

**ENOCH CITY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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*Kimball & Roberts*  
*Certified Public Accountants*  
*A Professional Corporation*  
*Box 663*  
*Richfield, Utah 84701*  
*Phone 896-6488*  
INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
Enoch City  
Enoch, Utah 84720

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 Enoch City as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Enoch City's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Enoch City as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2012, on our consideration of Enoch City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 14 and 45 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

October 24, 2012  
Richfield, Utah

## **ENOCH CITY MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2012**

This discussion of Enoch City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2012. This report is in conjunction with the City's financial statements.

The purpose of the City is to provide general services to its residents which includes general government, public safety, highways and public improvements, and parks and recreation.

### **Financial Highlights**

- \* The assets of Enoch City exceeded its liabilities as of the close of the most recent year by \$16,449,600 (net position). Of this amount, \$1,858,205 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- \* The government's total net position increased by \$24,118. The revenues did not exceed the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- \* At the close of the current year, the City's governmental funds reported combined ending fund balances of \$1,110,163, an increase of \$128,245 in comparison with the prior year. Approximately 11 percent of this total amount, \$121,682 is available for spending at the government's discretion (unassigned fund balance).
- \* At the end of the current year, unassigned fund balance for the general fund was \$121,682, or 9 percent of total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Enoch City's basic financial statements. The 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.

### **Government-wide Financial Statements**

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, highways and public improvements and parks and recreation. The business-type activities of the City are water, sewer and sanitation.

Refer to the table of contents for the location of the government-wide financial statements.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and enterprise funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Enoch City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital project fund both of which are considered to be major funds.

The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

### **Proprietary Funds**

Enoch City maintains three types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. A combining statement for these three funds is shown elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and sanitation funds which are all considered to be a major funds of the City.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

## Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

### Other Information

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

The combining statements referred to earlier in connection with the non-major governmental fund and the major enterprise funds is presented immediately following the required supplementary information.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Enoch City, assets exceeded liabilities by \$16,449,600 at the close of the most recent fiscal year. By far the largest portion of the City's net position (71 percent) reflects its investment in capital position (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Enoch City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	1,427,418	1,292,627	3,828,320	3,514,073	5,255,738	4,806,700
Capital Assets	<u>3,887,532</u>	<u>4,042,946</u>	<u>12,084,287</u>	<u>12,423,282</u>	<u>15,971,819</u>	<u>16,466,228</u>
Total Assets	<u>5,314,950</u>	<u>5,335,573</u>	<u>15,912,607</u>	<u>15,937,355</u>	<u>21,227,557</u>	<u>21,272,928</u>
Long-Term Liabilities	370,033	278,058	3,638,636	3,976,552	4,008,669	4,254,610
Other Liabilities	<u>362,881</u>	<u>325,709</u>	<u>406,407</u>	<u>406,589</u>	<u>769,288</u>	<u>732,298</u>
Total Liabilities	<u>732,914</u>	<u>603,767</u>	<u>4,045,043</u>	<u>4,383,141</u>	<u>4,777,957</u>	<u>4,986,908</u>
Net Position:						
Invested in Capital Assets						
Net of Related Debt	3,504,357	3,787,946	8,166,721	8,180,640	11,671,078	11,968,586
Restricted	653,698	591,763	2,266,619	2,291,275	2,920,317	2,883,038
Unrestricted	<u>423,981</u>	<u>352,097</u>	<u>1,434,224</u>	<u>1,221,761</u>	<u>1,858,205</u>	<u>1,573,858</u>
Total Net Position	<u>4,582,036</u>	<u>4,731,806</u>	<u>11,867,564</u>	<u>11,693,676</u>	<u>16,449,600</u>	<u>16,425,482</u>

A portion of the City's net position (18 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$1,858,205, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental Activities**

Governmental activities decreased Enoch City's net position by \$149,770.

**Enoch City's Changes in Net position**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	167,590	146,408	1,491,700	1,396,488	1,659,290	1,542,896
Operating Grants	276,533	303,462	9,000	9,000	285,533	312,462
General Revenues:						
Property Taxes	353,283	351,851	-	-	353,283	351,851
Other Taxes	687,912	614,280	-	-	687,912	614,280
Impact Fees	15,800	10,960	124,527	83,970	140,327	94,930
Revenues:						
Unrestricted Investment Earnings	14,502	10,623	16,267	12,340	30,769	22,963
Total Revenues	<u>1,515,620</u>	<u>1,437,584</u>	<u>1,641,494</u>	<u>1,501,798</u>	<u>3,157,114</u>	<u>2,939,382</u>
Expenses:						
General Government	234,502	350,894	-	-	234,502	350,894
Public Safety	743,321	642,395	-	-	743,321	642,395
Highways and Public Improvements	596,269	619,550	-	-	596,269	619,550
Parks and Recreation	91,298	89,880	-	-	91,298	89,880
Interest Expense	-	-	65,483	120,879	65,483	120,879
Water, Sewer & Sanitation	-	-	1,402,123	1,294,191	1,402,123	1,294,191
Total Expenses	<u>1,665,390</u>	<u>1,702,719</u>	<u>1,467,606</u>	<u>1,415,070</u>	<u>3,132,996</u>	<u>3,117,789</u>
Increase in Net Position	(149,770)	(265,135)	173,888	86,728	24,118	(178,407)
Net Position - Beginning	<u>4,731,806</u>	<u>4,996,941</u>	<u>11,693,676</u>	<u>11,606,948</u>	<u>16,425,482</u>	<u>16,603,889</u>
Net Position - Ending	<u>4,582,036</u>	<u>4,731,806</u>	<u>11,867,564</u>	<u>11,693,676</u>	<u>16,449,600</u>	<u>16,425,482</u>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Three noteworthy exceptions, however, were the City's purchase of capital assets as follows:

	<u>Governmental</u>	<u>Business-Type</u>
1) Vehicles and Equipment	185,668	49,430
2) Construction in Progress	17,922	-

### **Business-Type Activities**

Business-type activities increased the City's net position by \$173,888 accounting for 100 percent of the total increase in the government's net position. Key elements of this increase are as follows:

- \* Impact fees collected during the year was \$124,527.

### **Financial Analysis of the Government's Funds**

As noted earlier, Enoch City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular *unassigned* fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the City's governmental funds reported combined ending fund balances of \$1,110,163, an increase of \$128,245 in comparison with the prior year. Approximately 11 percent of this amount, \$121,682, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund is *restricted* to indicate that it is not available for new spending because it has already been restricted for highways and public improvements, \$542,620, and impact fees, \$111,078; and assigned to cemetery, \$127,182 and capital projects, \$207,601.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$121,682, while total fund balance reached \$902,562. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9 percent of total general fund expenditures, while total fund balance represents 65 percent of that same amount.

#### **Proprietary Funds**

Enoch City's proprietary funds provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the water, sewer and sanitation funds at the end of the year were \$1,434,224. Other factors concerning the finances of these funds has already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

The differences between the original and final budgets was \$63,000.

During the year, actual revenues were less than budgeted revenues by \$14,482 and actual expenditures were less than budgeted expenditures by \$121,975 resulting in a net decrease in fund balance of \$107,493.

## Capital Asset and Debt Administration:

### Capital Assets

Enoch City's investment in capital assets for its governmental activities as of June 30, 2012, was \$3,887,532 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads and paved trails.

The total decrease in the City's investment in capital assets for the current year was \$494,409. Major capital asset events during the current year are shown below by category in the comparison to the prior year.

### Enoch City's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	1,291,000	1,291,000	239,877	239,877	1,530,877	1,530,877
Water Shares	-	-	3,860,229	3,860,229	3,860,229	3,860,229
Infrastructure	1,944,909	2,201,576	-	-	1,944,909	2,201,576
Buildings	373,909	407,006	723,859	747,583	1,097,768	1,154,589
Improvements	-	-	6,893,057	7,234,528	6,893,057	7,234,528
Construction in Progress	30,905	12,983	-	-	30,905	12,983
Vehicles & Equipment	246,809	130,381	367,265	341,065	614,074	471,446
<b>Total</b>	<b>3,887,532</b>	<b>4,042,946</b>	<b>12,084,287</b>	<b>12,423,282</b>	<b>15,971,819</b>	<b>16,466,228</b>

Additional information on the City's capital assets can be found in the notes to the financial statements.

### Long -Term Debt - Bond Obligations

At the end of the current year, the City had total bonded debt outstanding of \$3,262,762. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and general obligation bonds.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	-	-	1,512,000	1,620,000	1,512,000	1,620,000
Revenue Bonds	-	-	1,750,762	1,891,333	1,750,762	1,891,333
<b>Total Long-Term Debt</b>	<b>-</b>	<b>-</b>	<b>3,262,762</b>	<b>3,511,333</b>	<b>3,262,762</b>	<b>3,511,333</b>

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the City. The total allowable general obligation debt at June 30, 2012 is approximately \$14,000,000. The present general obligation debt is \$1,512,000.

Additional information on the City's long-term debt can be found in the notes of the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

\* The utility rates remained the same as the prior year.

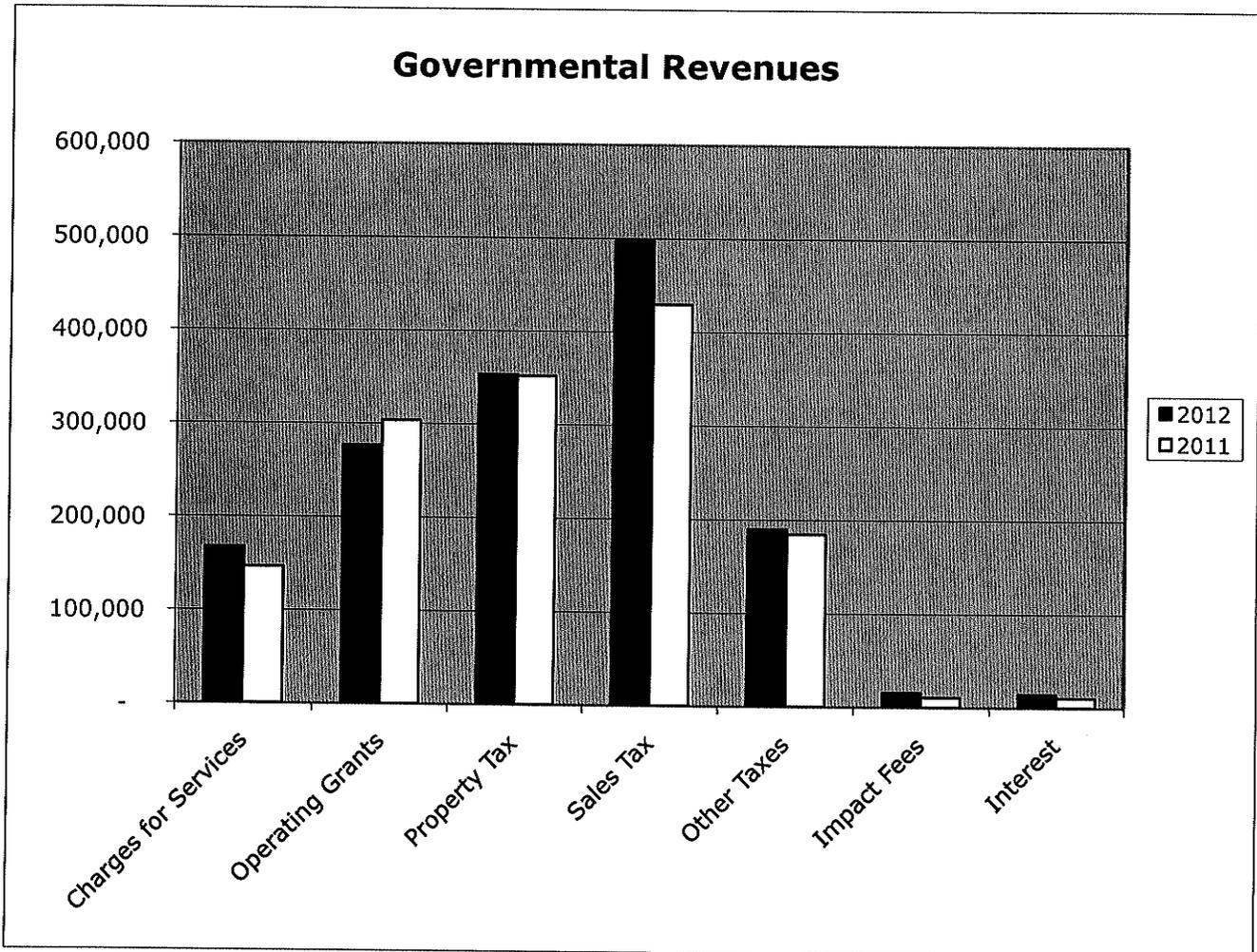
This factor was considered in preparing the City's budget for the 2012-2013 fiscal year.

**Request for Information**

This financial report is designed to provide a general overview of Enoch 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 the Enoch City's Treasurer, 900 East Midvalley Road, Enoch, Utah, 84720.

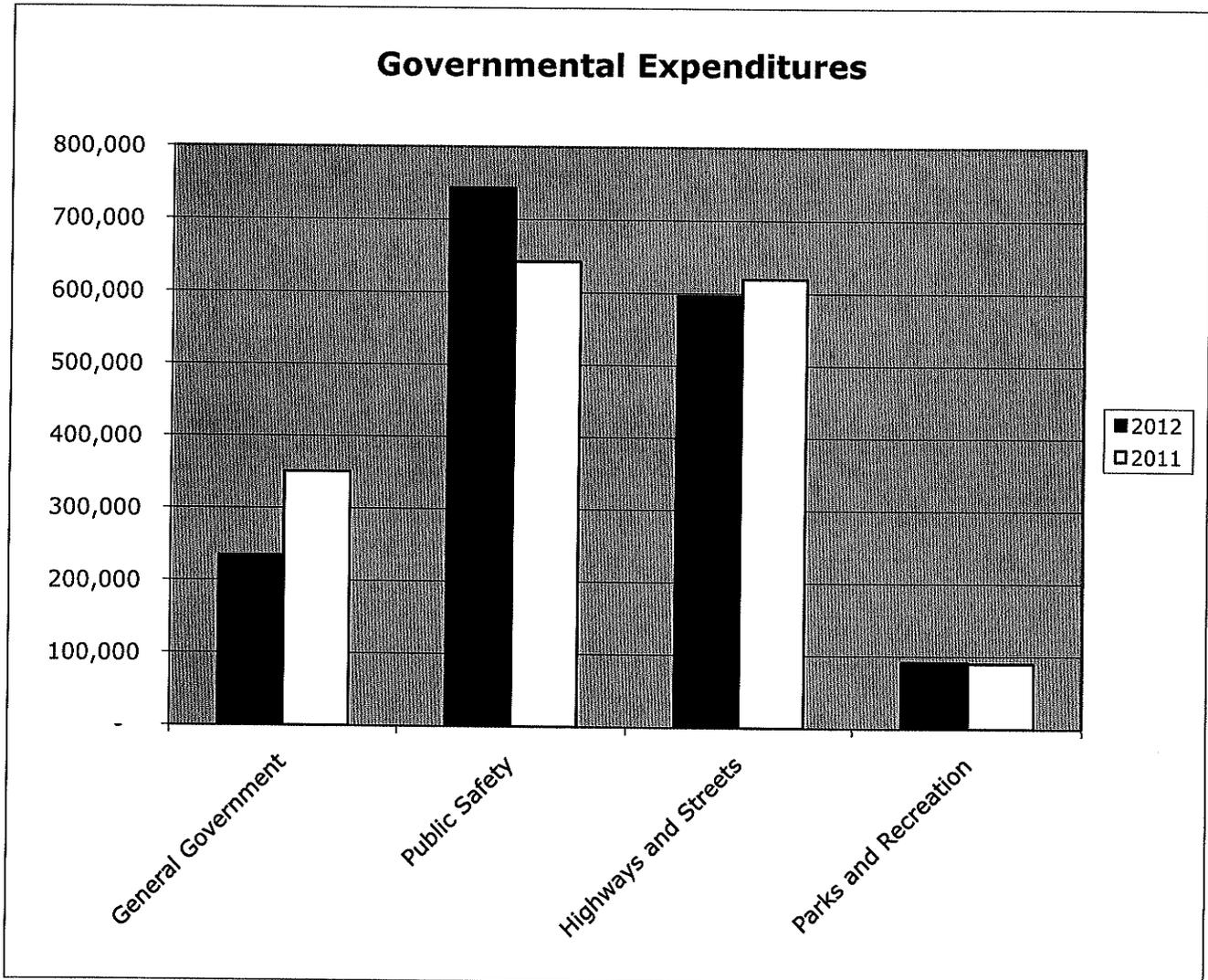
**Enoch City  
Governmental Revenues  
For The Fiscal Years Ending June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Charges for Services	167,590	146,408
Operating Grants	276,533	303,462
Property Tax	353,283	351,851
Sales Tax	497,460	429,528
Other Taxes	190,452	184,752
Impact Fees	15,800	10,960
Interest	14,502	10,623
<b>Total Expenditures</b>	<b><u>1,515,620</u></b>	<b><u>1,437,584</u></b>



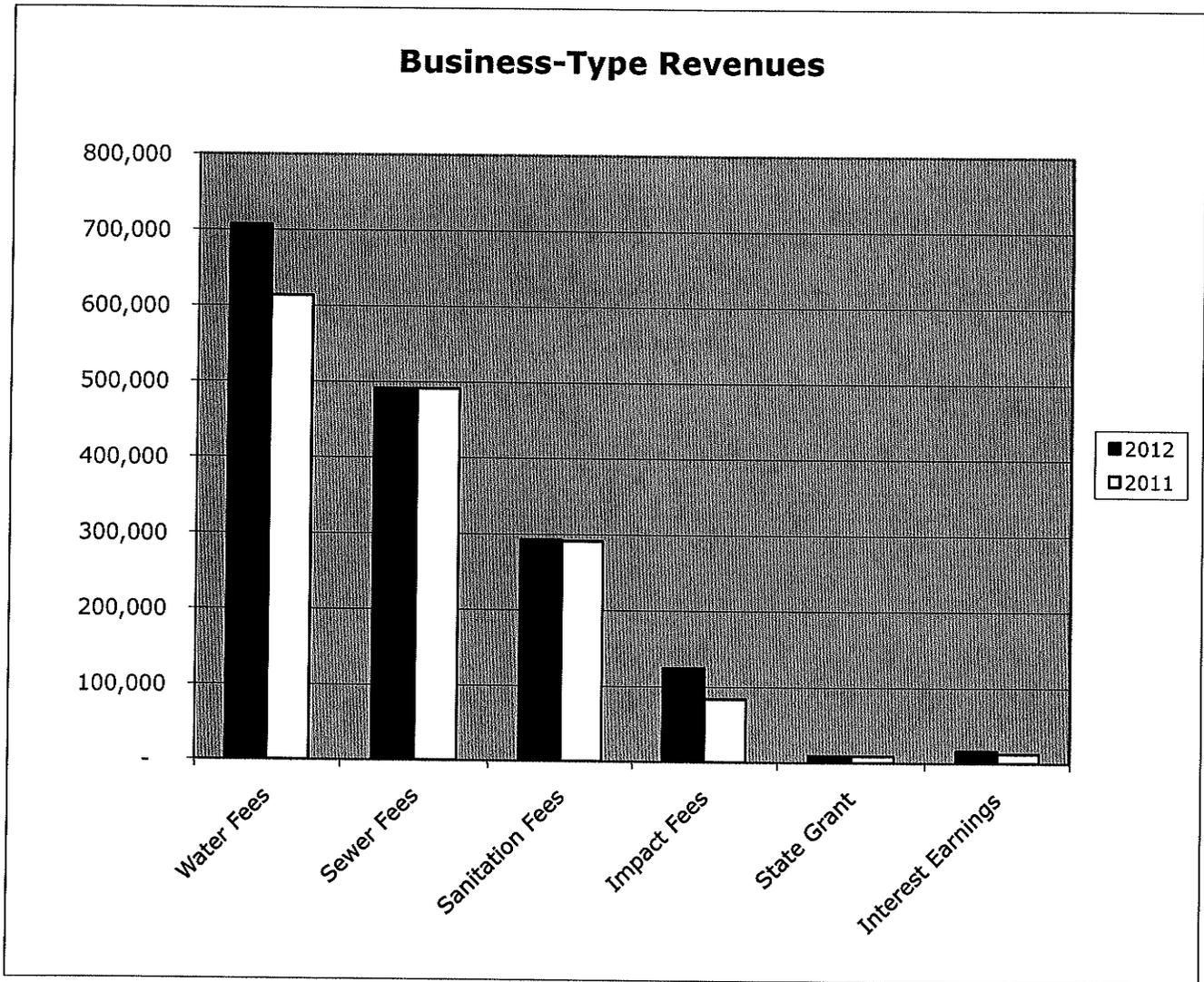
**Enoch City  
Governmental Expenditures  
For The Fiscal Years Ending June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
General Government	234,502	350,894
Public Safety	743,321	642,395
Highways and Streets	596,269	619,550
Parks and Recreation	<u>91,298</u>	<u>89,880</u>
 Total Expenditures	 <u><u>1,665,390</u></u>	 <u><u>1,702,719</u></u>



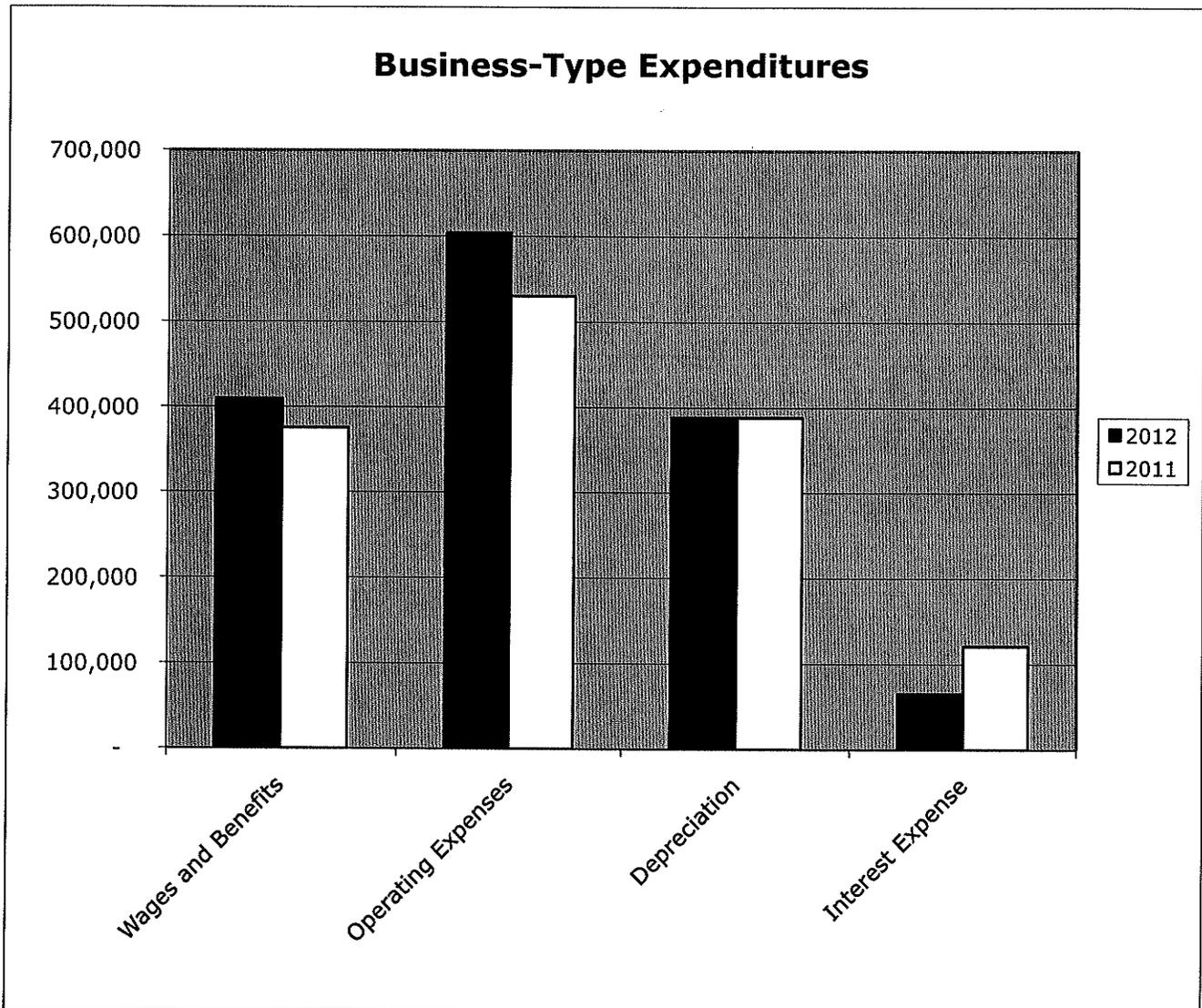
**Enoch City  
Business-Type Revenues  
For The Fiscal Years Ending June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Water Fees	707,130	613,698
Sewer Fees	491,446	491,436
Sanitation Fees	293,124	291,354
Impact Fees	124,527	83,970
State Grant	9,000	9,000
Interest Earnings	<u>16,267</u>	<u>12,340</u>
<b>Total Revenues</b>	<b><u>1,641,494</u></b>	<b><u>1,501,798</u></b>



**Enoch City**  
**Business-Type Expenditures**  
**For The Fiscal Years Ending June 30, 2012 and 2011**

	2012	2011
Wages and Benefits	409,798	375,325
Operating Expenses	603,891	530,455
Depreciation	388,434	388,411
Interest Expense	65,483	120,879
Total Expenditures	1,467,606	1,415,070



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# **BASIC FINANCIAL STATEMENTS**

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**ENOCH CITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2012**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	413,240	1,394,432	1,807,672
Accounts Receivable	3,009	167,269	170,278
Taxes Receivable	33,507	-	33,507
Property Taxes Receivable	276,000	-	276,000
Due From Other Government Units	47,964	-	47,964
<b>Total Current Assets</b>	<b>773,720</b>	<b>1,561,701</b>	<b>2,335,421</b>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	653,698	2,266,619	2,920,317
Capital Assets (Net of Accumulated Depreciation)	3,887,532	12,084,287	15,971,819
<b>Total Noncurrent Assets</b>	<b>4,541,230</b>	<b>14,350,906</b>	<b>18,892,136</b>
<b>TOTAL ASSETS</b>	<b>5,314,950</b>	<b>15,912,607</b>	<b>21,227,557</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	41,255	-	41,255
Deposits Payable	-	65,609	65,609
Bond Interest Payable	-	61,868	61,868
Deferred Property Taxes	276,000	-	276,000
Contract Payable - Due Within One Year	15,000	-	15,000
Capital Lease Payable - Due Within One Year	30,626	80,233	110,859
Bonds Payable - Due Within One Year	-	198,697	198,697
<b>Total Current Liabilities</b>	<b>362,881</b>	<b>406,407</b>	<b>769,288</b>
Noncurrent Liabilities:			
Contract Payable - Due More Than One Year	225,000	-	225,000
Capital Lease Payable - Due More Than One Year	92,643	574,571	667,214
Bonds Payable - Due More Than One Year	-	3,064,065	3,064,065
Compensated Absences	52,390	-	52,390
<b>Total Noncurrent Liabilities</b>	<b>370,033</b>	<b>3,638,636</b>	<b>4,008,669</b>
<b>TOTAL LIABILITIES</b>	<b>732,914</b>	<b>4,045,043</b>	<b>4,777,957</b>
<b>NET POSITION</b>			
Investment in Capital Assets, Net of Debt	3,504,357	8,166,721	11,671,078
Restricted For:			
Bond Retirement	-	207,000	207,000
Class C Road	542,620	-	542,620
Impact Fees	111,078	2,059,619	2,170,697
Unrestricted	423,981	1,434,224	1,858,205
<b>TOTAL NET POSITION</b>	<b>4,582,036</b>	<b>11,867,564</b>	<b>16,449,600</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>5,314,950</b>	<b>15,912,607</b>	<b>21,227,557</b>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**STATEMENT OF ACTIVITIES**  
**For The Fiscal Year Ended June 30, 2012**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and</u>	
		<u>Charges for</u>	<u>Operating Grants/Capital Grants/</u>	<u>Governmental</u>	<u>Business-Type</u>
		<u>Services</u>	<u>Contributions</u>	<u>Activities</u>	<u>Activities</u>
			<u>Contributions</u>	<u>Changes in Net Position</u>	<u>Total</u>
<b>Function/Programs Primary Government:</b>					
<b>Governmental Activities:</b>					
General Government	234,502	113,325	20,474	(100,703)	(100,703)
Public Safety	743,321	38,665	4,837	(699,819)	(699,819)
Highways and Public Improvements	596,269	1,500	248,222	(346,547)	(346,547)
Park and Recreation	91,298	14,100	3,000	(74,198)	(74,198)
Interest Expense	-	-	-	(65,483)	(65,483)
<b>Total Governmental Activities</b>	<b>1,665,390</b>	<b>167,590</b>	<b>276,533</b>	<b>(1,221,267)</b>	<b>(1,286,750)</b>
<b>Business-Type Activities:</b>					
Water Fund	689,456	707,130	9,000	-	26,674
Sewer Fund	464,133	491,446	-	-	27,313
Sanitation Fund	248,534	293,124	-	-	44,590
<b>Total Business-Type Activities</b>	<b>1,402,123</b>	<b>1,491,700</b>	<b>9,000</b>	<b>-</b>	<b>98,577</b>
<b>Total Primary Government</b>	<b>3,067,513</b>	<b>1,659,290</b>	<b>285,533</b>	<b>(1,221,267)</b>	<b>(1,188,173)</b>
<b>General Revenues:</b>					
Property Taxes				311,765	311,765
Fee-In-Lieu of Property Taxes				41,518	41,518
Sales Taxes				497,460	497,460
Franchise Taxes				139,200	139,200
Telecommunications Tax				51,252	51,252
Impact Fees				15,800	15,800
Unrestricted Investment Earnings				124,527	124,527
				16,267	16,267
<b>Total General Revenues</b>				<b>1,071,497</b>	<b>1,212,291</b>
<b>Change in Net Position</b>				<b>(149,770)</b>	<b>24,118</b>
<b>Net Position - Beginning</b>				<b>4,731,806</b>	<b>16,425,482</b>
<b>Net Position - Ending</b>				<b>4,582,036</b>	<b>16,449,600</b>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	859,337	207,601	1,066,938
Accounts Receivable (Net)	3,009	-	3,009
Taxes Receivable	33,507		33,507
Property Taxes Receivable	276,000	-	276,000
Due From Other Government Units	47,964	-	47,964
	<u>1,219,817</u>	<u>207,601</u>	<u>1,427,418</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	41,255	-	41,255
Deferred Property Taxes	276,000	-	276,000
	<u>317,255</u>	<u>-</u>	<u>317,255</u>
Fund Balances:			
Restricted For:			
Class C Road	542,620	-	542,620
Impact Fees	111,078	-	111,078
Assigned For:			
Cemetery	127,182	-	127,182
Capital Project	-	207,601	207,601
Unassigned:			
General Fund	121,682	-	121,682
	<u>902,562</u>	<u>207,601</u>	<u>1,110,163</u>
	<u>1,219,817</u>	<u>207,601</u>	<u>1,427,418</u>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET POSITION**  
**June 30, 2012**

Total Fund Balances - Governmental Fund Types 1,110,163

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	1,291,000	
Buildings	373,909	
Equipment	246,809	
Construction In Progress	30,905	
Infrastructure	<u>1,944,909</u>	
Total		3,887,532

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Contract Payable	(240,000)	
Capital Lease Payable	(123,269)	
Compensated Absences	<u>(52,390)</u>	
Total		<u>(415,659)</u>

Net Position of Government Activities 4,582,036

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Fiscal Year Ended June 30, 2012**

	General Fund	Capital Projects Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Taxes	1,041,195	-	1,041,195
Licenses and Permits	53,976	-	53,976
Intergovernmental Revenue	276,533	-	276,533
Charges for Services	66,843	-	66,843
Fines and Forfeitures	37,686	-	37,686
Interest	13,750	752	14,502
Miscellaneous Revenues	24,885	-	24,885
	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	<u>1,514,868</u>	<u>752</u>	<u>1,515,620</u>
<b>Expenditures:</b>			
Current:			
General Government	228,051	-	228,051
Public Safety	726,956	-	726,956
Highways and Public Improvements	336,454	-	336,454
Parks and Recreation	95,914	-	95,914
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>1,387,375</u>	<u>-</u>	<u>1,387,375</u>
Excess Revenues Over (Under) Expenditures	127,493	752	128,245
<b>Other Financing Sources (Uses):</b>			
Transfers In (Out)	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>
Net Change In Fund Balance	107,493	20,752	128,245
Fund Balance - Beginning	<u>795,069</u>	<u>186,849</u>	<u>981,918</u>
Fund Balance - Ending	<u><u>902,562</u></u>	<u><u>207,601</u></u>	<u><u>1,110,163</u></u>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For The Fiscal Year Ended June 30, 2012**

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

Net Changes in Fund Balances - Total Governmental Funds	128,245
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	49,817	
Depreciation Expense	<u>(359,004)</u>	
Total		(309,187)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Principal Payment on Long-Term Debt	45,504	
Change In Compensated Absences	<u>14,332</u>	
Total		<u>31,172</u>

Changes In Net Position of Governmental Activities	<u><u>(149,770)</u></u>
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The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2012**

	Business-Type Activity Enterprise Fund			Totals
	Water Fund	Sewer Fund	Sanitation Fund	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	1,047,773	151,470	195,189	1,394,432
Accounts Receivable	85,651	50,446	31,172	167,269
<b>Total Current Assets</b>	<b>1,133,424</b>	<b>201,916</b>	<b>226,361</b>	<b>1,561,701</b>
Noncurrent Assets:				
Investments - Restricted:				
Impact Fees	392,511	1,667,108		2,059,619
Bond Retirement	77,000	130,000	-	207,000
Capital Assets (Net of Accum. Depreciation)	7,926,690	3,973,875	183,722	12,084,287
<b>Total Noncurrent Assets</b>	<b>8,396,201</b>	<b>5,770,983</b>	<b>183,722</b>	<b>14,350,906</b>
<b>TOTAL ASSETS</b>	<b>9,529,625</b>	<b>5,972,899</b>	<b>410,083</b>	<b>15,912,607</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Deposits Payable	65,609	-	-	65,609
Bond Interest Payable	49,398	12,470	-	61,868
Capital Lease - Due Within One Year	80,233	-	-	80,233
Bonds Payable - Due Within One Year	66,000	132,697	-	198,697
<b>Total Current Liabilities</b>	<b>261,240</b>	<b>145,167</b>	<b>-</b>	<b>406,407</b>
Noncurrent Liabilities:				
Capital Lease - Due More Than One Year	574,571	-	-	574,571
Bonds Payable - Due More Than One Year	1,373,366	1,690,699	-	3,064,065
<b>Total Noncurrent Liabilities</b>	<b>1,947,937</b>	<b>1,690,699</b>	<b>-</b>	<b>3,638,636</b>
<b>TOTAL LIABILITIES</b>	<b>2,209,177</b>	<b>1,835,866</b>	<b>-</b>	<b>4,045,043</b>
<b>NET POSITION:</b>				
Invested in Capital Assets, Net of Related Debt	5,832,520	2,150,479	183,722	8,166,721
Restricted for:				
Bond Retirement	77,000	130,000	-	207,000
Impact Fees	392,511	1,667,108	-	2,059,619
Unrestricted	1,018,417	189,446	226,361	1,434,224
<b>TOTAL NET POSITION</b>	<b>7,320,448</b>	<b>4,137,033</b>	<b>410,083</b>	<b>11,867,564</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>9,529,625</b>	<b>5,972,899</b>	<b>410,083</b>	<b>15,912,607</b>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**For The Fiscal Year Ended June 30, 2012**

	Business-Type Activity Enterprise Fund			Totals
	Water Fund	Sewer Fund	Sanitation Fund	
<b>Operating Revenues:</b>				
Charges for Sales and Services:				
Water Sales	656,603	-	-	656,603
Sewer Sales	-	490,046	-	490,046
Sanitation Collection Fees	-	-	293,124	293,124
Connection Fees	9,020	-	-	9,020
Penalties	35,803	-	-	35,803
Other Income	5,704	1,400	-	7,104
Total Operating Revenues	<u>707,130</u>	<u>491,446</u>	<u>293,124</u>	<u>1,491,700</u>
<b>Operating Expenses:</b>				
Salaries, Wages and Benefits	184,171	140,326	85,301	409,798
Materials, Supplies and Services	314,322	169,397	120,172	603,891
Depreciation	190,963	154,410	43,061	388,434
Total Operating Expenses	<u>689,456</u>	<u>464,133</u>	<u>248,534</u>	<u>1,402,123</u>
Operating Income	<u>17,674</u>	<u>27,313</u>	<u>44,590</u>	<u>89,577</u>
<b>Nonoperating Revenues (Expenses):</b>				
Impact Fees	86,527	38,000	-	124,527
State Grant	9,000	-	-	9,000
Interest Income	3,728	12,158	381	16,267
Interest Expense	(48,264)	(17,219)	-	(65,483)
Total Nonoperating Revenues (Expenses)	<u>50,991</u>	<u>32,939</u>	<u>381</u>	<u>84,311</u>
Change in Net Position	68,665	60,252	44,971	173,888
Total Net Position - Beginning	<u>7,251,783</u>	<u>4,076,781</u>	<u>365,112</u>	<u>11,693,676</u>
Total Net Position - Ending	<u><u>7,320,448</u></u>	<u><u>4,137,033</u></u>	<u><u>410,083</u></u>	<u><u>11,867,564</u></u>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For The Fiscal Year Ended June 30, 2012**

	Business-Type Activity Enterprise Fund			Totals
	Water Fund	Sewer Fund	Sanitation Fund	
<b>Cash Flows From Operating Activities:</b>				
Receipts From Customers	682,315	489,702	291,876	1,463,893
Payments to Suppliers	(309,151)	(169,397)	(120,172)	(598,720)
Payments to Employees	(184,171)	(140,326)	(85,301)	(409,798)
Net Cash Provided by Operating Activities	<u>188,993</u>	<u>179,979</u>	<u>86,403</u>	<u>455,375</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Principal Paid on Capital Debt	(134,505)	(190,571)	-	(325,076)
Interest Paid on Capital Debt	(66,785)	(16,891)	-	(83,676)
Capital Outlay	(49,439)	-	-	(49,439)
State Grant	9,000	-	-	9,000
Impact Fees	86,527	38,000	-	124,527
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(155,202)</u>	<u>(169,462)</u>	<u>-</u>	<u>(324,664)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest Received	3,728	12,158	381	16,267
Net Cash Provided (Used) by Investing Activities	<u>3,728</u>	<u>12,158</u>	<u>381</u>	<u>16,267</u>
Net Increase (Decrease) in Cash and Cash Equivalents	37,519	22,675	86,784	146,978
Cash and Cash Equivalents - Beginning	<u>1,479,765</u>	<u>1,925,903</u>	<u>108,405</u>	<u>3,514,073</u>
Cash and Cash Equivalents - Ending	<u><u>1,517,284</u></u>	<u><u>1,948,578</u></u>	<u><u>195,189</u></u>	<u><u>3,661,051</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>				
Operating Income	17,674	27,313	44,590	89,577
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:				
Depreciation	190,963	154,410	43,061	388,434
Increase (Decrease) in Operating Assets:				
Accounts Receivable	(24,815)	(1,744)	(1,248)	(27,807)
Deposits Payable	5,171	-	-	5,171
Total Adjustments	<u>171,319</u>	<u>152,666</u>	<u>41,813</u>	<u>365,798</u>
Net Cash Provided (Used) by Operating Activities	<u><u>188,993</u></u>	<u><u>179,979</u></u>	<u><u>86,403</u></u>	<u><u>455,375</u></u>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Enoch City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2012.

The following is a summary of the more significant policies:

**A. Reporting Entity**

Enoch City is a municipal corporation in Iron County, Utah. It is governed by an elected Mayor and a five member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Enoch City, the reporting entity. The City has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net position and statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Enoch City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Project Fund account for the acquisition of fixed assets or construction of major capital improvements not being financed by proprietary or nonexpendable trust funds.

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the City water, sewer and sanitation operations. 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 the water, sewer and sanitation funds are charges to customers for 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.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Position or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**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 \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Building and Improvements	40 Years
Utility Systems	40 Years
Machinery and Equipment	5 - 10 Years

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Equity Classifications:**

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned.

**Nonspendable fund balance** classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted fund balance** classification are restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed fund balance** classification include those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

**Assigned fund balance** classification include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

**Unassigned fund balance** classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary Fund equity is classified the same as in the government-wide statements.

**E. Use of Estimates:**

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

**F. Property Taxes:**

Property taxes are assessed and collected for the City by Iron County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Budgets and Budgetary Accounting:**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City council on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 18% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Enoch City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

**Deposits:**

At year end, the carrying amount of the City's deposits was \$275,708 and the bank balance was \$317,173. Of the bank balance, \$250,000 was covered by federal depository insurance. Utah state statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council. Petty cash was \$350.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Cash and investments as of June 30, 2012, consist of the following:

	<u>Fair Value</u>
Cash On Hand	350
Demand Deposits	275,708
Investments - PTIF	<u>4,451,931</u>
Total Cash and Investments	<u>4,727,989</u>

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Governmental Activities - Unrestricted	413,240
Governmental Activities - Restricted	653,698
Business-Type Activities - Unrestricted	1,394,432
Business-Type Activities - Restricted	<u>2,266,619</u>
Total Cash and Cash Equivalents	<u>4,727,989</u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that City funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

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

**Custodial Credit Risk:**

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2012, \$67,173 of the local government's bank balances of \$317,173 were uninsured and uncollateralized.

**Credit Risk:**

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and 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 cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2012, the local governments has investments of \$4,451,931 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

**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 local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**Concentration of Credit Risk:**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**NOTE 3 - BOND RESERVES**

Enoch City's bond reserves at year-end consisted of the following:

	<u>Annual Requirement</u>	<u>Total Required</u>	<u>Year-End Balance</u>
1994 General Obligation Bond - Water Quality	10,800	108,000	108,000
1996 Sewer Revenue Bond - Rural Development	3,667	22,000	22,000
2009 Parity Water Revenue Bond - DWB	<u>7,700</u>	<u>77,000</u>	<u>77,000</u>
Total	<u>22,167</u>	<u>207,000</u>	<u>207,000</u>

**NOTE 4 - ACCOUNTS RECEIVABLE - UTILITY FUND**

Accounts receivable in the Utility Fund represents customer balances at June 30, 2012.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 5 - CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	751,000	-	-	751,000
Land Related to Infrastructure	540,000	-	-	540,000
Construction In Progress	<u>12,983</u>	<u>17,922</u>	-	<u>30,905</u>
 Total Capital Assets Not Being Depreciated	 <u>1,303,983</u>	 <u>17,922</u>	 -	 <u>1,321,905</u>
Capital Assets Being Depreciated:				
Buildings	692,900	-	-	692,900
Equipment	236,613	31,896	(44,070)	268,509
Vehicles	306,377	153,772	157,005	460,149
Infrastructure	<u>5,133,340</u>	<u>-</u>	<u>-</u>	<u>5,133,340</u>
 Total Capital Assets Being Depreciated	 <u>6,369,230</u>	 <u>185,668</u>	 <u>112,935</u>	 <u>6,554,898</u>
Less Accumulated Depreciation For:				
Buildings	285,894	33,097	-	318,991
Equipment	157,411	29,609	(8,814)	187,020
Vehicles	255,198	39,631	121,749	294,829
Infrastructure	<u>2,931,764</u>	<u>256,667</u>	<u>-</u>	<u>3,188,431</u>
 Total Accumulated Depreciation	 <u>3,630,267</u>	 <u>359,004</u>	 <u>112,935</u>	 <u>3,989,271</u>
 Total Capital Assets Being Depreciated (Net)	 <u>2,738,963</u>	 <u>(173,336)</u>	 -	 <u>2,565,627</u>
 Governmental Activities Capital Assets, Net	 <u>4,042,946</u>	 <u>(155,414)</u>	 -	 <u>3,887,532</u>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	239,877	-	-	239,877
Water Stock	<u>3,860,229</u>	<u>-</u>	<u>-</u>	<u>3,860,229</u>
Total Capital Assets Not Being Depreciated	<u>4,100,106</u>	<u>-</u>	<u>-</u>	<u>4,100,106</u>
Capital Assets Being Depreciated:				
Buildings	822,674	-	-	822,674
Utility Systems	11,110,208	-	33,239	11,076,969
Equipment and Vehicles	<u>1,289,247</u>	<u>49,439</u>	<u>(33,239)</u>	<u>1,371,925</u>
Total Capital Assets Being Depreciated	<u>13,222,129</u>	<u>49,439</u>	<u>-</u>	<u>13,271,568</u>
Less Accumulated Depreciation For:				
Buildings	75,091	23,724	-	98,815
Utility Systems	3,875,680	308,232	-	4,183,912
Equipment and Vehicles	<u>948,182</u>	<u>56,478</u>	<u>-</u>	<u>1,004,660</u>
Total Accumulated Depreciation	<u>4,898,953</u>	<u>388,434</u>	<u>-</u>	<u>5,287,387</u>
Total Capital Assets Being Depreciated (Net)	<u>8,323,176</u>	<u>(338,995)</u>	<u>-</u>	<u>7,984,181</u>
Business Type Activities Capital Assets, Net	<u>12,423,282</u>	<u>(338,995)</u>	<u>-</u>	<u>12,084,287</u>
Total Capital Assets	<u><u>16,466,228</u></u>	<u><u>(494,409)</u></u>	<u><u>-</u></u>	<u><u>15,971,819</u></u>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	12,970	-	12,970
Public Safety	64,386	-	64,386
Public Health	-	388,434	388,434
Highways and Public Improvements	268,342	-	268,342
Parks and Recreation	13,306	-	13,306
 Total Depreciation Expense	 <u>359,004</u>	 <u>388,434</u>	 <u>747,438</u>

**NOTE 6 - ACCOUNTS PAYABLE**

Accounts payable represents amounts owed various vendors at June 30, 2012, and paid in subsequent periods.

**NOTE 7 - LONG-TERM DEBT**

**Governmental Long-Term Debt**

**Real Estate Purchase Contract:**

On August 2, 2007, the City entered into a real estate purchase contract with Young Electric Sign Company for the purchase of 7.34 acres of land for \$300,000. Terms of the contract require yearly payments of \$15,000 with no interest. The payment will be made from lease revenues from Young Electric Sign Company of \$15,000 per year. The following is a summary of debt service payments to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	15,000	-	15,000
2014	15,000	-	15,000
2015	15,000	-	15,000
2016	15,000	-	15,000
2017	15,000	-	15,000
2018-2022	75,000	-	75,000
2023-2027	75,000	-	75,000
2028-2032	15,000	-	15,000
 Total	 <u>240,000</u>	 <u>-</u>	 <u>240,000</u>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

The following is a statement of changes in governmental long-term debt:

	<u>Outstanding June 30, 2011</u>	<u>Issued</u>	<u>Matured</u>	<u>Outstanding June 30, 2012</u>
Real Estate Purchase Contract	<u>255,000</u>	<u>-</u>	<u>15,000</u>	<u>240,000</u>
Total	<u><u>255,000</u></u>	<u><u>-</u></u>	<u><u>15,000</u></u>	<u><u>240,000</u></u>

**Vehicle Equipment Lease:**

In January and February of 2012, the City entered into a Vehicle/Equipment Lease contract with Hinckley's, Inc. for the purchase of four police vehicles at a cost of \$153,773. The terms of the lease calls for yearly payments of \$31,118.85. Payments began in March of 2012. The following is a schedule of debt service payments to maturity.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	30,626	493	31,119
2014	30,749	370	31,119
2015	30,871	248	31,119
2016	<u>31,023</u>	<u>96</u>	<u>31,119</u>
Total	<u><u>123,269</u></u>	<u><u>1,207</u></u>	<u><u>124,476</u></u>

Total Minimum Lease Payments	124,476
Less Amounts Representing Interest	<u>(1,207)</u>
Present Value of Minimum Lease Payments	<u><u>123,269</u></u>

The following is an analysis of the leased property under capital leases:

4 Police Cars	153,773
Less Accumulated Depreciation	<u>(30,754)</u>
Net Book Value	<u><u>123,019</u></u>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
 Continued

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

Utility Long-Term Debt

**Water System:**

**C.I. B. Water System Improvement Loan:**

On April 27, 1994, the Permanent Community Impact Fund Board authorized a \$517,600 grant and a \$776,400 loan to Enoch City for the construction of water system improvements, including the construction of a 2.0 million gallon storage tank, supply line, transmission line and booster pump station. The terms of the loan require yearly payments with an interest rate of 2.5%. The following is a summary of debt service charges to maturity on the C.I.B. Loan:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	27,000	9,909	36,909
2014	28,000	9,234	37,234
2015	28,000	8,534	36,534
2016	29,000	7,834	36,834
2017	30,000	7,109	37,109
2018-2022	159,000	24,046	183,046
2023-2027	<u>95,366</u>	<u>4,578</u>	<u>99,944</u>
Total	<u>396,366</u>	<u>71,244</u>	<u>467,610</u>

**Lease Purchase Agreement:**

On June 9, 2008, Enoch City entered into a Municipal Lease and Option Agreement for the purchase of 295 acre feet of underground water rights for \$1,072,054. The terms of the agreement require yearly payments and include interest at 4.8%. The following is a schedule of debt service payments to maturity.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	80,233	31,277	111,510
2014	84,170	27,340	111,510
2015	88,210	23,300	111,510
2016	92,444	19,066	111,510
2017	96,841	14,669	111,510
2017-2021	<u>212,906</u>	<u>15,088</u>	<u>227,994</u>
Total	<u>654,804</u>	<u>130,740</u>	<u>785,544</u>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**Series 2009 Parity Water Revenue Bond \$1,200,000:**

On March 21, 2009, the city issued \$1,200,000 of series 2009 Parity Water Revenue Bonds to provide funding to finance all or part of the cost of acquiring, constructing, improving, extending and maintaining the culinary water system for the City. The bonds were purchased by the State of Utah, Department of Environmental Quality, Drinking Water Board, with an interest rate of 1.97 per annum. The following is a schedule of debt service payment to maturity. Payments will begin on January 1, 2012 and continue through 2030. An interest only payment will be due January 1, 2012.

	Principal	Interest	Total
2013	39,000	22,517	61,517
2014	45,000	21,749	66,749
2015	52,000	20,862	72,862
2016	58,000	19,838	77,838
2017	60,000	18,695	78,695
2018-2022	316,000	75,353	391,353
2023-2027	347,000	43,025	390,025
2028-2032	126,000	3,506	129,506
Total	1,043,000	225,545	1,268,545

**Sewer System:**

**Utah Water Quality General Obligation Bonds:**

During 1994 the City obtained General Obligation Bonds from the Utah Water Quality Board in the amount of \$3,125,000. The loan is interest free and requires a 29 year payback as follows:

	Principal	Interest	Total
2013	108,000	-	108,000
2014	108,000	-	108,000
2015	108,000	-	108,000
2016	108,000	-	108,000
2017	108,000	-	108,000
2018-2022	540,000	-	540,000
2023-2027	432,000	-	432,000
Total	1,512,000	-	1,512,000

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**Wastewater Revenue Bonds:**

During 1995/96 Enoch City issued Wastewater Revenue Bonds in the amount of \$350,000 to retire a bond anticipation note used in the construction of the City's new sewer system. The bonds require monthly payments of \$1,761 for 468 months including interest at 5.25% beginning in November of 1996. RECD is the holder of the bonds. These bonds were paid in full during the year.

**Sewer Revenue Bonds:**

The City also issued to USDA Rural Development, Sewer Revenue Bonds to retire another bond anticipation note. This bond is for \$375,000 and requires an annual payment of \$22,140 for 40 years beginning in October of 1997. This bond carries an interest rate of 5.125%. The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	6,177	15,963	22,140
2014	6,494	15,646	22,140
2015	6,827	15,313	22,140
2016	7,177	14,963	22,140
2017	7,545	14,595	22,140
2018-2022	43,946	66,755	110,701
2023-2027	56,434	54,266	110,700
2028-2032	72,473	38,277	110,750
2033-2037	<u>104,323</u>	<u>17,631</u>	<u>121,954</u>
Total	<u>311,396</u>	<u>253,409</u>	<u>564,805</u>

The following is a summary of total debt service charges to maturity for the Utility Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	260,410	79,666	340,076
2014	271,664	73,970	345,634
2015	283,037	68,010	351,047
2016	294,621	61,701	356,322
2017	302,386	55,068	357,454
2018-2022	1,271,852	181,242	1,453,094
2023-2027	930,800	101,869	1,032,669
2028-2032	198,473	41,783	240,256
2033-2037	<u>104,323</u>	<u>17,631</u>	<u>121,954</u>
Total	<u>3,917,566</u>	<u>680,940</u>	<u>4,598,506</u>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

The following is a statement of changes in the utility long-term debt:

Bonds and Notes Payable:	Date of Issue	Interest Rate	Total Authorized	Outstanding June 30, 2011	Current Year Changes		Outstanding June 30, 2012
					Issued	Matured	
<b>Water System:</b>							
C.I.B. Water Loan	1994	2.500%	776,400	422,366	-	26,000	396,366
State Bank Lease	2008	4.800%	1,072,054	731,309	-	76,505	654,804
Drinking Water Board	2009	1.970%	1,200,000	1,075,000	-	32,000	1,043,000
<b>Total Water System</b>			<b>3,048,454</b>	<b>2,228,675</b>	<b>-</b>	<b>134,505</b>	<b>2,094,170</b>
<b>Sewer System:</b>							
Water Quality - General Obligation Bonds	1994	0.000%	3,125,000	1,620,000	-	108,000	1,512,000
RECD (FHA) - Revenue Bonds	1996	5.250%	350,000	76,054	-	76,054	-
USDA - Sewer Revenue Bonds	1996	5.125%	375,000	317,913	-	6,517	311,396
<b>Total Sewer System</b>			<b>3,850,000</b>	<b>2,013,967</b>	<b>-</b>	<b>190,571</b>	<b>1,823,396</b>
<b>Total Bonds and Notes Payable</b>			<b>6,898,454</b>	<b>4,242,642</b>	<b>-</b>	<b>325,076</b>	<b>3,917,566</b>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**Compensated Absences:**

The City was liable for accrued vacation pay of \$52,390 at June 30, 2012. The following is a statement of changes in General Long-Term Debt:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2012</u>
Accrued Vacation Pay	<u>38,058</u>	<u>14,332</u>	<u>-</u>	<u>52,390</u>

**NOTE 8 - CLASS C ROADS**

The following is a statement of receipts and disbursements in Class C Roads:

Balance - Beginning of Year		493,876
Receipts:		
State of Utah Allotments	248,222	
Interest	<u>3,394</u>	
Total Receipts		251,616
Disbursements:		
Crackseal and Resurfacing		<u>(202,872)</u>
Balance - End of Year		<u>542,620</u>

**NOTE 10 - PENSION PLANS**

**Local Governmental - Cost Sharing:**

**Plan Description:**

Enoch City contributes to the Local Governmental Noncontributory Retirement System and the Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living adjustment, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 10 - PENSION PLANS (CONTINUED)**

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement 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 State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy:**

Enoch City is required to contribute a percent of covered salary to the respective systems; 13.77% to the Noncontributory System and 27.07% to the Public Safety Noncontributory System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Enoch City contributions to the various systems for the years ending June 30, 2012, 2011 and 2010 respectively were; for the Noncontributory System, \$65,136.26, \$56,692.38 and \$55,732.35; for the Public Safety Noncontributory, \$42,708.92, \$34,411.66 and \$26,202.33 respectively. The contributions were equal to the required contributions for each year.

**NOTE 11 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**ENOCH CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For The Fiscal Year Ended June 30, 2012**

**Budgetary Comparison Schedules:**

The Budgetary Comparison Schedules presented in this section of the report are for the City's General Fund.

**Budgeting and Budgetary Control:**

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**Current Year Budgetary Compliance:**

For the year ended June 30, 2012, spending for all funds and departments of the City was within the approved budgets.

**ENOCH CITY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For The Fiscal Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Taxes:				
General Property Taxes	285,000	280,000	279,950	(50)
Delinquent Prior Years Taxes	15,500	32,000	31,815	(185)
Fee-In-Lieu	52,000	50,000	41,518	(8,482)
General Sales and Use Taxes	420,000	497,500	497,460	(40)
Telecommunications Tax	52,000	52,000	51,252	(748)
Franchise Taxes	132,000	140,000	139,200	(800)
	<u>956,500</u>	<u>1,051,500</u>	<u>1,041,195</u>	<u>(10,305)</u>
Total Taxes				
Licenses and Permits:				
Business Licenses	5,500	5,000	4,635	(365)
Franchise Fees	1,800	1,950	1,921	(29)
Building Permits	30,000	30,000	28,949	(1,051)
Impact Fees - Streets	6,000	6,300	6,300	-
Impact Fees - Parks	8,000	7,600	7,600	-
Impact Fees - Police	2,000	2,000	1,900	(100)
Animal Licenses	2,000	2,500	2,471	(29)
Street and Curb Permits	500	250	200	(50)
	<u>55,800</u>	<u>55,600</u>	<u>53,976</u>	<u>(1,624)</u>
Total Licenses and Permits				
Intergovernmental Revenue:				
Class C Road	220,000	249,000	248,222	(778)
State Grants	19,000	20,050	20,024	(26)
Iron County Recreation Funds	450	3,000	3,000	-
State Liquor Allotment	4,600	3,800	3,721	(79)
Law Enforcement/Safety Grants	1,000	1,125	1,116	(9)
Other	2,500	450	450	-
	<u>247,550</u>	<u>277,425</u>	<u>276,533</u>	<u>(892)</u>
Total Intergovernmental Revenue				

**ENOCH CITY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For The Fiscal Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for Services:				
Zoning and Subdivision Fees	600	575	575	-
Street Paving	500	1,500	1,500	-
Cemetery Lot Sales	4,000	6,700	6,350	(350)
Grave Openings	3,000	3,500	3,200	(300)
Dispatch Fee	30,000	30,500	30,463	(37)
Police Fees	3,000	2,300	2,266	(34)
Convenience Fee	5,000	7,950	7,933	(17)
Restitution Collected	500	450	440	(10)
Recreation Fees	4,000	4,550	4,550	-
Animal Shelter Fees	4,000	5,950	5,936	(14)
Misc	1,000	3,650	3,630	(20)
Total Charges for Services	<u>55,600</u>	<u>67,625</u>	<u>66,843</u>	<u>(782)</u>
Fines and Forfeitures	<u>35,000</u>	<u>38,000</u>	<u>37,686</u>	<u>(314)</u>
Other Revenue:				
Interest	9,800	13,900	13,750	(150)
Rents	600	600	600	-
Other	8,000	24,700	24,285	(415)
Use of Fund Balance	97,500	-	-	-
Total Miscellaneous Revenue	<u>115,900</u>	<u>39,200</u>	<u>38,635</u>	<u>(565)</u>
Total Revenues	<u>1,466,350</u>	<u>1,529,350</u>	<u>1,514,868</u>	<u>(14,482)</u>
<b>Expenditures:</b>				
General Government:				
City Council	29,300	29,100	28,976	124
Administration	256,400	243,925	188,247	55,678
Planning Commission	11,600	10,900	10,828	72
Total General Government	<u>297,300</u>	<u>283,925</u>	<u>228,051</u>	<u>55,874</u>

**ENOCH CITY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For The Fiscal Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (Continued):</b>				
Public Safety:				
Police Department	387,300	461,325	460,833	492
Animal Control	78,700	82,800	82,044	756
Public Services	135,000	131,350	130,840	510
Building and Zoning	57,050	53,700	53,239	461
Total Public Safety	<u>658,050</u>	<u>729,175</u>	<u>726,956</u>	<u>2,219</u>
Highway and Public Improvements:				
Repairs and Maintenance	<u>385,650</u>	<u>392,650</u>	<u>336,454</u>	<u>56,196</u>
Parks and Public Property:				
Parks	98,700	92,700	85,172	7,528
Recreation	4,650	6,900	6,800	100
Cemetery	2,000	4,000	3,942	58
Total Culture and Recreation	<u>105,350</u>	<u>103,600</u>	<u>95,914</u>	<u>7,686</u>
Total Expenditures	<u>1,446,350</u>	<u>1,509,350</u>	<u>1,387,375</u>	<u>121,975</u>
Excess Revenues Over (Under) Expenditures Before Transfers	20,000	20,000	127,493	107,493
<b>Other Financing Sources (Uses)</b>				
Transfer To Capital Improvement Fund	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures After Transfers	<u>-</u>	<u>-</u>	107,493	<u>107,493</u>
Fund Balance - Beginning			<u>795,069</u>	
Fund Balance - Ending			<u>902,562</u>	

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## **COMPLIANCE SECTION**

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# *Kimball & Roberts*

*Certified Public Accountants*

*A Professional Corporation*

*Box 663*

*Richfield, Utah 84701*

*Phone 896-6488*

## 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  
Enoch City  
Enoch, Utah 84720

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Enoch City as and for the year ended June 30, 2012, which collectively comprise Enoch City's basic financial statements and have issued our report thereon dated October 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Enoch City's 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 Enoch City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Enoch City's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects Enoch City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Enoch City's financial statements that is more than inconsequential will not be prevented or detected by Enoch City's internal control. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies in internal control over financial reporting.

#### 6.12.1. Sufficient Accounting Experience and Expertise

Honorable Mayor and City Council  
Enoch City  
Page -2-

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Enoch City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Enoch 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*.

The City's response to the finding identified in our audit is found in the letter of findings and recommendations. We did not audit the City's response and, accordingly, we express no opinion on it.

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

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

October 24, 2012  
Richfield, Utah

# Kimball & Roberts

*Certified Public Accountants*

*A Professional Corporation*

*Box 663*

*Richfield, Utah 84701*

*Phone 896-6488*

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

Honorable Mayor and City Council  
Enoch City  
Enoch, Utah 84720

We have audited Enoch City's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2012. The general compliance requirements applicable to the City are identified as follows:

Public Debt	B & C Road Funds
Cash Management	Justice Court
Purchasing Requirements	Uniform Building Code Standards
Budgetary Compliance	Impact Fees
Truth in Taxation & Property	Other General Issues
Tax Limitations	
Liquor Law Enforcement	

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

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

The City received the following nonmajor grants from the State of Utah:

Law Enforcement Safety Grants (Department of Public Safety)

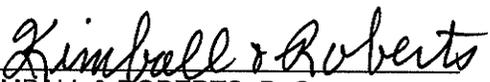
Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. 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.

Honorable Mayor and City Council  
Enoch City  
Page -2-

In our opinion, Enoch City, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2012.

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

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

October 24, 2012  
Richfield, Utah

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## **FINDINGS AND RECOMMENDATIONS**

Honorable Mayor and City Council

Enoch City

Enoch, Utah 84720

During our audit of the financial statements of Enoch City for the fiscal year ended June 30, 2012, we found a circumstance that, if improved, would strengthen the City's accounting system and control over its assets. This item is discussed below for your consideration:

### **Significant Deficiency Finding and Recommendation:**

#### **6.12.1 Sufficient Accounting Experience and Expertise**

##### **Finding:**

Statement on Auditing Standards #112 indicates that it is a significant deficiency in the City's internal controls when the City's personnel may not have sufficient experience or expertise to select and apply generally accepted accounting principles. It is our opinion that the City's personnel may lack the training or experience in the accounting field, specifically in the preparation of the City's financial statements and related notes to the financial statements.

##### **Recommendation:**

We would suggest that the City provide the training necessary for the present accounting personnel to properly prepare the financial statements and related notes to the financial statements. If the City believes that the cost of preparing the financial statements and related notes to the financial statement is prohibitive then the City should consider other alternatives to comply with the Statement on Auditing Standards #112.

##### **Enoch City's Response:**

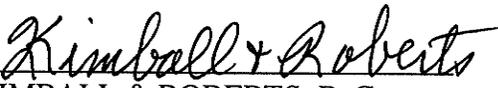
The cost to prepare full disclosures and financial statements is prohibitive for our City. We will continue to prepare our financial statements and full disclosures as in the past years.

Honorable Mayor and City Council  
Enoch City  
Enoch, Utah 84720

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

We thank you for the opportunity to perform the audit of the City this past fiscal year. We would like to express a special thanks to those who have given us assistance in this year's audit. If you have any questions throughout the year that we may help with, please give us a call. We look forward to a continued professional relationship with the City.

Respectfully submitted,

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

October 24, 2012  
Richfield, Utah