

CITY OF OGDEN  
OGDEN, KANSAS

FINANCIAL STATEMENT  
DECEMBER 31, 2012

CITY OF OGDEN, KANSAS

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# JAMES GORDON & ASSOCIATES CPA, P.A.

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## INDEPENDENT AUDITOR'S REPORT

January 15, 2013

Mayor and City Council  
City of Ogden  
Ogden, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Ogden, Kansas, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Ogden to meet the requirement of the State of Kansas on the basis of financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Ogden as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

### *Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Ogden as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basis financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

*Report on Internal Control*

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2013 on our consideration of the City of Ogden, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the City Council and management of the City of Ogden, Kansas and for filing with the Kansas Department of Administration, Division of Accounts and Reports and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

  
James Gordon & Associates CPA, P.A.

## CITY OF OGDEN, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances And Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental Type Funds:						
General Fund	\$ 843,748.30	\$ 706,520.10	\$ 855,706.46	\$ 694,561.94	\$ 105,310.48	799,872.42
Special Purpose Funds:						
Employee Benefit Fund	4,248.87	105,751.13	110,000.00	-	-	-
Special Highway Fund	70,654.23	60,200.28	67,460.45	63,394.06	2,504.26	65,898.32
Special Parks and Recreation Fund	79,491.17	7,533.33	5,054.98	81,969.52		81,969.52
Capital Project Funds:						
Capital Improvement Fund	844,978.08	4,208.10	91,977.98	757,208.20	-	757,208.20
Capital Project – Water Telemetry Meters	-	168,347.77	168,347.77	-	-	-
Bond and Interest Funds:						
Bond and Interest Fund	19,512.61	552,206.85	571,719.46	-	-	-
Bond and Interest Reserve Fund	533,565.44	-	438.03	533,127.41	-	533,127.41
Business Funds:						
Sewer System Revenue Fund	471,491.31	149,397.16	169,092.25	451,796.22	676.50	452,472.72
Water System Revenue Fund	398,785.69	203,212.50	191,177.96	410,820.23	6,039.46	416,859.69
<b>Total City Funds</b>	<b>\$ 3,266,475.70</b>	<b>\$ 1,957,377.22</b>	<b>\$ 2,230,975.34</b>	<b>\$ 2,992,877.58</b>	<b>\$ 114,530.70</b>	<b>\$ 3,107,408.28</b>

## Composition of Cash:

Checking Account - Community 1st National Bank	\$ 215,418.87
Public Fund - Community 1st National Bank	1,695,960.26
CDARS Investments Accounts	1,195,823.55
Petty Cash	205.60
<b>Total Ending Cash Balance</b>	<b>\$ 3,107,408.28</b>

CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Ogden, Kansas, is a municipal corporation governed by an elected five-member council plus a mayor. This regulatory financial statement presents the City of Ogden, Kansas, the primary government. A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. The primary government financial statement referred to above does not include the component units of the City of Ogden, Kansas.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The following types of funds were utilized in recording the financial activities of the City of Ogden for the year 2012:

General fund -- the chief operating fund. used to account for all resources except those required to be accounted for in another fund.

Special Purpose funds -- used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest funds -- used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project funds -- used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business funds -- funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 1 - Summary of Significant Accounting Policies, Continued

Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a (c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use regulatory basis of accounting.

Reimbursed Expenses

The City records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund of receipt.



CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 2 - Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 2 - Budgetary Information, Continued

A legal operating budget is not required for capital project funds, and the following special purpose funds:

Special Highway fund  
Special Parks and Recreation fund

For the current year the city chose to adopt and publish a budget for the special purpose funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 3 - Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 (d) (1) requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants' repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City's has not designated "peak periods".

CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 3 - Deposits and Investments, Continued

At December 31, 2012, the City's carrying amount of deposits was \$3,107,202.68 and the bank balance was \$ 3,204,188.34. The bank balance was held at one bank resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks. Of the bank balance, \$1,758,228.08 was covered by federal depository insurance and the remaining \$1,445,960.26 was covered by \$2,250,000.00 in irrevocable letters of credit issued by Federal Home Loan Bank of Topeka.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Note 4 – Statutory Compliance

The depository bank's pledged securities were deficient to meet the requirements of K.S.A. 9-1402 during the first quarter with the maximum deficiency at one time reaching \$289,862.47. The pledged securities were again deficient in late October.

Note 5 – Property Taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar-year basis and are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amounts of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes levied and collected in the year prior to January 1<sup>st</sup> of the ensuing year.

CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 6 - Long-Term Debt

Changes in long-term liabilities for the City of Ogden for the year ended December 31, 2012, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest and Service Fee Paid</u>
General Obligation Bonds:										
Internal Improvement-										
Series A, 2000	5.70%-5.85%	6/15/00	230,000.00	12/1/15	\$ 85,000.00	\$ -	\$ 20,000.00	\$ (20,000.00)	\$ 65,000.00	\$ 4,912.50
Series 2002	4.7%-5.1%	6/15/02	201,500.00	12/1/17	100,000.00	-	15,000.00	(15,000.00)	85,000.00	4,965.00
Series A, 2003	4.0%	6/01/03	100,000.00	12/1/13	24,000.00	-	12,000.00	(12,000.00)	12,000.00	960.00
Series C, 2003	4.0%-4.6%	10/15/03	268,000.00	12/1/18	150,000.00	-	20,000.00	(20,000.00)	130,000.00	6,570.00
Series A, 2005	3.65%-4.25%	8/15/05	213,000.00	12/1/20	150,000.00	-	15,000.00	(15,000.00)	135,000.00	6,067.50
Series A, 2008	3.15% - 4.85%	5/15/08	1,060,000.00	10/1/28	960,000.00	-	40,000.00	(40,000.00)	920,000.00	40,017.50
Series A, 2009	3.25% - 4.75%	7/15/09	1,960,000.00	10/1/29	1,855,000.00	-	65,000.00	(65,000.00)	1,790,000.00	80,842.50
Series 2010	3.25% - 5.35%	7/15/10	210,000.00	12/1/30	205,000.00	-	5,000.00	(5,000.00)	200,000.00	9,662.50
Other:										
KDOT TFR 0053	3.59%	3/07/07	1,348,798.67	8/1/27	1,237,629.93	-	58,595.18	(58,595.18)	1,179,034.75	44,430.92
KDOT TFR 0069	3.85%	12/05/07	382,542.99	8/1/27	351,714.39	-	16,310.08	(16,310.08)	335,404.31	13,541.00
KDHE Loan 2753	2.43%	12/02/11	168,347.77	8/1/22	-	168,347.77	67,339.11	101,008.66	101,008.66	851.68
KDHE Loan C20 1711-01	2.58%	10/13/05	1,525,279.02	9/1/30	1,358,903.33	-	58,150.24	(58,150.24)	1,300,753.09	34,687.04
Total Long - Term Debt					<u>\$6,477,247.65</u>	<u>\$168,347.77</u>	<u>\$392,394.61</u>	<u>\$(224,046.84)</u>	<u>\$6,253,200.81</u>	<u>\$247,508.14</u>

CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 6 - Long-Term Debt, Continued

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2022</u>	<u>2023-2027</u>	<u>2028-2030</u>	<u>Total</u>
PRINCIPAL									
General Obligation Bonds	\$197,000.00	\$200,000.00	\$205,000.00	\$190,000.00	\$205,000.00	\$ 885,000.00	\$1,035,000.00	\$ 420,000.00	\$3,337,000.00
KDHE and KDOT Loans	<u>145,994.74</u>	<u>150,971.44</u>	<u>155,722.58</u>	<u>160,627.65</u>	<u>165,691.75</u>	<u>910,368.61</u>	<u>1,003,449.49</u>	<u>223,374.55</u>	<u>2,916,200.81</u>
TOTAL PRINCIPAL	<u>342,994.74</u>	<u>350,971.44</u>	<u>360,722.58</u>	<u>350,627.65</u>	<u>370,691.75</u>	<u>1,795,368.61</u>	<u>2,038,449.49</u>	<u>643,374.55</u>	<u>6,253,200.81</u>
INTEREST									
General Obligation Bonds	146,737.50	139,312.50	131,792.50	123,545.00	116,205.00	462,210.00	253,637.50	29,760.00	1,403,200.00
KDHE and KDOT Loans	<u>91,200.86</u>	<u>86,224.16</u>	<u>81,473.02</u>	<u>76,567.95</u>	<u>71,503.85</u>	<u>275,609.39</u>	<u>125,122.81</u>	<u>8,718.65</u>	<u>816,420.69</u>
TOTAL INTEREST	<u>237,938.36</u>	<u>225,536.66</u>	<u>213,265.52</u>	<u>200,112.95</u>	<u>187,708.85</u>	<u>737,819.39</u>	<u>378,760.31</u>	<u>38,478.65</u>	<u>2,219,620.69</u>
 TOTAL PRINCIPAL & INTEREST	 <u>\$580,933.10</u>	 <u>\$576,508.10</u>	 <u>\$573,988.10</u>	 <u>\$550,740.60</u>	 <u>\$558,400.60</u>	 <u>\$2,533,188.00</u>	 <u>\$2,417,209.80</u>	 <u>\$ 681,853.20</u>	 <u>\$8,472,821.50</u>

CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 7 – Interfund Transactions

The following operating transfers have been authorized for the year 2011:

<u>FROM</u>	<u>TO</u>	<u>AMOUNT</u>	<u>STATUTE</u>
Water System Revenue Fund	Employee Benefit Fund	\$ 1,891.62	K.S.A 12-825d
Water System Revenue Fund	Bond and Interest Fund	\$ 76,028.93	K.S.A 12-825d
Sewer System Revenue Fund	Bond and Interest Fund	\$140,868.00	K.S.A 12-825d
Bond and Interest Reserve Fund	Bond and Interest Fund	\$ 438.03	K.S.A 12-825d

Note 8 – Other Long-Term Obligations From Operations

Compensated Absences

Expenses for accumulated vacation and sick leave earned by the employees are recorded when paid or taken by the employees. Full-time employees are entitled to ten days paid vacation leave after one year. Employees earn 15 days of vacation per year after they have been employed ten years or more. Part-time employees who work at least 20 hours per week earn vacation leave of five days per year.

Upon termination, an employee will be compensated for all earned but unused vacation leave at their final rate of pay. There is no limit on the accumulation of vacation leave. Full-time employees earn ten hours of sick leave for each full month of service. Part-time employees, who are employed to work not less than 20 hours per week, receive five hours of sick leave for each month of employment. Sick leave may accrue indefinitely with no limit set. An employee who retires will be paid for sick leave at a rate of 25% of accrued sick leave. No pay will be given if an employee quits or is terminated.

As of December 31, 2012, the accumulated vacation leave due was \$15,400.00. Those employees currently qualified for early retirement under the Kansas Public Employees' Retirement System would be entitled to \$2,700 of pay for unused sick leave. An estimate of other future sick pay liability as of December 31, 2012 has not been made, due to the uncertainty involved in predicting retirement versus termination and future sick days that will be taken.

A long term employee of the City retired December 31, 2012. The payout for accumulated leave and sick leave was approximately \$134,000.00.

CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 9 - Defined Benefit Pension Plan

*Plan description.* The City of Ogden, Kansas participates in the Kansas Public Employees' Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100; Topeka, Kansas 66603-3808) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The City collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for January 1, 2012 to December 31, 2012 is 7.34% plus 1.00% for death and disability. The State of Kansas issued a moratorium on death and disability insurance contributions effective March 1, 2012 through June 30, 2012. The City's contributions to KPERS for the years ending December 31, 2012, 2011, and 2010 were \$44,606.02, \$27,230.10, and \$26,612.88 respectively, equal to the statutory required contributions for each year.

Note 10 – Capital Project Funds

During 2012, the council authorized a project to replace the current City water meters with telemetry meters. The total authorized project was for \$198,998.00. The project was began and completed in 2012. The final project cost was \$168,347.77.

Note 11 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no decreases in insurance coverage from the prior year.

The City pays an annual premium to Kansas Municipal Insurance Trust for its worker's compensation and employer's liability insurance coverage. The agreement to participate provides that the Municipalities will be self-sustaining through member premiums. Additional premiums may be due if total claims for the pool are different than what has been anticipated by pool administrator.

CITY OF OGDEN, KANSAS

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

Note 11 – Risk Management, Continued

The City continues to carry commercial insurance for all other risks of loss, including general liability, crime, inland marine, errors and omissions, business auto, and property. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12 – Subsequent Events

In preparing this financial statement, the City has evaluated events and transactions for potential recognition or disclosure through January 15, 2013 the date the financial statement was available for issue.



CITY OF OGDEN, KANSAS

Summary of Expenditures – Actual and Budget  
Regulatory Basis  
(Budgeted Funds Only)  
For the Year Ended December 31, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
Governmental Type Funds:					
General Fund	\$ 1,182,900.00	\$ -	\$ 1,182,900.00	\$ 855,706.46	\$ (327,193.54)
Special Purpose Funds:					
Employee Benefit Fund	110,000.00	-	110,000.00	110,000.00	-
Special Highway Fund*	100,507.00	-	100,507.00	67,460.45	(33,046.55)
Special Parks and Recreation Fund*	81,400.00	-	81,400.00	5,054.98	(76,345.02)
Bond and Interest Funds:					
Bond and Interest Fund	619,751.00	-	619,751.00	571,719.46	(48,031.54)
Business Funds:					
Sewer System Revenue Fund	630,601.00	-	630,601.00	169,092.25	(461,508.75)
Water System Revenue Fund	617,236.00	-	617,236.00	191,177.96	(426,058.04)

\*Statutory Budget not required.

## CITY OF OGDEN, KANSAS

General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Ad valorem tax	\$ 159,266.48	\$ 200,007.00	\$ (40,740.52)
Delinquent tax	54,032.13	-	54,032.13
Motor vehicle tax	20,330.93	20,000.00	330.93
Recreational vehicle tax	312.64	227.00	85.64
16/20 M vehicle tax	31.98	34.00	(2.02)
Sales tax	277,222.51	274,000.00	3,222.51
Liquor tax	2,354.04	2,769.00	(414.96)
Utility franchise	93,818.11	100,000.00	(6,181.89)
Swimming pool fees	3,816.97	3,000.00	816.97
Fees and permits	9,124.54	3,000.00	6,124.54
Interest on idle money	13,742.14	12,000.00	1,742.14
Licenses	727.00	1,000.00	(273.00)
Police fines	25,994.90	24,000.00	1,994.90
Community center	9,267.25	5,000.00	4,267.25
Reimbursed expenses	22,827.57	-	22,827.57
Miscellaneous	13,650.91	5,000.00	8,650.91
<b>Total Cash Receipts</b>	<b>706,520.10</b>	<b>\$ 650,037.00</b>	<b>\$ 56,483.10</b>
Expenditures and Transfers Subject to Budget:			
General:			
Personal services	409,135.97	\$ 252,000.00	\$ 157,135.97
Contractual services	118,673.86	145,000.00	(26,326.14)
Commodities	47,837.52	44,000.00	3,837.52
Capital outlay	40,245.04	191,900.00	(151,654.96)
Administrative and miscellaneous	16,520.00	16,000.00	520.00
Total General	<u>632,412.39</u>	<u>648,900.00</u>	<u>(16,487.61)</u>
Community Center:			
Personal services	46,274.50	49,000.00	(2,725.50)
Contractual services	21,673.59	27,000.00	(5,326.41)
Commodities	8,522.50	10,000.00	(1,477.50)
Capital outlay	715.55	-	715.55
Total Community Center	<u>77,186.14</u>	<u>86,000.00</u>	<u>(8,813.86)</u>

See independent auditor's report.

CITY OF OGDEN, KANSAS

General Fund, Continued  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Expenditures and Transfers Subject to Budget Continued:			
Court:			
Personal services	10,836.11	12,000.00	(1,163.89)
Contractual services	12,621.06	13,000.00	(378.94)
Commodities	339.90	3,000.00	(2,660.10)
Capital outlay	-	-	-
Total Court	<u>23,797.07</u>	<u>28,000.00</u>	<u>(4,202.93)</u>
Swimming Pool:			
Personal services	13,280.28	13,000.00	280.28
Contractual services	3,283.04	3,000.00	283.04
Commodities	19,765.83	7,000.00	12,765.83
Capital outlay	46,542.00	10,000.00	36,542.00
Total Swimming Pool	<u>82,871.15</u>	<u>33,000.00</u>	<u>49,871.15</u>
Park:			
Contractual services	2,053.81	3,000.00	(946.19)
Commodities	3,865.52	2,000.00	1,865.52
Capital outlay	4,940.00	1,000.00	3,940.00
Total Park	<u>10,859.33</u>	<u>6,000.00</u>	<u>4,859.33</u>
Library:			
Personal services	12,797.47	13,000.00	(202.53)
Contractual services	35.00	1,000.00	(965.00)
Commodities	1,105.37	500.00	605.37
Capital outlay	-	500.00	(500.00)
Total Library	<u>13,937.84</u>	<u>15,000.00</u>	<u>(1,062.16)</u>
Other: Expenditures			
Street lighting	14,642.54	16,000.00	(1,357.46)
Transfer to capital improvement fund	-	350,000.00	(350,000.00)
Total Other Expenditures	<u>14,642.54</u>	<u>366,000.00</u>	<u>(351,357.46)</u>
Total Expenditures and Transfers Subject to Budget	<u>855,706.46</u>	<u>\$ 1,182,900.00</u>	<u>\$ (327,193.54)</u>
Excess (Deficit) Cash Revenues Over Cash Expenditures	(149,186.36)		
Beginning Fund Balance	<u>843,748.30</u>		
Ending Fund Balance	<u>\$ 694,561.94</u>		

See independent auditor's report.

CITY OF OGDEN, KANSAS

Employee Benefit Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem tax	\$ 71,780.60	\$ 90,170.00	\$ (18,389.40)
Delinquent tax	23,480.22	-	23,480.22
Motor vehicle tax	8,455.03	8,652.00	(196.97)
16/20M vehicle tax	11.46	14.00	(2.54)
Recreational vehicle tax	132.20	98.00	34.20
Transfer from water fund	1,891.62	25,000.00	(23,108.38)
	<u>105,751.13</u>	<u>\$ 123,934.00</u>	<u>\$ (18,182.87)</u>
Total Cash Receipts			
Expenditures and Transfers Subject to Budget:			
Personal services	55,627.74	\$ 64,000.00	\$ (8,372.26)
Contractual services	54,372.26	46,000.00	8,372.26
	<u>110,000.00</u>	<u>\$ 110,000.00</u>	<u>\$ -</u>
Total Expenditures and Transfers Subject to Budget			
Receipts Over (Under) Expenditures	(4,248.87)		
Unencumbered Cash, Beginning	<u>4,248.87</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report.

CITY OF OGDEN, KANSAS

Special Highway Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
State of Kansas	\$ 54,893.40	\$ 54,610.00	\$ 283.40
County Treasurer	4,629.38	4,350.00	279.38
FEMA disaster relief	677.50	-	677.50
Total Cash Receipts	<u>60,200.28</u>	<u>\$ 58,960.00</u>	<u>\$ 1,240.28</u>
Expenditures and Transfers Subject to Budget:			
Street Repair and Maintenance	<u>67,460.45</u>	<u>\$ 100,507.00</u>	<u>\$ (33,046.55)</u>
Total Expenditures and Transfers Subject to Budget	<u>67,460.45</u>	<u>\$ 100,507.00</u>	<u>\$ (33,046.55)</u>
Receipts Over (Under) Expenditures	(7,260.17)		
Unencumbered Cash, Beginning	<u>70,654.23</u>		
Unencumbered Cash, Ending	<u>\$ 63,394.06</u>		

See independent auditor's report.

CITY OF OGDEN, KANSAS

Special Parks and Recreation Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Liquor tax	\$ 2,354.04	\$ 2,768.00	\$ (413.96)
Rents and fees	5,179.29	-	5,179.29
Total Cash Receipts	<u>7,533.33</u>	<u>\$ 2,768.00</u>	<u>\$ 4,765.33</u>
Expenditures and Transfers Subject to Budget:			
Contractual	122.50	\$ -	\$ 122.50
Commodities	4,932.48	-	4,932.48
Capital outlay	-	81,400.00	(81,400.00)
Total Expenditures and Transfers Subject to Budget	<u>5,054.98</u>	<u>\$ 81,400.00</u>	<u>\$ (76,345.02)</u>
Receipts Over (Under) Expenditures	2,478.35		
Unencumbered Cash, Beginning	<u>79,491.17</u>		
Unencumbered Cash, Ending	<u>\$ 81,969.52</u>		

See independent auditor's report.

CITY OF OGDEN, KANSAS

Capital Improvement Fund  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>
Cash Receipts:	
Interest on idle money	<u>\$ 4,208.10</u>
Total Cash Receipts	<u>4,208.10</u>
Expenditures and Transfers:	
Capital Outlay	<u>91,977.98</u>
Total Expenditures and Transfers Subject to Budget	<u>91,977.98</u>
Receipts Over (Under) Expenditures	(87,769.88)
Unencumbered Cash, Beginning	<u>844,978.08</u>
Unencumbered Cash, Ending	<u>\$ 757,208.20</u>

CITY OF OGDEN, KANSAS

Capital Project – Water Telemetry Meters  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>
Cash Receipts:	
Proceeds from KDHE Loan Grant	\$ 101,008.66
Grant KDHE #2753 loan forgiveness	<u>67,339.11</u>
Total Cash Receipts	<u>168,347.77</u>
Expenditures and Transfers:	
Capital Outlay	<u>168,347.77</u>
Total Expenditures and Transfers	<u>168,347.77</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>



CITY OF OGDEN, KANSAS

Bond and Interest Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Ad valorem tax	\$ 31,001.80	\$ 38,983.00	\$ (7,981.20)
Delinquent tax	6,316.27	-	6,316.27
Motor vehicle tax	1,337.58	1,348.00	(10.42)
Recreational vehicle tax	20.78	15.00	5.78
16/20 M vehicle tax	1.92	2.00	(0.08)
Special assessments	147,347.90	445,433.00	(298,085.10)
Delinquent special assessments	148,845.64	-	148,845.64
Transfer from sewer fund	140,868.00	140,868.00	-
Transfer from water fund	76,028.93	-	76,028.93
Transfer from bond and interest reserve	438.03	-	438.03
	<u>552,206.85</u>	<u>\$ 626,649.00</u>	<u>\$ (74,442.15)</u>
Total Cash Receipts			
Expenditures and Transfers Subject to Budget,			
Principal payments on bonds and loans	325,055.50	369,990.00	(44,934.50)
Interest payments on bonds and loans	239,321.95	242,442.00	(3,120.05)
Service fees on bonds and loans	7,334.51	7,311.00	23.51
Commissions	7.50	8.00	(0.50)
	<u>571,719.46</u>	<u>\$ 619,751.00</u>	<u>\$ (48,031.54)</u>
Total Expenditures and Transfers Subject to Budget			
Receipts Over (Under) Expenditures	(19,512.61)		
Unencumbered Cash, Beginning	<u>19,512.61</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report.

CITY OF OGDEN, KANSAS

Bond and Interest Reserve Fund  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>
Cash Receipts:	<u>\$ -</u>
Total Cash Receipts	<u>-</u>
Expenditures and Transfers:	
Transfer to Bond and Interest Fund	<u>438.03</u>
Total Expenditures and Transfers Subject to Budget	<u>438.03</u>
Receipts Over (Under) Expenditures	(438.03)
Unencumbered Cash, Beginning	<u>533,565.44</u>
Unencumbered Cash, Ending	<u><u>\$ 533,127.41</u></u>

CITY OF OGDEN, KANSAS

SEWER SYSTEM REVENUE FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Sales/charges	<u>\$ 149,397.16</u>	<u>\$ 160,000.00</u>	<u>\$ (10,602.84)</u>
 Total Cash Receipts	 <u>149,397.16</u>	 <u>\$ 160,000.00</u>	 <u>\$ (10,602.84)</u>
 Expenditures and Transfers Subject to Budget:			
Contractual services	15,896.50	\$ 17,000.00	\$ (1,103.50)
Commodities	12,327.75	13,000.00	(672.25)
Capital outlay	-	459,733.00	(459,733.00)
Transfer to bond and interest fund	<u>140,868.00</u>	<u>140,868.00</u>	<u>-</u>
 Total Expenditures and Transfers Subject to Budget	 <u>169,092.25</u>	 <u>\$ 630,601.00</u>	 <u>\$ (461,508.75)</u>
 Receipts Over (Under) Expenditures	 (19,695.09)		
 Unencumbered Cash, Beginning	 <u>471,491.31</u>		
 Unencumbered Cash, Ending	 <u>\$ 451,796.22</u>		

See independent auditor's report.

CITY OF OGDEN, KANSAS

Water System Revenue Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Sales/charges	\$ 194,577.24	\$ 200,000.00	\$ (5,422.76)
Late charges	5,044.69	5,000.00	44.69
Sales tax	2,736.32	3,000.00	(263.68)
Reimbursed expenses	854.25	-	854.25
	<u>203,212.50</u>	<u>\$ 208,000.00</u>	<u>\$ (4,787.50)</u>
Expenditures and Transfers Subject to Budget:			
Personal services	36,883.58	\$ 102,000.00	\$ (65,116.42)
Contractual services	38,911.12	25,000.00	13,911.12
Commodities	30,270.20	20,000.00	10,270.20
Capital outlay	3,610.92	442,236.00	(438,625.08)
Sales tax	3,581.59	3,000.00	581.59
Transfer to employee benefit fund	1,891.62	25,000.00	(23,108.38)
Transfer to bond and interest fund	76,028.93	-	76,028.93
	<u>191,177.96</u>	<u>\$ 617,236.00</u>	<u>\$ (426,058.04)</u>
Receipts Over (Under) Expenditures	12,034.54		
Unencumbered Cash, Beginning	<u>398,785.69</u>		
Unencumbered Cash, Ending	<u>\$ 410,820.23</u>		



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

January 15, 2013

Mayor and City Council  
City of Ogden, Kansas

We have audited the financial statement of the City of Ogden, Kansas, as of and for the year ended December 31, 2012, and have issued our report thereon dated January 15, 2013. That report disclosed the City prepares its financial statement in accordance with provisions of the Kansas Municipal Audit and Accounting Guide, a regulatory basis of accounting that demonstrates compliance with the budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit 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 Kansas Municipal Audit and Accounting Guide.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ogden, Kansas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ogden, Kansas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ogden, Kansas' internal control over financial reporting.

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

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

#### Compliance and Other Matters

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

This report is intended solely for the information of the City Council, management, and the Kansas Department of Administration, Division of Accounts and Reports and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



James H. Gordon  
James Gordon & Associates CPA, P.A.