</u>	<u>RDA Fund</u>	<u>Capital Projects Fund</u>	<u>Total Government Funds</u>
<b>Revenue:</b>				
Taxes	\$ 4,219,664	520,489	-	4,740,153
Licenses and permits	260,135	-	-	260,135
Intergovernmental	705,095	-	43,200	748,295
Charges for services	677,618	-	-	677,618
Fines and forfeitures	146,148	-	-	146,148
Interest	62,236	1,190	-	63,426
Rents	25,941	-	-	25,941
Donations from private sources	2,119	-	-	2,119
Traffic school	36,326	-	-	36,326
Sale of assets	2,026	-	-	2,026
Impact fees	-	-	174,005	174,005
Administrative fee from utility funds	172,736	-	-	172,736
Other revenue	15,140	-	-	15,140
Total revenue	<u>6,325,184</u>	<u>521,679</u>	<u>217,205</u>	<u>7,064,068</u>
<b>Expenditures:</b>				
General government	1,116,213	-	-	1,116,213
Public safety	2,302,531	-	-	2,302,531
Streets and highways	767,143	-	417,804	1,184,947
Community services	1,127,156	-	65,774	1,192,930
Economic development	-	5,022	-	5,022
Land purchase	-	-	557,818	557,818
Bond retirement	-	190,000	-	190,000
Interest on bonds	-	123,238	-	123,238
Total expenditures	<u>5,313,043</u>	<u>318,260</u>	<u>1,041,396</u>	<u>6,672,699</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,012,141</u>	<u>203,419</u>	<u>(824,191)</u>	<u>391,369</u>
<b>Other financing sources (uses):</b>				
Transfers from (to) other funds	<u>(420,000)</u>	-	977,818	557,818
Total other financing sources (uses)	<u>(420,000)</u>	-	<u>977,818</u>	<u>557,818</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	592,141	203,419	153,627	949,187
Fund balance - beginning of year	<u>1,645,780</u>	<u>115,707</u>	<u>715,283</u>	<u>2,476,770</u>
Fund balance - end of year	<u>\$ 2,237,921</u>	<u>319,126</u>	<u>868,910</u>	<u>3,425,957</u>

See independent auditor's 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, 2013

Net change in fund balance - total governmental funds	\$ 949,187
Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures (\$1,097,613). However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$748,926). Capital outlays exceeded depreciation for the period.	348,687
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.	190,000
Contributions of infrastructure to governmental funds do not provide current financial resources but are reported in the statement of activities.	55,894
Adjustments and asset retirement of general government capital assets are not reported in fund statements but are reflected in the statement of activities.	-
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.	(241,808)
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.	33,878
Changes in accrued interest expense used in government activities are not payable from current resources and are therefore not reported in governmental funds.	1,102
Some reductions of expense reported in the statement of activities do not use current financial resources and therefore are not in governmental funds.	<u>4,798</u>
Changes in net position of governmental activities	<u>\$ 1,341,738</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY

Statement of Net Position  
Enterprise Funds

June 30, 2013

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
<b>Current assets:</b>						
Cash and cash equivalents	\$ 2,276,785	1,548,825	1,568,519	978,461	6,372,590	1,255,224
Accounts receivable	75,869	152,801	49,032	95,168	372,870	-
Total current assets	<u>2,352,654</u>	<u>1,701,626</u>	<u>1,617,551</u>	<u>1,073,629</u>	<u>6,745,460</u>	<u>1,255,224</u>
<b>Capital assets:</b>						
Land	60,510	-	98,983	-	159,493	-
Buildings and structures	324,649	-	-	-	324,649	337,565
Water system and wells	23,218,268	8,168,097	8,924,405	-	40,310,770	-
Vehicles and equipment	486,267	345,769	866,670	1,027,917	2,726,623	2,407,159
Accumulated depreciation	(7,530,278)	(2,617,169)	(3,014,506)	(875,910)	(14,037,863)	(2,092,256)
Net capital assets	<u>16,559,416</u>	<u>5,896,697</u>	<u>6,875,552</u>	<u>152,007</u>	<u>29,483,672</u>	<u>652,468</u>
<b>Other assets</b>	-	-	-	-	-	-
Total assets	<u>18,912,070</u>	<u>7,598,323</u>	<u>8,493,103</u>	<u>1,225,636</u>	<u>36,229,132</u>	<u>1,907,692</u>
<b>Deferred outflows of resources</b>	-	-	-	-	-	-
<b>Current liabilities:</b>						
Current portion of lease obligation payable	-	-	69,748	-	69,748	15,758
Accounts payable	-	86,321	-	-	86,321	-
Wages and benefits payable	30	-	9	-	39	28
Accrued interest payable on leases	-	-	2,899	-	2,899	-
Deposits	48,100	-	-	-	48,100	-
Total current liabilities	<u>48,130</u>	<u>86,321</u>	<u>72,656</u>	-	<u>207,107</u>	<u>15,786</u>
<b>Non-current liabilities:</b>						
Compensated absences payable	12,435	12,971	11,178	4,071	40,655	4,161
System reimbursement agreements payable	2,121,102	-	-	-	2,121,102	-
Lease obligation payable	-	-	251,392	-	251,392	86,638
Current portion of lease obligation payable	-	-	(69,748)	-	(69,748)	(15,758)
Total non-current liabilities	<u>2,133,537</u>	<u>12,971</u>	<u>192,822</u>	<u>4,071</u>	<u>2,343,401</u>	<u>75,041</u>
Total liabilities	<u>2,181,667</u>	<u>99,292</u>	<u>265,478</u>	<u>4,071</u>	<u>2,550,508</u>	<u>90,827</u>
<b>Deferred inflows of resources</b>	-	-	-	-	-	-
<b>Net position:</b>						
Net investment in capital assets	14,438,314	5,896,697	6,624,160	152,007	27,111,178	565,830
Unrestricted	2,292,089	1,602,334	1,603,465	1,069,558	6,567,446	1,251,035
Total net position	<u>\$16,730,403</u>	<u>7,499,031</u>	<u>8,227,625</u>	<u>1,221,565</u>	<u>33,678,624</u>	<u>1,816,865</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY

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

Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Operating revenue:						
Charges for services	\$ 1,077,879	1,268,055	466,314	883,537	3,695,785	268,673
Connection fees	20,841	3,640	-	-	24,481	-
Special fees to builders	-	-	-	6,500	6,500	-
Sale of materials and supplies	-	-	-	-	-	30,956
Miscellaneous	59,688	418	251	9,983	70,340	-
Total operating revenue	<u>1,158,408</u>	<u>1,272,113</u>	<u>466,565</u>	<u>900,020</u>	<u>3,797,106</u>	<u>299,629</u>
Operating expenses:						
Salaries and benefits	330,484	186,930	143,990	27,659	689,063	150,037
Sewer fees	-	1,014,981	1,785	-	1,016,766	-
Transfer station fees - Weber County	-	-	-	205,528	205,528	-
Contract service - Waste Management	-	-	-	408,120	408,120	-
Materials, supplies and services	455,169	82,288	90,201	72,999	700,657	289,303
Motor pool rents	39,695	19,890	24,525	1,989	86,099	-
Depreciation	578,092	189,447	292,266	38,432	1,098,237	110,265
Administrative services fee	86,496	31,199	21,739	33,302	172,736	-
Total operating expenses	<u>1,489,936</u>	<u>1,524,735</u>	<u>574,506</u>	<u>788,029</u>	<u>4,377,206</u>	<u>549,605</u>
Operating income (loss)	<u>(331,528)</u>	<u>(252,622)</u>	<u>(107,941)</u>	<u>111,991</u>	<u>(580,100)</u>	<u>(249,976)</u>
Non-operating revenue (expenses):						
Impact fees	222,586	40,672	99,367	-	362,625	-
Gain from sale of assets	3,780	-	-	-	3,780	8,168
Donations	475	-	-	-	475	-
Transfer to capital projects fund	(223,128)	(167,345)	(111,564)	(55,781)	(557,818)	-
Total non-operating revenue (expenses)	<u>3,713</u>	<u>(126,673)</u>	<u>(12,197)</u>	<u>(55,781)</u>	<u>(190,938)</u>	<u>8,168</u>
Capital contribution - builders and developers	<u>14,760</u>	<u>7,250</u>	<u>-</u>	<u>-</u>	<u>22,010</u>	<u>-</u>
Change in net position	<u>(313,055)</u>	<u>(372,045)</u>	<u>(120,138)</u>	<u>56,210</u>	<u>(749,028)</u>	<u>(241,808)</u>
Net position - beginning of year	17,174,552	7,871,076	8,347,763	1,165,355	34,558,746	2,058,673
Correction of prior years earnings - system reimbursement agreements	(131,094)	-	-	-	(131,094)	-
Net position - beginning of year as adjusted	<u>17,043,458</u>	<u>7,871,076</u>	<u>8,347,763</u>	<u>1,165,355</u>	<u>34,427,652</u>	<u>2,058,673</u>
Net position - end of year	<u>\$16,730,403</u>	<u>7,499,031</u>	<u>8,227,625</u>	<u>1,221,565</u>	<u>33,678,624</u>	<u>1,816,865</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows  
Enterprise Funds

Year Ended June 30, 2013

	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	\$ 1,092,502	1,262,287	465,123	880,644	3,700,556	299,629
Cash received from other activities	80,529	90,379	251	16,483	187,642	-
Cash payments for payroll and benefits	(329,028)	(191,695)	(145,787)	(27,252)	(693,762)	(148,876)
Cash payments for goods and services	(551,303)	(1,118,301)	(109,562)	(691,881)	(2,471,047)	(289,303)
Payment of deposits for services	6,000	-	-	-	6,000	-
Net cash provided (used) by operating activities	<u>298,700</u>	<u>42,670</u>	<u>210,025</u>	<u>177,994</u>	<u>729,389</u>	<u>(138,550)</u>
Cash flows from capital and related financing activities:						
Cash payments for property and equipment	(656,130)	(191,636)	(50,672)	(71,795)	(970,233)	(70,334)
Proceeds from capital assets sales	3,780	-	-	-	3,780	20,114
Impact fee collections for capital projects	222,586	40,672	99,367	-	362,625	-
Principal payments on lease financing	-	-	(66,906)	-	(66,906)	(15,044)
Payments on system reimbursement agreements	(43,060)	-	-	-	(43,060)	-
Net cash used by capital and related financing activities	<u>(472,824)</u>	<u>(150,964)</u>	<u>(18,211)</u>	<u>(71,795)</u>	<u>(713,794)</u>	<u>(65,264)</u>
Cash flows from non-capital financing activities:						
Transfer from (to) other funds	(223,128)	(167,345)	(111,564)	(55,781)	(557,818)	-
Donations	475	-	-	-	475	-
Net cash used by non-capital Financing activities	<u>(222,653)</u>	<u>(167,345)</u>	<u>(111,564)</u>	<u>(55,781)</u>	<u>(557,343)</u>	<u>-</u>
Cash flows from investing activities:						
Payment of interfund receivable	64,837	41,481	-	-	106,318	-
Net cash provided by investing activities	<u>64,837</u>	<u>41,481</u>	<u>-</u>	<u>-</u>	<u>106,318</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(331,940)	(234,158)	80,250	50,418	(435,430)	(203,814)
Cash and cash equivalents - beginning of year	<u>2,608,725</u>	<u>1,782,983</u>	<u>1,488,269</u>	<u>928,043</u>	<u>6,808,020</u>	<u>1,459,038</u>
Cash and cash equivalents - end of year	<u>\$ 2,276,785</u>	<u>1,548,825</u>	<u>1,568,519</u>	<u>978,461</u>	<u>6,372,590</u>	<u>1,255,224</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows - Continued  
Enterprise Funds

Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (331,528)	(252,622)	(107,941)	111,991	(580,100)	(249,976)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	578,092	189,447	292,266	38,432	1,098,237	110,265
Adjust construction in progress	30,057	30,057	30,057	30,057	120,228	-
Decrease (increase) in receivables	14,623	(5,768)	(1,191)	(2,893)	4,771	-
Decrease in impact fees collected for other governments	-	86,321	-	-	86,321	-
(Decrease) increase in compensated absences or accounts payable	1,456	(4,765)	(3,166)	407	(6,068)	1,161
Increase in deposits for services	6,000	-	-	-	6,000	-
Total adjustments	<u>630,228</u>	<u>295,292</u>	<u>317,966</u>	<u>66,003</u>	<u>1,309,489</u>	<u>111,426</u>
Net cash provided (used) by operating activities	\$ <u>298,700</u>	<u>42,670</u>	<u>210,025</u>	<u>177,994</u>	<u>729,389</u>	<u>(138,550)</u>
Noncash investing, capital and financing activities:						
Capital contributions by developers	\$ 14,760	7,250	-	-	22,010	-
Total noncash investing, capital and financing activities	\$ <u>14,760</u>	<u>7,250</u>	<u>-</u>	<u>-</u>	<u>22,010</u>	<u>-</u>

See independent auditor's report and notes to financial statements.

# NORTH OGDEN CITY

## Notes to Financial Statements

June 30, 2013

### (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 Position presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is 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, 2013

### (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.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

(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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance**

**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, 2013.

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, 2013

(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, 2013.

**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 position 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 position. Bond discounts and premiums 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. 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.

# NORTH OGDEN CITY

## Notes to Financial Statements - Continued

June 30, 2013

### (1) Summary of Significant Accounting Policies - Continued

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a separate consumption of net position, fund balance, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City is reporting no deferred outflows of resources.

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position, fund balance, that applies to a future period and so will not be recognized as an inflow (revenue) until that time. The City reports unearned property taxes as deferred inflows of resources since they are recognized as receivables before the period for which they are levied. These amounts are reported in the government-wide and funds financial statements.

#### **Net Position/Fund Balances**

The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is *net position* on the government-wide statements and *fund balance* on the governmental fund statements. Net position is divided into invested in capital assets, restricted and unrestricted. Net position is 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.

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 22<sup>nd</sup> 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, three supplemental amendments were made to the City's general fund budget increasing total revenue \$177,068 and total expenditures \$338,573.

#### **G. Non-spendable Fund Balance/Retained Earnings**

Non-spendable fund balance at June 30, 2013 is comprised of prepaids of \$13,982 in the general fund and \$10,747 in the capital projects fund.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

(1) Summary of Significant Accounting Policies - Continued

**H. Commitment of Fund Balance**

Commitment of fund balance is comprised of \$983,707 in the general fund for the construction of a new public works facility.

**I. Assignment of Fund Balance**

Assignment of fund balance is comprised of \$858,163 in the capital projects fund for planned projects.

**J. 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.

**K. 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.

(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, 2013 were \$1,969,703, of which \$473,421 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, 2013:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 9,241,809	74 days*	not rated
PTIF Investments - Wells Fargo debt service	<u>187,499</u>	74 days*	not rated
	<u>\$ 9,429,308</u>		

\*Weighted-average maturity

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

(2) Deposits and Investments - Continued

**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.

Components of cash including interest bearing deposits at June 30, 2013 are as follows:

Cash on hand and deposit:	
Cash on hand	\$ 5,150
Cash on deposit	664,423
Money market deposits	1,246,117
PTIF deposit	<u>9,241,809</u>
	<u>\$11,157,499</u>

(3) Assets Held by Trustee

The balance of assets held by the fiscal agent in each fund at June 30, 2013 was as follows:

Bond debt service fund	<u>\$ 187,499</u>
------------------------	-------------------

The assets held by the fiscal agent consisted of the following at June 30, 2013:

Utah Public Treasurer's Investment Fund	<u>\$ 187,499</u>
---	-------------------

(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	\$ 1,058,494	574,736	-	-	-	-	1,633,230
Utilities	-	-	75,869	152,801	49,032	95,168	372,870
Intergovernmental	280,692	-	-	-	-	-	280,692
Other	<u>129,712</u>	-	-	-	-	-	<u>129,712</u>
	1,468,898	574,736	75,869	152,801	49,032	95,168	2,416,504
Less allowance for uncollectible accounts	-	-	-	-	-	-	-
	<u>\$ 1,468,898</u>	<u>574,736</u>	<u>75,869</u>	<u>152,801</u>	<u>49,032</u>	<u>95,168</u>	<u>2,416,504</u>

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

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

(4) Accounts Receivable - Continued

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	\$ 1,510,499	1,510,499
Property taxes received not yet due	<u>-</u>	<u>152,875</u>
	<u>\$ 1,510,499</u>	<u>1,663,374</u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2013 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	557,818	-	4,050,925
Total	<u>3,493,107</u>	<u>557,818</u>	<u>-</u>	<u>4,050,925</u>
Capital assets being depreciated:				
Buildings and improvements	9,563,505	6,121	-	9,569,626
Infrastructure	11,275,161	482,218	-	11,757,379
Park improvements	2,563,580	57,253	-	2,620,833
Machinery and equipment	3,659,408	120,431	98,577	3,681,262
Total	<u>27,061,654</u>	<u>666,023</u>	<u>98,577</u>	<u>27,629,100</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,964,108)	(272,147)	-	(3,236,255)
Infrastructure	(1,600,536)	(366,407)	-	(1,966,943)
Park improvements	(347,533)	(66,902)	-	(414,435)
Machinery and equipment	(2,863,325)	(153,736)	(86,631)	(2,930,430)
Total	<u>(7,775,502)</u>	<u>(859,192)</u>	<u>(86,631)</u>	<u>(8,548,063)</u>
Capital assets being depreciated, net	<u>19,286,152</u>	<u>(193,169)</u>	<u>11,946</u>	<u>19,081,037</u>
Governmental activity capital assets, net	<u>\$22,779,259</u>	<u>346,649</u>	<u>11,946</u>	<u>23,131,962</u>

Capital assets in the statement of net position also includes the equipment and other depreciable assets, net of accumulated depreciation, for the internal service fund of \$652,468.

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in process	\$ 120,228	-	120,228	-
Water rights and stock	6,250	-	-	6,250
Land and land improvements	159,493	-	-	159,493
Total	<u>285,971</u>	<u>-</u>	<u>120,228</u>	<u>165,743</u>
Capital assets being depreciated:				
Buildings and improvements	324,649	-	-	324,649
Infrastructure	39,386,510	918,010	-	40,304,520
Machinery and equipment	2,680,140	74,233	27,750	2,726,623
Total	<u>42,391,299</u>	<u>992,243</u>	<u>27,750</u>	<u>43,355,792</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

(5) Capital Assets - Continued

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (229,206)	(8,650)	-	(237,856)
Infrastructure	(10,782,281)	(916,516)	-	(11,698,797)
Machinery and equipment	(1,955,889)	(173,071)	(27,750)	(2,101,210)
Total	<u>(12,967,376)</u>	<u>(1,098,237)</u>	<u>(27,750)</u>	<u>(14,037,863)</u>
Capital assets being depreciated, net	<u>29,423,923</u>	<u>(105,994)</u>	<u>-</u>	<u>29,317,929</u>
Business-type activities capital assets, net	<u>\$29,709,894</u>	<u>(105,994)</u>	<u>120,228</u>	<u>29,483,672</u>

Beginning balance is restated to reflect the cost of infrastructure (\$2,237,032) and related accumulated depreciation (\$203,964) not previously recorded.

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

<b>Government activities:</b>		
General government		\$ 58,465
Public safety		83,639
Public works, including depreciation of general infrastructure		407,783
Community services		309,305
		<u>859,192</u>
<b>Business activities:</b>		
Water		578,092
Sewer		189,447
Storm water		292,266
Solid waste		38,432
		<u>1,098,237</u>
		<u>\$ 1,957,429</u>

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

Activity with long-term liabilities including capital leases for the year ending June 30, 2013 is as follows:

	<u>Restated 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	\$ 2,865,000	-	190,000	2,675,000	200,000
Dump truck lease	101,682	-	15,044	86,638	15,758
Mower lease	-	-	-	-	-
Total	<u>\$ 2,966,682</u>	<u>-</u>	<u>205,044</u>	<u>2,761,638</u>	<u>215,758</u>
<i>Business-type activities:</i>					
System reimbursement agreements	\$ 2,164,162	-	43,060	2,121,102	-
Dump truck lease	101,682	-	15,044	86,638	15,758
Street sweeper lease	114,413	-	36,692	77,721	38,119
Leaf collection truck	102,203	-	15,170	87,033	15,871
Total	<u>\$ 2,482,460</u>	<u>-</u>	<u>109,966</u>	<u>2,372,494</u>	<u>69,748</u>

Beginning balance is restated to show the beginning balance of system reimbursement agreements not previously recorded in the City's water fund.

For the current year ended June 30, 2013, interest of \$117,338 was charged to expenses by governmental activities and \$12,634 by business-type activities. No interest was capitalized during the year by either type of activity.



NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

(7) Long-Term Debt

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:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>
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	220,000	83,938	303,938
2019-2023	1,185,000	260,087	1,445,087
2024-2025	<u>470,000</u>	<u>20,744</u>	<u>490,744</u>
	<u>\$ 2,675,000</u>	<u>784,157</u>	<u>3,459,157</u>

The City's water fund has entered into two agreements with developers to construct various improvements to the water system as part of development of various areas within the City. These agreements have no required repayment terms by date or no interest but rather require the developer to be reimbursed for the cost of these improvements from impact fees charged in the area covered by the agreement.

The debt on these agreements is as follows:

Agreement 1	\$ 1,582,189
Agreement 2	<u>538,913</u>
	<u>\$ 2,121,102</u>

(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, 2013 are as follows:

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

**(8) Capital Leases - Continued**

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
2014	\$ -	19,874	19,874	19,874	41,143	19,892	80,909
2015	-	19,873	19,873	19,873	41,142	19,892	80,907
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	-	99,366	99,366	99,366	82,285	99,459	281,110
Less amounts representing interest	-	12,728	12,728	12,728	4,564	12,426	29,718
Present value of minimum lease payments	-	86,638	86,638	86,638	77,721	87,033	251,392
Less current portion	-	15,758	15,758	15,758	38,119	15,871	69,748
Portion of obligations under capital lease due after one year	\$ -	70,880	70,880	70,880	39,602	71,162	181,644

**(9) Interfund Receivables and Payables**

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."

At June 30, 2013, all interfund receivables and payables had been paid.

**(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 18.03% of covered salary, in the Non-contributory Retirement System the City is required to contribute 16.04% of its annual covered salary. The City contributes 33.65% to the Public Safety Non-contributory System and 21.94% 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, 2013, 2012 and 2011 were as follows:

A. Local Governmental System - Contributory

	2013	2012	2011	
\$	4,853	4,910	4,555	Employer paid for employee contributions.
	20,424	11,768	7,105	Employer contributions.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

(10) Retirement Plans - Continued

B Local Governmental System - Non-contributory

	<u>2013</u>	<u>2012</u>	<u>2011</u>	
\$	1,602,092	1,763,720	1,477,914	Salary subject to retirement contributions.
	242,068	220,120	197,597	Employer contributions.

C. Public Safety with Social Security System - Contributory

	<u>2013</u>	<u>2012</u>	<u>2011</u>	
\$	8,276	2,578	-	Employer contributions.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	
\$	189,936	176,309	162,350	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.

(11) 401K Defined Contribution Plan

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, 2013, there were fifty-one Plan members. Plan members make elective contributions to the Plan of 2% to 12% 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. Prior to July 1, 2012, the City made an elective contribution of 3.00%. However, due to budget constraints for 2013, that elective contribution was discontinued. 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) Deferred Inflows of Resources

Unearned revenue is comprised of the following:

2013 property taxes received in the fiscal year which will be used to finance the 2013-2014 fiscal year expenditures	
General fund	\$ 1,038,374
RDA fund	<u>625,000</u>
	<u>\$ 1,663,374</u>
Bond issue premium (net)	<u>\$ 52,777</u>

(13) North Ogden Redevelopment Agency

The redevelopment agency (RDA) collected tax increments of \$520,489 and interest of \$1,190 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 \$632,207 to the City's general fund and \$106,318 to utility funds on debt. Total debt to utility funds was \$-0- at June 30, 2013. The RDA has borrowed \$-0- from the general fund.

During the year the RDA incurred the following expenditures:

Pay agent fees	\$ 1,700
Engineering services	3,322
Interest	123,238
Debt service	<u>190,000</u>
Total expenditures	<u>\$ 318,260</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

(14) Interfund Transfers

Transfers during the year end June 30, 2013 were as follows:

Transfer from general fund	\$ 420,000
Transfer to capital projects fund	(977,818)
Transfer from water utility	223,128
Transfer from sewer utility	167,345
Transfer from storm water utility	111,564
Transfer from solid waste utility	55,781
	<u>\$ -</u>

(15) Deficit Fund Balances and Budgetary Compliance

The City's general fund animal control department exceeded budgeted expenditures by \$306.

(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, 2013, 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 9, 2013, the date the financial statements were available to be issued.

(20) Prior Period Adjustments

During the fiscal year ending June 30, 2013, the City implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. As a result, unamortized bond issuance costs for the government activities at the government-wide level were deleted by adjusting beginning net position.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2013

(20) Prior Period Adjustments - Continued

During the fiscal year management discovered that certain agreements to reimburse some developers for improvements to the City's water utility system had not been reflected in the financial statements. As a result, the financial statements of the business-type activities at the government-wide level and the water utility at the fund level were adjusted by adding \$2,033,068 net of accumulated depreciation to capital assets and \$2,164,162 to non-current liabilities resulting in a decrease of \$131,094 to beginning net position.

In addition, there are numerous terminology changes throughout the financial section of this report. These classification changes do not require a prior period adjustment.

**REQUIRED SUPPLEMENTAL INFORMATION**

## NORTH OGDEN CITY

### Notes to Required Supplementary Information

June 30, 2013

#### **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, 2013

<u>Revenue</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
General property taxes	\$ 1,014,128	1,014,128	1,028,161	14,033
Delinquent property taxes	41,000	41,000	30,592	(10,408)
Motor vehicle tax	125,720	125,720	123,617	(2,103)
General sales and use tax	1,775,000	1,775,000	1,956,544	181,544
Utility franchise tax	1,000,000	1,000,000	1,080,750	80,750
Total taxes	<u>3,955,848</u>	<u>3,955,848</u>	<u>4,219,664</u>	<u>263,816</u>
Licenses and permits:				
Business licenses	54,000	43,800	48,501	4,701
Building permits	95,000	95,000	195,671	100,671
Animal licenses	20,000	20,000	15,963	(4,037)
Total licenses and permits	<u>169,000</u>	<u>158,800</u>	<u>260,135</u>	<u>101,335</u>
Intergovernmental:				
Class C road allotment	530,000	530,000	584,969	54,969
State liquor allotment	13,000	13,000	12,020	(980)
Grants	35,000	116,231	108,106	(8,125)
Total intergovernmental	<u>578,000</u>	<u>659,231</u>	<u>705,095</u>	<u>45,864</u>
Charges for services:				
Aquatic center and recreation fees	380,000	380,000	428,571	48,571
Building plan/development fees	37,300	37,300	80,191	42,891
Zoning and subdivision fees	4,400	110,437	117,075	6,638
Cherry Days	35,000	35,000	34,652	(348)
Credit card fees	9,000	9,000	7,620	(1,380)
Youth council projects	1,800	1,800	2,604	804
Other charges and fees	3,120	3,120	6,905	3,785
Total charges for services	<u>470,620</u>	<u>576,657</u>	<u>677,618</u>	<u>100,961</u>
Fines and forfeitures	<u>175,000</u>	<u>175,000</u>	<u>146,148</u>	<u>(28,852)</u>
Other revenue:				
Interest	50,000	50,000	62,236	12,236
Rents	30,000	30,000	25,941	(4,059)
Traffic school	30,000	30,000	36,326	6,326
Donations	10,000	10,000	2,119	(7,881)
Administrative service fee to utility funds	172,736	172,736	172,736	-
Sale of assets	-	-	2,026	2,026
Miscellaneous	5,300	5,300	15,140	9,840
Total other revenue	<u>298,036</u>	<u>298,036</u>	<u>316,524</u>	<u>18,488</u>
Total revenue	<u>5,646,504</u>	<u>5,823,572</u>	<u>6,325,184</u>	<u>501,612</u>

ExpendituresGeneral Government

## Legislative:

Salaries and benefits	\$ 36,932	36,932	35,916	1,016
Materials, supplies and services	22,445	25,245	23,546	1,699
Capital	3,600	3,600	3,371	229
	<u>62,977</u>	<u>65,777</u>	<u>62,833</u>	<u>2,944</u>



## NORTH OGDEN CITY

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

Year Ended June 30, 2013

<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>				
Judicial:				
Salaries and benefits	\$ 104,844	107,644	108,497	(853)
Materials, supplies and services	27,151	23,850	20,121	3,729
Capital	-	3,301	3,301	-
	<u>131,995</u>	<u>134,795</u>	<u>131,919</u>	<u>2,876</u>
Finance:				
Salaries and benefits	241,708	247,408	236,770	10,638
Materials, supplies and services	40,068	40,068	41,778	(1,710)
Capital	3,000	3,000	3,445	(445)
	<u>284,776</u>	<u>290,476</u>	<u>281,993</u>	<u>8,483</u>
Administrative:				
Salaries and benefits	284,442	291,042	287,804	3,238
Materials, supplies and services	47,160	47,160	47,934	(774)
Capital	3,000	3,000	3,450	(450)
	<u>334,602</u>	<u>341,202</u>	<u>339,188</u>	<u>2,014</u>
Non-Departmental:				
Salaries and benefits	11,100	5,700	2,800	2,900
Materials, supplies and services	199,549	204,949	205,925	(976)
	<u>210,649</u>	<u>210,649</u>	<u>208,725</u>	<u>1,924</u>
Elections:				
Materials, supplies and services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General government buildings:				
Salaries and benefits	25,000	25,000	22,845	2,155
Materials, supplies and services	78,470	78,470	68,710	9,760
	<u>103,470</u>	<u>103,470</u>	<u>91,555</u>	<u>11,915</u>
Total general government	<u>1,128,469</u>	<u>1,146,369</u>	<u>1,116,213</u>	<u>30,156</u>
<u>Public Safety</u>				
Police service:				
Salaries and benefits	1,577,104	1,612,004	1,517,700	94,304
Materials, supplies and services	208,969	200,481	181,614	18,867
Capital	-	22,342	22,106	236
	<u>1,786,073</u>	<u>1,834,827</u>	<u>1,721,420</u>	<u>113,407</u>
Planning:				
Salaries and benefits	157,751	85,471	89,061	(3,590)
Materials, supplies and services	34,590	127,470	112,074	15,396
Capital	1,500	1,500	1,700	(200)
	<u>193,841</u>	<u>214,441</u>	<u>202,835</u>	<u>11,606</u>
Inspection:				
Salaries and benefits	309,545	314,995	272,095	42,900
Materials, supplies and services	18,894	13,704	11,637	2,067
Capital	1,500	6,690	5,690	1,000
	<u>329,939</u>	<u>335,389</u>	<u>289,422</u>	<u>45,967</u>
Animal control:				
Salaries and benefits	59,185	60,535	62,567	(2,032)
Operating	28,013	28,013	26,287	1,726
	<u>87,198</u>	<u>88,548</u>	<u>88,854</u>	<u>(306)</u>
Total public safety	<u>2,397,051</u>	<u>2,473,205</u>	<u>2,302,531</u>	<u>170,674</u>

## NORTH OGDEN CITY

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

Year Ended June 30, 2013

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Streets and Highways</u>				
Salaries and benefits	\$ 292,039	297,989	256,820	41,169
Materials, supplies and services	306,653	510,422	509,600	822
Capital	600	600	723	(123)
	<u>599,292</u>	<u>809,011</u>	<u>767,143</u>	<u>41,868</u>
Total streets and highways	<u>599,292</u>	<u>809,011</u>	<u>767,143</u>	<u>41,868</u>
<u>Community Services</u>				
Administration:				
Salaries and benefits	117,474	119,174	78,587	40,587
Materials, supplies and services	69,309	89,309	82,144	7,165
Capital	3,000	3,000	6,311	(3,311)
	<u>189,783</u>	<u>211,483</u>	<u>167,042</u>	<u>44,441</u>
Parks department:				
Salaries and benefits	333,404	341,804	330,828	10,976
Materials, supplies and services	70,750	70,750	65,203	5,547
Capital	7,000	7,000	6,121	879
	<u>411,154</u>	<u>419,554</u>	<u>402,152</u>	<u>17,402</u>
Recreation department:				
Salaries and benefits	112,818	114,818	110,057	4,761
Materials, supplies and services	66,190	66,190	66,500	(310)
	<u>179,008</u>	<u>181,008</u>	<u>176,557</u>	<u>4,451</u>
Aquatic center:				
Salaries and benefits	253,839	256,539	235,553	20,986
Materials, supplies and services	149,408	149,408	138,897	10,511
Capital	6,000	6,000	6,955	(955)
	<u>409,247</u>	<u>411,947</u>	<u>381,405</u>	<u>30,542</u>
Total community services	<u>1,189,192</u>	<u>1,223,992</u>	<u>1,127,156</u>	<u>96,836</u>
Total expenditures	<u>5,314,004</u>	<u>5,652,577</u>	<u>5,313,043</u>	<u>339,534</u>
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses)	<u>332,500</u>	<u>170,995</u>	<u>1,012,141</u>	<u>(841,146)</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(420,000)</u>	<u>(420,000)</u>	<u>(420,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(420,000)</u>	<u>(420,000)</u>	<u>(420,000)</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	(87,500)	(249,005)	592,141	(841,146)
Fund balance - beginning of year	<u>1,645,780</u>	<u>1,645,780</u>	<u>1,645,780</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,558,280</u>	<u>1,396,775</u>	<u>2,237,921</u>	<u>(841,146)</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Property taxes	\$ 625,000	625,000	520,489	(104,511)
Interest income	500	500	1,190	690
Total revenue	<u>625,500</u>	<u>625,500</u>	<u>521,679</u>	<u>(103,821)</u>
Expenditures:				
Professional services - pay agent	1,700	1,700	1,700	-
Engineering services	-	10,000	3,322	6,678
Bond retirement	190,000	190,000	190,000	-
Interest expense - bonds	<u>123,238</u>	<u>123,238</u>	<u>123,238</u>	<u>-</u>
Total expenditures	<u>314,938</u>	<u>324,938</u>	<u>318,260</u>	<u>6,678</u>
Excess (deficiency) of revenue over (under) expenditures	310,562	300,562	203,419	(97,143)
Fund balance - beginning of year	<u>115,707</u>	<u>115,707</u>	<u>115,707</u>	<u>-</u>
Fund balance - end of year	<u>\$ 426,269</u>	<u>416,269</u>	<u>319,126</u>	<u>(97,143)</u>

## OTHER INFORMATION

NORTH OGDEN CITY

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

Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
RAMP grants recognized	\$ 70,000	70,000	43,200	(26,800)
Park impact fees	<u>93,695</u>	<u>93,695</u>	<u>174,005</u>	<u>80,310</u>
Total revenue	<u>163,695</u>	<u>163,695</u>	<u>217,205</u>	<u>53,510</u>
Expenditures:				
Park improvements and construction	98,218	98,218	65,774	32,444
Street and road improvement and construction	420,000	420,000	417,804	2,196
Land purchase	<u>-</u>	<u>556,000</u>	<u>557,818</u>	<u>(1,818)</u>
Total expenditures	<u>518,218</u>	<u>1,074,218</u>	<u>1,041,396</u>	<u>32,822</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(354,523)</u>	<u>(910,523)</u>	<u>(824,191)</u>	<u>86,332</u>
Other financing sources (uses):				
Transfers in (out)	<u>420,000</u>	<u>976,000</u>	<u>977,818</u>	<u>1,818</u>
Total other financing sources (uses)	<u>420,000</u>	<u>976,000</u>	<u>977,818</u>	<u>1,818</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	65,477	65,477	153,627	88,150
Fund balance - beginning of year	<u>715,283</u>	<u>715,283</u>	<u>715,283</u>	<u>-</u>
Fund balance - end of year	<u>\$ 780,760</u>	<u>780,760</u>	<u>868,910</u>	<u>88,150</u>

NORTH OGDEN CITY

Combining Statement of Net Position  
Internal Service Funds

Year Ended June 30, 2013

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ <u>1,074,412</u>	<u>180,812</u>	<u>1,255,224</u>
Total current assets	<u>1,074,412</u>	<u>180,812</u>	<u>1,255,224</u>
Capital assets:			
Buildings and structures	337,565	-	337,565
Vehicles and equipment	1,800,680	606,479	2,407,159
Accumulated depreciation	<u>(1,689,143)</u>	<u>(403,113)</u>	<u>(2,092,256)</u>
Net capital assets	<u>449,102</u>	<u>203,366</u>	<u>652,468</u>
Total assets	<u>1,523,514</u>	<u>384,178</u>	<u>1,907,692</u>
Deferred outflows of resources	-	-	-
Current Liabilities:			
Current portion of lease obligations payable	15,758	-	15,758
Compensated absences payable	4,161	-	4,161
Wages and benefits payable	<u>28</u>	<u>-</u>	<u>28</u>
Total current liabilities	<u>19,947</u>	<u>-</u>	<u>19,947</u>
Non-current liabilities:			
Lease obligations payable	86,638	-	86,638
Lease obligations payable - current portion	<u>(15,758)</u>	<u>-</u>	<u>(15,758)</u>
Total non-current liabilities	<u>70,880</u>	<u>-</u>	<u>70,880</u>
Total liabilities	<u>90,827</u>	<u>-</u>	<u>90,827</u>
Deferred inflows of resources	-	-	-
Net position:			
Net investment in capital assets	362,464	203,366	565,830
Unrestricted	<u>1,070,223</u>	<u>180,812</u>	<u>1,251,035</u>
Total net position	<u>\$ 1,432,687</u>	<u>384,178</u>	<u>1,816,865</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2013

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Revenue:			
Rentals:			
General fund	\$ 95,704	86,870	182,574
Utility funds	<u>86,099</u>	<u>-</u>	<u>86,099</u>
Total rentals	181,803	86,870	268,673
Operating charge - police motorpool	33,112	(33,112)	-
Sale of materials and supplies	<u>30,956</u>	<u>-</u>	<u>30,956</u>
Total revenue	<u>245,871</u>	<u>53,758</u>	<u>299,629</u>
Expenses:			
Salaries and benefits	150,037	-	150,037
Materials, supplies and services	98,183	11,600	109,783
Fuel	174,690	-	174,690
Interest on capital leases	4,830	-	4,830
Depreciation	<u>66,258</u>	<u>44,007</u>	<u>110,265</u>
Total expenses	<u>493,998</u>	<u>55,607</u>	<u>549,605</u>
Income (loss) from operations	<u>(248,127)</u>	<u>(1,849)</u>	<u>(249,976)</u>
Other non-operating revenue (expenses):			
Gain from sale of assets	<u>6,319</u>	<u>1,849</u>	<u>8,168</u>
Total other non-operating revenue (expenses)	<u>6,319</u>	<u>1,849</u>	<u>8,168</u>
Change in net position	(241,808)	-	(241,808)
Net position - beginning of year	<u>1,674,495</u>	<u>384,178</u>	<u>2,058,673</u>
Net position - end of year	<u>\$ 1,432,687</u>	<u>384,178</u>	<u>1,816,865</u>

NORTH OGDEN CITY

Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2013

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from vehicle rent from:			
General fund	\$ 95,704	86,870	182,574
Utility funds	86,099	-	86,099
Sale of material, supplies, and services	30,956	-	30,956
Operating charge - police motorpool	33,112	(33,112)	-
Payments for payroll and related benefits	(148,876)	-	(148,876)
Payments for goods and services	<u>(277,703)</u>	<u>(11,600)</u>	<u>(289,303)</u>
Net cash provided (used) by operating activities	<u>(180,708)</u>	<u>42,158</u>	<u>(138,550)</u>
Cash flows from capital and related financing activities:			
Payments to purchase vehicles and equipment	(3,735)	(66,599)	(70,334)
Proceeds from the sale of capital assets	9,810	10,304	20,114
Principal payments on lease financing	<u>(15,044)</u>	<u>-</u>	<u>(15,044)</u>
Net cash used by capital and related financing activities	<u>(8,969)</u>	<u>(56,295)</u>	<u>(65,264)</u>
Cash flows from non-capital financing activities			
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net decrease in cash and equivalents	(189,677)	(14,137)	(203,814)
Cash and cash equivalents - beginning of year	<u>1,264,089</u>	<u>194,949</u>	<u>1,459,038</u>
Cash and cash equivalents - end of year	<u>\$ 1,074,412</u>	<u>180,812</u>	<u>1,255,224</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating loss	\$ (248,127)	(1,849)	(249,976)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	66,258	44,007	110,265
Increase in compensated absences or wages and benefits payable	<u>1,161</u>	<u>-</u>	<u>1,161</u>
Total adjustments	<u>67,419</u>	<u>44,007</u>	<u>111,426</u>
Net cash provided (used) by operating activities	<u>\$ (180,708)</u>	<u>42,158</u>	<u>(138,550)</u>
Noncash investing, capital and financing activities:			
	<u>\$ -</u>	<u>-</u>	<u>-</u>





Independent Auditor's 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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise North Ogden City's basic financial statements, and have issued our report thereon dated December 9, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Ogden City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of North Ogden City's internal control.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christensen, Palmer & Ambrose P.C.*

December 9, 2013



Independent Auditor's Report on Compliance and on  
Internal Controls Over Compliance in Accordance With the  
State of Utah Legal Compliance Audit Guide

Honorable Mayor and City Council  
North Ogden City, Utah

**REPORT ON COMPLIANCE**

We have audited North Ogden City's compliance with the general program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

The general compliance requirements applicable to North Ogden City are identified as follows:

- Cash Management
- Budgetary Compliance
- Fund Balance
- Justice Courts
- Impact Fees
- Utah Retirement Systems Compliance
- Transfers from Utility Enterprise Funds
- Open and Public Meetings Act

North Ogden City received the following major assistance programs from the State of Utah:

- B & C Roads

***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of the City's management.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

***Opinion***

In our opinion, North Ogden City complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2013.

**REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's

internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

***Purpose of Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christman, Palmer & Ambrose, P.C.*

December 9, 2013

NORTH OGDEN CITY

Schedule of State Compliance Findings and Questioned Costs

Year Ended June 30, 2013

**PROGRAM: GENERAL AUDIT COMPLIANCE - BUDGETARY COMPLIANCE**

**FINDING:** The City's general fund unrestricted (committed assigned and unassigned) fund balance exceeds 25% of total estimated revenue of the general fund.

**QUESTIONED COSTS:** \$768,046

**RECOMMENDATION:** The City should take steps necessary to reduce the fund balance of the general fund to an allowable amount.

**CITY'S REPLY:** \$983,707 of the general fund balance was earmarked for construction of a public works facility by the City Council in March of 2013. However, this was not done by resolution or ordinance so that amount remained unrestricted and was included in the general fund balance calculation. The City will make sure it either transfers excess fund balance monies to the capital projects fund or adopt a resolution or ordinance legally restricting the monies if it is being saved for a specific project. (If the amount earmarked for the public works facility is taken out of the general fund balance then the City would have been in compliance.)

**FINDING:** Financial reports detailing receipts and disbursements for all funds and departments are not reviewed by the City Council at least quarterly.

**QUESTIONED COSTS:** None

**RECOMMENDATION:** Review financial reports detailing receipts and disbursements at least quarterly with the City Council.

**CITY'S REPLY:** The City will review financial reports with the City Council on a quarterly basis.

**FINDING:** The City's general fund animal control department exceeded budget expenditures during the year.

**QUESTIONED COSTS:** \$306

**RECOMMENDATION:** Maintain 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:** This was caused by not recognizing leave time accrual which was paid out to an employee who retired shortly after the end of the fiscal year. The City will look for these types of situations in future years and amend the budget accordingly.

**PROGRAM: TRANSFERS FROM UTILITY ENTERPRISE FUNDS**

**FINDING:** The City's utility funds are not charging other City funds or departments for services provided nor is this practice being disclosed to other users of services.

**QUESTIONED COSTS:** None

**RECOMMENDATION:** The City should notify rate users and hold a public hearing discussing this policy.

**CITY'S REPLY:** The City will either start to charge other departments for utility services or notify the public/hold a public hearing informing residents that the City is not planning on charging the City's other funds for utility services.

**State of Utah**  
**Schedule of Expenditures of State Grants, Contracts, and Loan Funds**  
**For the Year Ended June 30, 2013**

<u>Grant Name/Department</u>	<u>Award/Contract # (if applicable)</u>	<u>Year of Last Audit</u>	<u>Expenditures</u>
<b><u>State of Utah</u></b>			
DUI Overtime Grant/UHP - Public Safety			743
Safe Sidewalk Grant/UDOT			6,893
Justice Assistance Grant/Commission on Criminal & Juvenile Justice			4,963
Public Safety Equipment Grant/UHP - Public Safety			4,745
Justice Court Equipment Grant/The Administrative Office of the Courts			1,000
Class C Road Funds/UDOT			584,969
State Liquor Grant (Beer Tax)/Utah Substance Abuse Advisory Council			12,020
<b>Subtotal – State of Utah</b>			<b>\$ 615,332</b>
<b><u>Federal Grants</u></b>			
CDBG Grant for Green Acres Subdivision Infrastructure Improvements			\$ 74,339
<b>Subtotal – Federal</b>			<b>\$ 74,339</b>
<b><u>Weber County Grants</u></b>			
Tobacco Compliance			\$ 432
School Resource Officer			15,000
RAMP Grant			43,200
<b>Subtotal – Weber County</b>			<b>\$ 58,632</b>
<b>TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES</b>			<b>\$ 748,303</b>