

CITY OF SOUTH OGDEN

BASIC FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

Together with Independent Auditor's Report

**CITY OF SOUTH OGDEN
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Balance Sheet – Governmental Funds	15
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – CDRA	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – South Ogden Days	22
Statement of Net Assets – Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Notes to Basic Financial Statements	28



Keddington & Christensen
Certified Public Accountants, LLC

Gary K. Keddington, CPA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
South Ogden City Corporation
South Ogden, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Ogden 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 the City of South Ogden's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Ogden as of June 30, 2012, and the respective changes in financial position and, where applicable, the cash flows thereof, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds 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 a report dated December 20, 2012 on our consideration of the City of South Ogden's internal control over financial reporting and on 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 read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as noted on the table of contents, are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Keddington & Christensen, LLC

December 20, 2012

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

This document is a narrative overview and analysis of the financial activities of South Ogden City for the fiscal year ending June 30, 2012. South Ogden City management encourages readers to consider the information presented here in conjunction with the financial statements which follow this section.

Financial Highlights:

At the close of the most recent fiscal year the assets of South Ogden City exceeded its liabilities by \$44,350,159.

As of June 30, 2012 South Ogden City's governmental funds reported a combined ending fund balance of \$3,796,231. Of this amount, \$1,531,388 is available for spending at the City's discretion, while the remaining balance of \$2,185,967 is classified in accordance to GASB No. 54.

The greatest portion of the City's total long-term debt is comprised of 2004 Sales Tax Revenue Bonds, 2006 Sales Tax Refunding Bonds and 2009 Sales & Excise Tax Revenue Bonds. The 2004 & 2006 Bonds were used to fund a new city hall facility, parks building and to refurbish a fire station. The 2009 Bonds were issued as the City partnered with the local School District in the construction of a gym facility. The City will have a 50% ownership in the facility and a usage agreement has been worked out between the two entities. The City has pledged future sales and excise tax revenues towards this bond. The total combined principal outstanding as of June 30, 2012 is \$9,980,000; these bonds will be fully retired by 2029.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to South Ogden City's basic financial statements. The City's basic financial statements include three component parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This portion of the audit report also contains other supplementary information in addition to the basic financial statements themselves.

1.) Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of South Ogden City's finances, in a format similar to what is provided by private-sector businesses.

The Statement of Net Assets presents information pertaining to all of South Ogden City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, other non-financial factors will need to be considered as well.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The City's financial statements are distinguished by two different functions. First, governmental activities are those principally supported by taxes and intergovernmental revenues. Second, City business-type activities are those that recover all or a significant portion of their costs through user fees and charges. The governmental activities of South Ogden City include general government, public safety (police & fire), streets, public works, parks and recreation. The business-type activities of the City include providing water, sewer, solid waste, storm drain, and ambulance service.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2012

2.) Fund financial statements: A fund is defined as a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. South Ogden City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

There are three fund types in which all individual fund classifications can be categorized: Governmental Funds, Proprietary Funds and Fiduciary 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 statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has identified four major governmental funds (as determined by generally accepted accounting principles) that require separate reporting. They are general, special revenue, capital projects and debt service. There are not any non-major funds included within this report.

South Ogden City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with State budget statutes.

Proprietary Funds: Proprietary funds account for the same functions and utilize the same accounting methods reported as business-type activities in the government-wide financial statements. Full accrual accounting methods are used and provide both long and short-term financial information. The City uses enterprise funds, one type of proprietary fund, to account for its business-type activities, which as previously stated are water, sewer, solid waste, storm drain and ambulance service. The City has identified five enterprise funds (as determined by generally accepted accounting principles) that meet the criteria for major fund classification. There are not any enterprise funds classified as non-major within this report. Internal Service Funds are also a form of Proprietary Fund and they are used to report activities that provide services and supplies for a City's other programs and activities such as city garage and fuel services. South Ogden City has no Internal Service Funds.

Fiduciary Funds: Fiduciary funds are used to account for assets held by a City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. A City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. There are four fiduciary fund types: Pension (and other employee benefits) Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Agency Funds. South Ogden City has no fiduciary funds.

3.) Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 28 through 44 of this report.

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2012**

Differences between Government-Wide and Fund Statements

Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements. Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements. Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements. Those revenues are deferred on the governmental fund statements. Government-wide statements provide users with a broad overview of the City's finances, similar to a private-sector business.

Government-wide Financial Analysis

As previously noted, an increase or decrease in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of a City is improving or deteriorating. In the case of South Ogden City, net assets exceeded liabilities by \$44,350,159 at the close of fiscal year 2012, whereas, at the close of fiscal year 2011, the City's net assets exceeded liabilities by \$44,372,508.

The largest portion of South Ogden City's net assets is \$39,242,713 in capital assets net of related debt. This reflects its investments in land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. South Ogden City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although South Ogden 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.

In the governmental activities, total liabilities have decreased by \$930,893 during the year.

	Governmental Activities 2012	Governmental Activities 2011	Business-type Activities 2012	Business-type Activities 2011
Current and other assets	\$ 6,944,711	\$ 6,965,358	\$ 3,469,401	\$ 2,564,990
Capital assets	<u>40,952,677</u>	<u>42,976,276</u>	<u>8,336,082</u>	<u>8,003,085</u>
Total Assets	<u>\$ 47,897,388</u>	<u>\$ 49,941,634</u>	<u>\$ 11,805,483</u>	<u>\$ 10,568,075</u>
Current and other liabilities	\$ 3,035,345	\$ 3,100,948	\$ 474,626	\$ 303,257
Long-term liabilities	<u>11,424,244</u>	<u>12,339,534</u>	<u>418,497</u>	<u>340,010</u>
Total Liabilities	<u>\$ 14,459,589</u>	<u>\$ 15,440,482</u>	<u>\$ 893,123</u>	<u>\$ 643,267</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 30,906,460	\$ 32,077,316	\$ 8,336,082	\$ 8,003,085
Restricted	380,733	226,593	211,142	211,765
Unrestricted	<u>2,150,606</u>	<u>2,197,243</u>	<u>2,365,136</u>	<u>1,709,958</u>
Total Net Assets	<u>\$ 33,437,799</u>	<u>\$ 34,501,152</u>	<u>\$ 10,912,360</u>	<u>\$ 9,924,808</u>

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2012

At the end of the fiscal year, the City was able to report positive balances in net assets, for total government activities and for the separate governmental and business-type activities.

Governmental Activities: Governmental activities are reflected in the government-wide activities statement. The governmental activities had a decrease in total net assets of \$1,063,352 in 2012 compared to an increase of \$1,120,860 in 2011.

Taxes are the main source of revenue, consisting of 70.96% of total revenue in 2012. This is slightly higher than the 2011 amount of 70.24% and the 69.83% from 2010. The City collects five kinds of taxes (property, sales, delinquent property, fee-in-lieu and franchise taxes). Current year property taxes and sales taxes account for 34.11% and 42.29% respectively of total taxes collected in 2012. In 2011 the percentages were 34.56% and 40.95%, while in 2010 they were 34.28% and 41.58% respectively. These numbers are holding relatively steady. The slight fluctuation for fiscal year 2012 would be the result of an increase in sales tax revenues. The past two years saw a reduction in sales tax revenues due to the national recession. The City is now starting to see this revenue stream rebound and experience some growth compared to the last two years. The property tax percentage had been gradually declining since 2005 but in 2010 a property tax increase was voted in by the City Council. Albeit a small increase it has had an impact on the overall numbers.

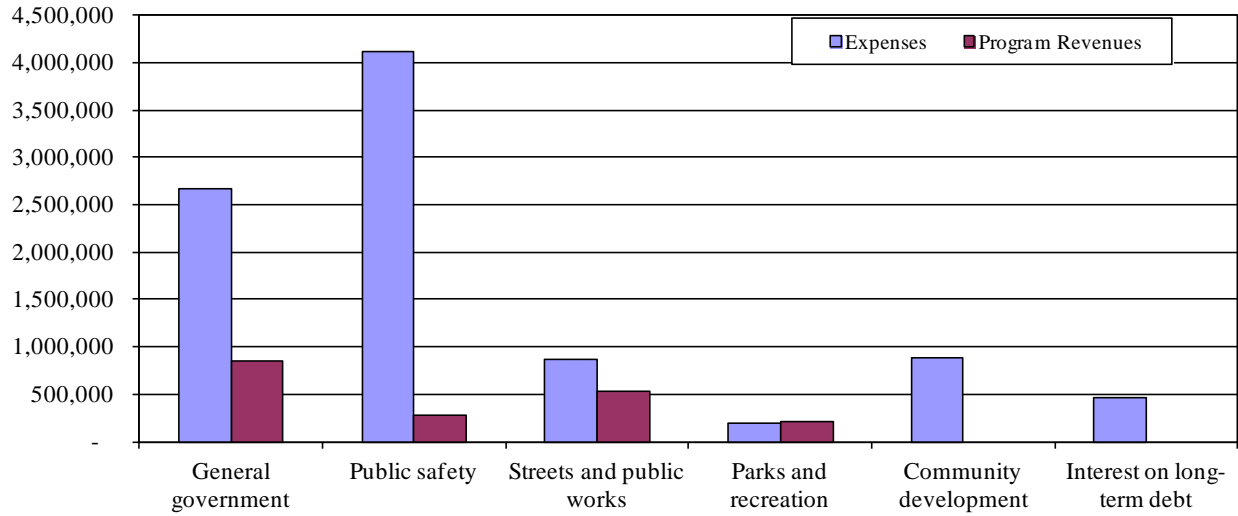
The three greatest expenditures incurred by the City were public safety, public works and general government. Overall there was an increase of \$773,764 in comparison to 2011. The bulk of the increase was due to some community development partnerships that the City has undertaken. The over-all operating expenditures of the City for the most part have remained fairly stable.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2012

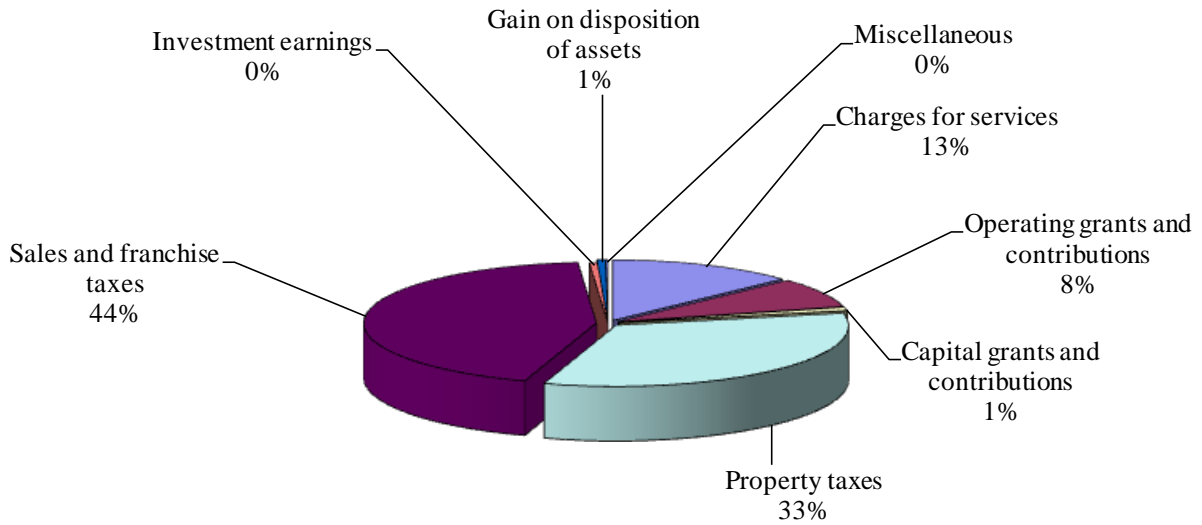
	Governmental Activities 2012	Governmental Activities 2011	Business-type Activities 2012	Business-type Activities 2011
Revenues:				
Program revenues:				
Charges for services	\$ 1,119,461	\$ 1,826,066	\$ 4,761,457	\$ 3,900,894
Operating grants and contributions	681,021	705,183	-	20,000
Capital grants and contributions	74,776	436,678	19,474	22,239
General revenues:				
Property taxes	2,852,430	2,806,459	-	-
Sales and franchise taxes	3,764,104	3,559,726	-	-
Investment earnings	47,114	35,075	2,723	1,780
Gain on disposition of assets	49,912	27,805	-	-
Miscellaneous	12,511	32,942	289,572	58,768
Total Revenues	8,601,329	9,429,934	5,073,226	4,003,681
Expenses:				
General government	2,666,856	2,389,198	-	-
Public safety	4,109,008	3,572,490	-	-
Streets and public works	872,583	1,117,991	-	-
Parks and recreation	193,260	1,408,530	-	-
Community development	886,574	165,755	-	-
Interest on long-term debt	466,060	528,255	-	-
Water	-	-	1,238,076	916,431
Sewer	-	-	1,477,768	1,299,715
Storm drain	-	-	468,104	419,609
Solid waste	-	-	873,170	844,344
Ambulance	-	-	498,897	468,377
Total Expenses	9,194,341	9,182,219	4,556,015	3,948,476
Increase in net assets before transfers	(593,012)	247,715	517,211	55,205
Transfers	(470,341)	174,174	470,341	(174,174)
Increase in Net Assets	(1,063,353)	421,889	987,552	(118,969)
Net Assets - Beginning	34,501,152	33,380,292	9,924,808	10,208,383
Prior Period Adjustments	-	698,971	-	(164,606)
Net Assets - Ending	\$ 33,437,799	\$ 34,501,152	\$ 10,912,360	\$ 9,924,808

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2012**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

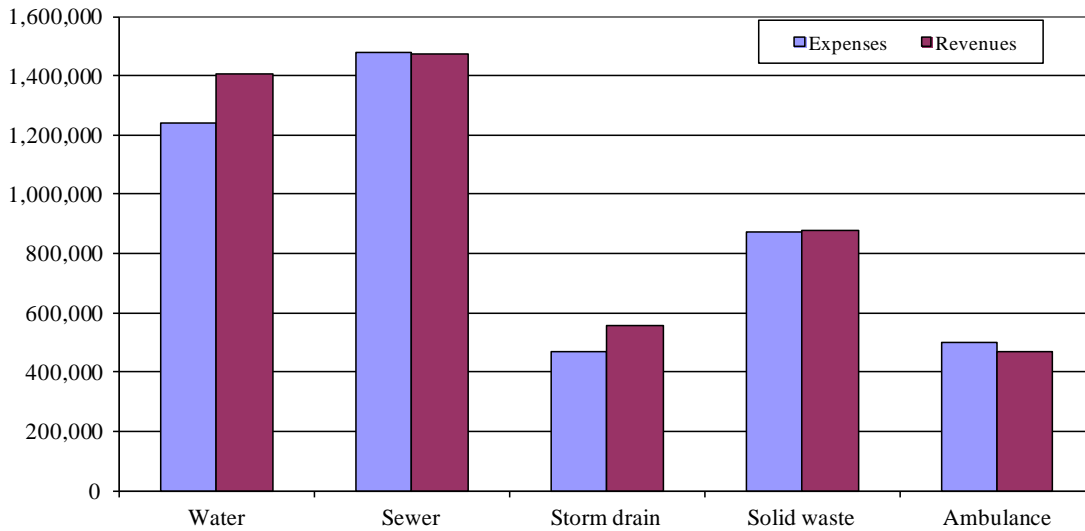


**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2012**

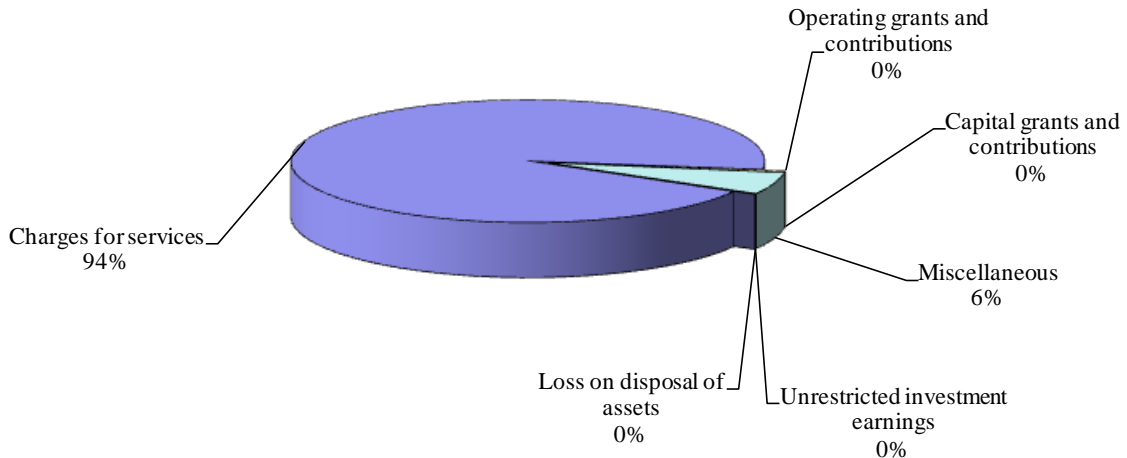
Business-type Activities: Business-type activities have increased the City's net assets by \$987,552 during the current year. The decrease for the previous year, 2011 was \$283,575.

The majority of revenues in the business-type activities are in charges for services which account for 88.40% of the revenues for fiscal year 2012, which is down from 97.46% and from 97.92% for years 2011 and 2010 respectively. The somewhat significant decrease is the result of extenuating circumstances, for example some contributed capital was recognized as well as some settlement proceeds from some resolved litigation.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2012**

Financial Analysis of Governmental Funds:

The focus of the City's governmental funds is to provide information on short-term inflows, outflows and balances of resources available to spend. Such information is useful in assessing the City's financing requirements.

As of June 30, 2012, the City's governmental funds reported combined ending fund balances of \$3,796,231. The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for the business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide more detail.

General Fund Budgetary Highlights:

The fiscal year 2012 original adopted budget for the general fund totaled \$8,335,512. The City Council approved three budget amendments during the year bringing the modified total general fund budget to \$9,047,081.

Capital Assets and Debt Administration:

As of June 30, 2012, the City has invested \$49,288,759 net of accumulated depreciation in capital assets for its governmental and business-type activities. This amount is \$1,690,602 less than compared to the 2011 amount of \$50,979,361. The City feels that its ability to increase capital assets will be difficult in the coming years as the national recession continues to unfold. The City will have fewer funds available during these times to invest in capital assets and the City will continue to focus on providing the necessary and required services to the residents.

**South Ogden City's Capital Assets
(net of depreciation)**

	Governmental Activities 2012	Governmental Activities 2011	Business-type Activities 2012	Business-type Activities 2011
Land	\$10,144,413	\$10,171,159	\$ 412,413	\$ 398,118
Construction in progress	73,463	56,817	11,283	28,387
Building and improvements	10,653,423	10,934,618	7,414	8,504
Machinery and equipment	1,210,147	1,687,271	297,538	137,927
Infrastructure	18,871,231	20,126,411	7,607,434	7,430,149
Total Capital Assets	<u>\$40,952,677</u>	<u>\$42,976,276</u>	<u>\$ 8,336,082</u>	<u>\$ 8,003,085</u>

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2012**

Capital Assets and Debt Administration: (Continued)

As of June 30, 2012, the City's Governmental Activities had a long-term debt outstanding balance of \$11,491,124. This amount is comprised of the following component parts:

2004 Sales Tax Revenue Bonds - \$2,150,000 – retired by 2029
 2006 Sales Tax Refunding Bonds - \$6,095,000 – retired by 2029
 2009 Sales & Excise Tax Revenue Bonds - \$1,735,000 – retired by 2024
 Capital Leases - \$66,217
 Compensated absences - \$362,234
 Other post employment benefits - \$1,082,673

As of June 30, 2012, the City's Business-type Activities had a long-term debt outstanding balance of \$418,497. This amount is comprised of the following component parts:

Compensated absences - \$44,561
 Other post employment benefits - \$373,936

South Ogden City's Outstanding Debt

	Governmental Activities 2012	Governmental Activities 2011	Business-type Activities 2012	Business-type Activities 2011
Bonds payable	\$ 9,980,000	\$10,430,000	\$ -	\$ -
Capital leases	66,217	515,060	-	-
Compensated absences	429,638	432,248	43,635	39,207
Other post employment benefits	948,389	962,226	374,862	300,803
Total	<u>\$11,424,244</u>	<u>\$12,339,534</u>	<u>\$ 418,497</u>	<u>\$ 340,010</u>

Economic Factors and Next Year's Budget and Rates:

Economic indicators for the state are on a slight incline. Conditions have not deteriorated locally at the rate that they have in other regions of the country. As of October 2012 state unemployment was about 5.2% which is lower than the 7.7% national rate. New construction continues to be slow but sales tax revenues are on a slight incline.

The City's budget for fiscal year 2013 will not be as lean as in previous years, and it will include a few capital projects. A positive benefit, which the City is taking advantage of during these recessionary times is, that bids on large scale construction projects are coming in 30 to 40% below engineering estimates because of the intense competitiveness between construction companies and their desire to be awarded jobs to keep their employees busy. The City will scale back the continued work on the 52 acre Nature Park. Phase II has been completed, but phase III will be delayed until funding is more readily available. The City Council does not anticipate a property tax increase. Fees for the enterprise funds are going to be increased effective July 1, 2012 for the sewer fund but the water fund will see a slight decrease for the high volume users and all residents will see a \$1 per month per can decrease for the collection of solid waste items.

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2012**

Request for Information:

This financial report is designed to provide a general overview of South Ogden City's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

South Ogden City
Director of Finance
3950 Adams Avenue Suite #1
South Ogden, UT 84403

BASIC FINANCIAL STATEMENTS

SOUTH OGDEN CITY
STATEMENT OF NET ASSETS
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 2,927,996	\$ 2,239,668	\$ 5,167,664
Accounts receivable - net	1,148,539	768,082	1,916,621
Due from other governmental units	2,177,770	111,220	2,288,990
Prepaid expenses	59,449	51,209	110,658
Restricted cash and cash equivalents	447,513	299,222	746,735
Deferred charges	183,444	-	183,444
Capital assets, not being depreciated:			
Land	10,144,413	412,413	10,556,826
Construction in progress	73,463	11,283	84,746
Capital assets, net of accumulated depreciation:			
Buildings and improvements	10,653,423	7,414	10,660,837
Machinery and equipment	1,210,147	297,538	1,507,685
Infrastructure	18,871,231	7,607,434	26,478,665
Total Assets	<u>\$ 47,897,388</u>	<u>\$ 11,805,483</u>	<u>\$ 59,702,871</u>
Liabilities:			
Accounts payable	\$ 223,412	\$ 262,153	\$ 485,565
Accrued liabilities	115,115	13,173	128,288
Accrued interest payable	70,310	-	70,310
Unearned revenue	2,559,728	-	2,559,728
Due to other governmental units	-	111,220	111,220
Liabilities payable from restricted assets:			
Unearned revenue	52,312	-	52,312
Deposits	14,468	500	14,968
Impact fees	-	87,580	87,580
Noncurrent Liabilities:			
Due within one year			
Compensated absences	362,234	43,222	405,456
Other post employment benefits	58,735	-	58,735
Bonds payable	465,000	-	465,000
Capital leases	30,098	-	30,098
Due in more than one year			
Compensated absences	67,404	413	67,817
Other post employment benefits	889,654	374,862	1,264,516
Bonds payable	9,515,000	-	9,515,000
Capital leases	36,119	-	36,119
Total Liabilities	<u>14,459,589</u>	<u>893,123</u>	<u>15,352,712</u>
Net Assets:			
Invested in capital assets, net of related debt	30,906,460	8,336,082	39,242,542
Restricted for:			
Debt service	340,977	-	340,977
Impact fees	39,756	211,142	250,898
Unrestricted	2,150,606	2,365,136	4,515,742
Total Net Assets	<u>33,437,799</u>	<u>10,912,360</u>	<u>44,350,159</u>
Total Liabilities and Net Assets	<u>\$ 47,897,388</u>	<u>\$ 11,805,483</u>	<u>\$ 59,702,871</u>

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

**SOUTH OGDEN CITY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 2,666,856	\$ 710,049	\$ 145,453	\$ -	\$ (1,811,354)	\$ -	\$ (1,811,354)
Public safety	4,109,008	254,360	19,691	-	(3,834,957)	-	(3,834,957)
Streets and public works	872,583	1,227	485,679	47,348	(338,329)	-	(338,329)
Parks and recreation	193,260	153,825	30,198	27,428	18,191	-	18,191
Community development	886,574	-	-	-	(886,574)	-	(886,574)
Interest on long-term debt	466,060	-	-	-	(466,060)	-	(466,060)
Total Governmental Activities	9,194,341	1,119,461	681,021	74,776	(7,319,083)	-	(7,319,083)
Business-type Activities:							
Water	1,238,076	1,398,736	-	5,198	-	165,858	165,858
Sewer	1,477,768	1,470,494	-	986	-	(6,288)	(6,288)
Storm drain	468,104	544,318	-	13,290	-	89,504	89,504
Solid waste	873,170	879,178	-	-	-	6,008	6,008
Ambulance	498,897	468,731	-	-	-	(30,166)	(30,166)
Total Business-type Activities	4,556,015	4,761,457	-	19,474	-	224,916	224,916
Total Government	\$ 13,750,356	\$ 5,880,918	\$ 681,021	\$ 94,250	(7,319,083)	224,916	(7,094,167)
General Revenues:							
Property taxes					2,852,430	-	2,852,430
Sales taxes					2,588,766	-	2,588,766
Franchise taxes					1,175,338	-	1,175,338
Interest					47,114	2,723	49,837
Gain on disposal of assets					49,912	-	49,912
Miscellaneous					12,511	289,572	302,083
Transfers					(470,341)	470,341	-
Total General Revenues and Transfers					6,255,730	762,636	7,018,366
Changes in Net Assets					(1,063,353)	987,552	(75,801)
Net Assets, Beginning					34,501,152	9,924,808	44,425,960
Net Assets, Ending					\$ 33,437,799	\$ 10,912,360	\$ 44,350,159

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

SOUTH OGDEN CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Special Revenue		Capital Projects	Debt Service	Total Governmental Funds
		CDRA	South Ogden Days			
Assets:						
Cash and cash equivalents	\$ 1,424,357	\$ 672,913	\$ 26,675	\$ 636,332	\$ 167,718	\$ 2,927,995
Accounts receivable	646,939	501,600	-	-	-	1,148,539
Due from other governmental units	2,177,770	-	-	-	-	2,177,770
Prepaid items	59,449	-	-	-	-	59,449
Restricted cash and cash equivalents	66,780	-	-	39,756	340,977	447,513
Total Assets	\$ 4,375,295	\$ 1,174,513	\$ 26,675	\$ 676,088	\$ 508,695	\$ 6,761,266
Liabilities:						
Accounts payable	\$ 120,194	\$ 17,764	\$ 23,307	\$ 62,147	\$ -	\$ 223,412
Accrued liabilities	109,547	-	5,568	-	-	115,115
Unearned revenue	2,058,128	501,600	-	-	-	2,559,728
Liabilities payable from restricted assets:						
Unearned revenue	52,312	-	-	-	-	52,312
Deposits	14,468	-	-	-	-	14,468
Total Liabilities	2,354,649	519,364	28,875	62,147	-	2,965,035
Fund Balances:						
Nonspendable - Prepaid items	59,449	-	-	-	-	59,449
Restricted:						
Impact fees	-	-	-	39,756	-	39,756
Debt service	-	-	-	-	340,977	340,977
Committed:						
Special revenue funds	-	655,149	(2,200)	-	-	652,949
Assigned:						
Capital projects	-	-	-	574,185	-	574,185
Compensated absences	429,638	-	-	-	-	429,638
Debt service	-	-	-	-	167,718	167,718
Unassigned	1,531,559	-	-	-	-	1,531,559
Total Fund Balances	2,020,646	655,149	(2,200)	613,941	508,695	3,796,231
Total Liabilities and Fund Balances	\$ 4,375,295	\$ 1,174,513	\$ 26,675	\$ 676,088	\$ 508,695	\$ 6,761,266

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

SOUTH OGDEN CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2012

**Amounts reported for governmental activities in the Statement of Net Assets
are different because:**

Total Fund Balances - Governmental Funds	\$ 3,796,231
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,952,677
Deferred charges, for long term debt are not financial resources and, therefore, are not reported in the funds.	183,444
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(70,310)
Long-term liabilities, including bonds, capital leases, and notes are not due and payable in the current period and therefore, are not reported in the funds.	<u>(11,424,243)</u>
Total Net Assets - Governmental Activities	<u><u>\$ 33,437,799</u></u>

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

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2012

	General Fund	Special Revenue		Capital Projects	Debt Service	Total Governmental Funds
		CDRA	South Ogden Days			
Revenues:						
Property taxes	\$ 2,357,423	\$ 495,007	\$ -	\$ -	\$ -	\$ 2,852,430
Sales taxes	2,588,766	-	-	-	-	2,588,766
Franchise taxes	1,175,338	-	-	-	-	1,175,338
Licenses and permits	208,603	-	-	-	-	208,603
Intergovernmental	647,455	-	-	800	-	648,255
Charges for services	874,134	-	-	51,976	-	926,110
Fines and forfeitures	640,530	-	-	-	-	640,530
Interest	44,823	205	-	2,086	-	47,114
Miscellaneous	89,987	-	60,443	-	-	150,430
Total Revenues	8,627,059	495,212	60,443	54,862	-	9,237,576
Expenditures:						
Current:						
General government	1,853,867	-	-	-	-	1,853,867
Public safety	3,762,445	-	-	-	-	3,762,445
Streets and public works	569,616	-	-	-	4,800	574,416
Parks and recreation	539,351	-	105,053	-	-	644,404
Capital outlay	-	-	-	275,248	-	275,248
Community development	-	886,574	-	-	-	886,574
Debt service:						
Principal	-	-	-	-	450,000	450,000
Interest	-	-	-	-	438,319	438,319
Capital leases:						
Principal	364,328	-	-	-	-	364,328
Interest	18,470	-	-	-	-	18,470
Total Expenditures	7,108,077	886,574	105,053	275,248	893,119	9,268,071
Excess (deficiency) of revenues over (under) expenditures	\$ 1,518,982	\$ (391,362)	\$ (44,610)	\$ (220,386)	\$ (893,119)	\$ (30,495)

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

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS (Continued)
For The Year Ended June 30, 2012

	General Fund	Special Revenue		Capital Projects	Debt Service	Total Governmental Funds
		CDRA	South Ogden Days			
Other Financing Sources (Uses):						
Proceeds from sale of assets	\$ 84,720	\$ -	\$ -	\$ -	\$ -	\$ 84,720
Transfers in	-	-	41,000	490,032	1,223,484	1,754,516
Transfers out	(1,561,348)	-	-	(193,168)	-	(1,754,516)
Total Other Financing Sources (Uses)	(1,476,628)	-	41,000	296,864	1,223,484	84,720
Net Change in Fund Balances	42,354	(391,362)	(3,610)	76,478	330,365	54,225
Fund Balances, Beginning	1,978,292	1,046,511	1,410	537,463	178,330	3,742,006
Fund Balances, Ending	\$ 2,020,646	\$ 655,149	\$ (2,200)	\$ 613,941	\$ 508,695	\$ 3,796,231

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

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

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

Net Change in Fund Balances - Total Governmental Funds	\$ 54,225
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of more than \$5,000 are capitalized and the cost 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.</p>	
Capital outlay	505,759
Depreciation expense	(1,939,695)
<p>The net effect of various miscellaneous transactions involving capital assets (ie., sales, trade-ins, and donations) is to decrease net assets.</p>	
Asset deletions	(2,935,205)
Depreciation deletions	2,345,542
<p>Amortization of deferred charges and bond premiums, reported on the Statement of Activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Amortization of deferred charges	(12,015)
<p>Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets.</p>	
Payment of bond principal	450,000
<p>Lease proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets.</p>	
Payment of lease principal	366,761
Transfer of lease principal to enterprise funds	82,253
<p>Expenses are recognized in the governmental funds when paid or due; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due. This adjustment reflects the changes due to accrued interest on bonds payable, compensated absences, and other post employment benefits.</p>	
Accrued interest	2,747
Compensated absences	2,439
Other post employment benefits	13,836
Changes in net assets of governmental activities	\$ (1,063,353)

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

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2012

	General Fund		Actual Amounts	Variance with Final Budget
	Budgeted Amounts			
	Original Budget	Final Budget		
Revenues:				
Property taxes	\$ 2,296,466	\$ 2,332,466	\$ 2,357,423	\$ 24,957
Sales taxes	2,364,647	2,364,647	2,588,766	224,119
Franchise taxes	1,176,526	1,176,526	1,175,338	(1,188)
Licenses and permits	210,978	210,978	208,603	(2,375)
Intergovernmental	529,180	612,716	647,455	34,739
Charges for services	890,410	866,549	874,134	7,585
Fines and forfeitures	672,267	672,267	640,530	(31,737)
Interest	39,279	43,779	44,823	1,044
Miscellaneous	90,040	94,271	89,987	(4,284)
Total Revenues	8,269,793	8,374,199	8,627,059	252,860
Expenditures:				
General government:				
City council	151,425	153,925	145,517	8,408
Legal	83,892	81,392	73,531	7,861
Municipal court	290,646	347,148	338,930	8,218
Administrative	639,635	732,054	696,358	35,696
Information technology	214,703	-	-	-
Non-departmental	377,990	437,729	414,682	23,047
Building and grounds	141,168	193,310	179,811	13,499
Planning and zoning	18,600	18,600	5,038	13,562
Public safety:				
Police and fire	3,463,176	3,791,033	3,663,595	127,438
Inspection and planning	97,098	100,114	98,850	1,264
Streets and public works				
Streets	334,561	631,522	569,616	61,906
Fleet	372,036	-	-	-
Parks and recreation	548,014	605,686	539,351	66,335
Capital leases:				
Principal	378,167	378,167	-	378,167
Interest	15,052	15,052	-	15,052
General government	-	-	9,670	(9,670)
Public safety	-	-	357,448	(357,448)
Street and public works	-	-	13,149	(13,149)
Parks and recreation	-	-	2,531	(2,531)
Total Expenditures	7,126,163	7,485,732	7,108,077	377,655
Excess (deficiency) of revenues over (under) expenditures	1,143,630	888,467	1,518,982	630,515
Other Financing Sources (Uses):				
Sale of capital assets	-	30,100	84,720	54,620
Transfers out	(1,209,349)	(1,561,348)	(1,561,348)	-
Total Other Financing Sources (Uses)	(1,209,349)	(1,531,248)	(1,476,628)	54,620
Net Change in Fund Balances	\$ (65,719)	\$ (642,781)	42,354	\$ 685,135
Fund Balances, Beginning			1,978,292	
Fund Balances, Ending			\$ 2,020,646	

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

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – CDRA
For The Year Ended June 30, 2012

	CDRA		Actual	Variance with
	Budgeted Amounts			
	Original	Final	Amounts	Final Budget
	Budget	Budget		
Revenues:				
Property taxes	\$ 1,101,750	\$ 1,141,750	\$ 495,007	\$ (646,743)
Interest	120	120	205	85
Total Revenues	<u>1,101,870</u>	<u>1,141,870</u>	<u>495,212</u>	<u>(646,658)</u>
Expenditures:				
Current:				
Community development	1,101,870	1,841,870	886,574	955,296
Total Expenditures	<u>1,101,870</u>	<u>1,841,870</u>	<u>886,574</u>	<u>955,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(700,000)</u>	<u>(391,362)</u>	<u>308,638</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>(391,362)</u>	<u>\$ 308,638</u>
Fund Balances, Beginning			<u>1,046,511</u>	
Fund Balances, Ending			<u>\$ 655,149</u>	

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

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – SOUTH OGDEN DAYS FUND
For The Year Ended June 30, 2012

	South Ogden Days Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Miscellaneous	\$ 155,460	\$ 119,460	\$ 60,443	\$ (59,017)
Total Revenues	155,460	119,460	60,443	(59,017)
Expenditures:				
Parks and recreation	155,460	160,460	105,053	55,407
Total Expenditures	155,460	160,460	105,053	55,407
Excess (deficiency) of revenues over (under) expenditures	-	(41,000)	(44,610)	(3,610)
Other Financing Sources (Uses):				
Transfers in	-	41,000	41,000	-
Total Other Financing Sources (Uses)	-	41,000	41,000	-
Net Change in Fund Balances	\$ -	\$ -	(3,610)	\$ (3,610)
Fund Balances, Beginning			1,410	
Fund Balances, Ending			\$ (2,200)	

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

SOUTH OGDEN CITY
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2012

Business-type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Solid Waste</u>	<u>Ambulance</u>	<u>Total</u>
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 1,196,429	\$ 422,724	\$ -	\$ 400,198	\$ 220,317	\$ 2,239,668
Accounts receivable	258,213	246,345	59,611	100,946	102,967	768,082
Prepays	51,209	-	-	-	-	51,209
Due from other funds	111,220	-	-	-	-	111,220
Total Current Assets	<u>1,617,071</u>	<u>669,069</u>	<u>59,611</u>	<u>501,144</u>	<u>323,284</u>	<u>3,170,179</u>
Noncurrent Assets:						
Restricted cash and cash equivalents	28,864	93,673	176,185	500	-	299,222
Capital assets:						
Land	295,405	16,274	100,734	-	-	412,413
Construction in progress	11,283	-	-	-	-	11,283
Buildings and improvements	880	6,534	-	-	-	7,414
Machinery and equipment	136,170	13,062	10,589	72,414	65,303	297,538
Infrastructure	3,763,113	2,321,570	1,522,751	-	-	7,607,434
Total Noncurrent Assets	<u>4,235,715</u>	<u>2,451,113</u>	<u>1,810,259</u>	<u>72,914</u>	<u>65,303</u>	<u>8,635,304</u>
Total Assets	<u>\$ 5,852,786</u>	<u>\$ 3,120,182</u>	<u>\$ 1,869,870</u>	<u>\$ 574,058</u>	<u>\$ 388,587</u>	<u>\$ 11,805,483</u>

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

SOUTH OGDEN CITY
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (Continued)
June 30, 2012

	Business-type Activities - Enterprise Funds					
	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Solid Waste</u>	<u>Ambulance</u>	<u>Total</u>
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 102,935	\$ 32,729	\$ 2,401	\$ 121,110	\$ 2,978	\$ 262,153
Compensated absences	26,323	10,214	6,685	-	-	43,222
Accrued wages & benefits	4,272	2,640	2,122	-	4,139	13,173
Customer deposits	-	-	-	500	-	500
Due to other funds	-	-	111,220	-	-	111,220
Current Liabilities Payable from restricted assets	-	87,580	-	-	-	87,580
Total Current Liabilities	<u>133,530</u>	<u>133,163</u>	<u>122,428</u>	<u>121,610</u>	<u>7,117</u>	<u>517,848</u>
Noncurrent Liabilities:						
Compensated absences	413	-	-	-	-	413
Other post employment benefits	311,733	62,203	926	-	-	374,862
Total Noncurrent Liabilities	<u>312,146</u>	<u>62,203</u>	<u>926</u>	<u>-</u>	<u>-</u>	<u>375,275</u>
Total Liabilities	<u>445,676</u>	<u>195,366</u>	<u>123,354</u>	<u>121,610</u>	<u>7,117</u>	<u>893,123</u>
Net Assets:						
Invested in capital assets, net of related debt	4,206,851	2,357,440	1,634,074	72,414	65,303	8,336,082
Restricted for impact fees	28,864	6,093	176,185	-	-	211,142
Unrestricted	1,171,395	561,283	(63,743)	380,034	316,167	2,365,136
Total Net Assets	<u>5,407,110</u>	<u>2,924,816</u>	<u>1,746,516</u>	<u>452,448</u>	<u>381,470</u>	<u>10,912,360</u>
Total Liabilities and Net Assets	<u>\$ 5,852,786</u>	<u>\$ 3,120,182</u>	<u>\$ 1,869,870</u>	<u>\$ 574,058</u>	<u>\$ 388,587</u>	<u>\$ 11,805,483</u>

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

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS – PROPRIETARY FUNDS
For The Year Ended June 30, 2012

Business-type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Solid Waste</u>	<u>Ambulance</u>	<u>Total</u>
Operating Revenues:						
Charges for services	\$ 1,398,736	\$ 1,470,494	\$ 544,318	\$ 879,178	\$ 468,731	\$ 4,761,457
Miscellaneous	63,042	6,000	-	1,230	6,800	77,072
Total Operating Revenues	<u>1,461,778</u>	<u>1,476,494</u>	<u>544,318</u>	<u>880,408</u>	<u>475,531</u>	<u>4,838,529</u>
Operating Expenses:						
Personnel services	393,106	234,147	194,728	-	283,199	1,105,180
Contractual services	337,699	1,018,472	157,236	840,538	127,900	2,481,845
Materials and supplies	181,806	141,483	34,577	11,148	64,082	433,096
Depreciation	171,167	83,485	81,382	20,263	22,534	378,831
Total Operating Expenses	<u>1,083,778</u>	<u>1,477,587</u>	<u>467,923</u>	<u>871,949</u>	<u>497,715</u>	<u>4,398,952</u>
Operating Income (Loss)	<u>378,000</u>	<u>(1,093)</u>	<u>76,395</u>	<u>8,459</u>	<u>(22,184)</u>	<u>439,577</u>
Nonoperating Revenues (Expenses):						
Capital contributions	60,782	1,616	300,530	49,263	58,150	470,341
Settlement income	-	-	212,500	-	-	212,500
Interest income	568	718	539	898	-	2,723
Interest expense	(509)	(181)	(181)	(1,221)	(1,182)	(3,274)
Loss on sale of capital assets	(153,789)	-	-	-	-	(153,789)
Impact fees	5,198	986	13,290	-	-	19,474
Total Nonoperating Revenues (Expenses)	<u>(87,750)</u>	<u>3,139</u>	<u>526,678</u>	<u>48,940</u>	<u>56,968</u>	<u>547,975</u>
Income (Loss) Before Transfers	<u>290,250</u>	<u>2,046</u>	<u>603,073</u>	<u>57,399</u>	<u>34,784</u>	<u>987,552</u>
Changes in Net Assets	290,250	2,046	603,073	57,399	34,784	987,552
Net Assets, Beginning	<u>5,116,860</u>	<u>2,922,770</u>	<u>1,143,443</u>	<u>395,049</u>	<u>346,686</u>	<u>9,924,808</u>
Net Assets, Ending	<u>\$ 5,407,110</u>	<u>\$ 2,924,816</u>	<u>\$ 1,746,516</u>	<u>\$ 452,448</u>	<u>\$ 381,470</u>	<u>\$ 10,912,360</u>

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

SOUTH OGDEN CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2012

Business-type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Solid Waste</u>	<u>Ambulance</u>	<u>Total</u>
Cash Flows From Operating Activities:						
Receipts from customers	\$ 1,410,707	\$ 1,463,770	\$ 527,423	\$ 885,298	\$ 445,189	\$ 4,732,387
Payments to suppliers	(511,491)	(1,151,432)	(192,407)	(808,516)	(198,491)	(2,862,337)
Payments to employees and related benefits	(332,782)	(215,392)	(193,440)	-	(279,060)	(1,020,674)
Net cash provided (used) by operating activities	<u>566,434</u>	<u>96,946</u>	<u>141,576</u>	<u>76,782</u>	<u>(32,362)</u>	<u>849,376</u>
Cash Flows From Non-Capital Financing Activities:						
Receipts from settlement	-	-	212,500	-	-	212,500
Payments from other funds	470,000	-	(470,000)	-	-	-
Advances to other funds	(111,220)	-	111,220	-	-	-
Net cash provided (used) by non-capital financing activities	<u>358,780</u>	<u>-</u>	<u>(146,280)</u>	<u>-</u>	<u>-</u>	<u>212,500</u>
Cash Flows From Capital and Related Financing Activities:						
Purchase of capital assets	(298,653)	(5,525)	(6,591)	-	-	(310,769)
Principal paid on capital lease	(13,553)	(6,051)	(4,549)	(30,674)	(29,684)	(84,511)
Interest paid on capital lease	(509)	(181)	(181)	(1,221)	(1,182)	(3,274)
Impact fees	5,198	986	13,290	-	-	19,474
Net cash provided (used) by capital and related financing activities	<u>(307,517)</u>	<u>(10,771)</u>	<u>1,969</u>	<u>(31,895)</u>	<u>(30,866)</u>	<u>(379,080)</u>
Cash Flows From Investing Activities:						
Interest on investments	568	718	539	898	-	2,723
Net cash provided (used) by investing activities	<u>568</u>	<u>718</u>	<u>539</u>	<u>898</u>	<u>-</u>	<u>2,723</u>
Net Increase (Decrease) In Cash	618,265	86,893	(2,196)	45,785	(63,228)	685,519
Cash At Beginning Of Year	<u>607,028</u>	<u>429,504</u>	<u>178,381</u>	<u>354,913</u>	<u>283,545</u>	<u>1,853,371</u>
Cash At End Of Year	<u>\$ 1,225,293</u>	<u>\$ 516,397</u>	<u>\$ 176,185</u>	<u>\$ 400,698</u>	<u>\$ 220,317</u>	<u>\$ 2,538,890</u>

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

SOUTH OGDEN CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 378,000	\$ (1,093)	\$ 76,395	\$ 8,459	\$ (22,184)	\$ 439,577
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:						
Depreciation	171,167	83,485	81,382	20,263	22,534	378,831
(Increase) decrease in assets:						
Accounts receivable	(51,071)	(12,724)	(16,895)	4,890	(30,342)	(106,142)
Prepays	(1,530)	-	-	-	-	(1,530)
Increase (decrease) in liabilities:						
Accounts payable	9,544	8,523	(594)	43,470	(6,509)	54,434
Accrued liabilities	60,324	18,755	1,288	(300)	4,139	84,206
Net cash provided (used) by operating activities	<u>\$ 566,434</u>	<u>\$ 96,946</u>	<u>\$ 141,576</u>	<u>\$ 76,782</u>	<u>\$ (32,362)</u>	<u>\$ 849,376</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	74,335	7,667	305,079	79,937	87,837	474,918

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

SOUTH OGDEN CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

South Ogden City (City) was incorporated in July 1936. The City operates under a Mayor-Council form of government and provides the following services as authorized by its character: public safety (police, fire, inspection and animal control), streets and highways, public utilities (water, sewer, storm water, solid waste, and ambulance), parks and recreation and general administrative services. The financial statements of South Ogden City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

(A) The Reporting Entity

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

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB Statement No. 14, "The Financial Reporting Entity". The basic, but not the only, criterion for including a potential component unit within the reporting agency is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

The City is not a component unit of any other entity. The City's basic financial statements include all City operations.

(B) Blended Component Unit

The South Ogden City Community Redevelopment Agency (CDRA) serves all the citizens of the City and is governed by the Mayor and City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government. The CDRA's sole purpose is to redevelop areas within the City thereby generating additional property tax and sales tax revenue. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the CDRA have been included in the financial reporting entity as a blended component unit.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Government-Wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of inter-fund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities and inter-fund services provided.

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

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

(D) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued on or before November 30, 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 Standard 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 City has elected not to follow subsequent private-sector guidance.

The use of financial resources to acquire capital assets are shown as assets in the government-wide financial statements, rather than reported as expenditures in the governmental fund financial statements. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source in the governmental fund financial statements. Amounts paid to reduce long-term debt in the government-wide financial statements are reported as a reduction of the related liability, rather than expenditures in the governmental fund statements.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Measurement Focus and Basis of Accounting (Continued)

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 (generally within sixty days) to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual method of accounting. However, debt service expenditures, as well as expenditure related to compensated absences and claims and judgments are recorded when payment is due.

Sales and use taxes, franchise taxes and earned but not yet reimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Property taxes are measurable as of the date levied and available only when cash is received by the county treasurer prior to the City's fiscal year end and remitted to the City within sixty days of its fiscal year end.

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the City not accounted for by a separate, specialized fund.

Special Revenue Fund – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for specified purposes. The City has two special revenue funds, the South Ogden Days Fund and the Community Development Renewal Agency Fund.

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The City accounts for various projects in a capital project fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long- term debt principal, interest and related costs.

The City reports the following major enterprise funds:

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is that the costs of providing goods and services be financed and recovered primarily through user charges. The City operates Water, Sewer, Storm Drain, Garbage, and Ambulance Funds as Enterprise Funds.

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

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues are the sales of goods and services to the customers, while the principal expenses 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.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) Budgetary Data

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

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

Utah State law prohibits the appropriation of the sum of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated fund balance categories is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Utah State law also prohibits the accumulation of the stated fund balance categories in any amount greater than 18% of the next year's budgeted revenues.

(F) Taxes

The City's tax rate is adopted before June 22nd and the City is to certify the tax rate to the county Auditor before June 22nd. Budgets for the general, special revenue, debt service and capital projects funds are adopted in accordance with generally accepted accounting principles (GAAP). The above procedures are authorized by the Utah code Sections 10-6-109 through 10-6-135.

All property taxes levied by the City are collected by Weber County. Tax liens are attached as of January 1, are levied as of October 1, and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid a lien is attached to the property, and the amount of taxes and penalties bears interest until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

(G) Capital Assets

Capital assets, which include land, buildings, 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 \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(G) Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Depreciation of these assets is computed by the use of the straight-line method over their estimated useful lives as follows:

Buildings and improvements	10-50 Years
Sewer collection system	50 Years
Water distribution systems	50 Years
Infrastructure and improvements	10-30 Years
Machinery and equipment	4-15 Years
Other improvements	10-40 Years

(H) Long-term Obligations

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

(I) Cash and cash equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date of three months or less when acquired by the City.

(J) Use of Estimates

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

(K) Equity Classifications

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

- (1) 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.
- (2) Restricted net assets – consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) Equity Classifications (Continued)

- (1) 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.
- (2) Restricted fund balance classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- (3) Committed fund balance classification include those funds that can only be used for specific purposed pursuant to constraints imposed by formal action of the city council, which is government's highest level of decision making authority.
- (4) Assigned fund balance classification includes amounts that are constrained by the government's intent to use the funds for specific purposes, but are neither restricted nor committed, as established by the Finance Director. 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.
- (5) 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 be restricted, committed, or assigned to specific purposes within the General Fund.

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

When committed, assigned, or unassigned resources are available for use, it is the city's policy to use committed resources first, followed by assigned resources, then unassigned resources as they are needed.

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the City's funds.

The City's deposit and investment policy is to follow the Utah Money Management Act; however, the City does not have a separate deposit and investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2012, \$0 of the City's \$189,612 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risks of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poors; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined by the Act.

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing mainly in the Utah Public Treasurer's Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. 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 to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Additional information is available at the Utah State Treasures' Office.

For the year ended June 30, 2012, the City had investments of \$5,710,583 with the PTIF. The fair value of these investments was \$5,744,063.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 RESTRICTED CASH

Certain assets are restricted as follows as of June 30, 2012:

	Amount
Governmental activities	
Restricted for bond reserves	\$ 340,977
Restricted for impact fees	39,756
Restricted for deposits	66,780
Total governmental activities	447,513
Business-type activities	
Restricted for impact fees	298,722
Restricted for deposits	500
Total business-type activities	299,222
Total restricted cash and cash equivalents	\$ 746,735

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts of \$29,812 in the enterprise funds.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2012, is as follows:

	<u>Balance June 30, 2011</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,171,159	\$ -	\$ (26,746)	\$10,144,413
Construction in progress	56,817	16,646	-	73,463
Total capital assets, not being depreciated	<u>10,227,976</u>	<u>16,646</u>	<u>(26,746)</u>	<u>10,217,876</u>
Capital assets, being depreciated:				
Buildings and improvements	13,029,888	38,777	(75,273)	12,993,392
Machinery and equipment	7,095,943	177,235	(1,794,881)	5,478,297
Infrastructure	39,101,082	273,101	(1,038,305)	38,335,878
Total capital assets, being depreciated	<u>59,226,913</u>	<u>489,113</u>	<u>(2,908,459)</u>	<u>56,807,567</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,095,270)	(272,257)	27,558	(2,339,969)
Machinery and equipment	(5,408,672)	(389,876)	1,530,398	(4,268,150)
Infrastructure	(18,974,671)	(1,277,562)	787,586	(19,464,647)
Total accumulated depreciation	<u>(26,478,613)</u>	<u>(1,939,695)</u>	<u>2,345,542</u>	<u>(26,072,766)</u>
Total capital assets, net of accumulated depreciation	<u>32,748,300</u>	<u>(1,450,582)</u>	<u>(562,917)</u>	<u>30,734,801</u>
Governmental activities capital assets, net	<u>\$ 42,976,276</u>	<u>\$ (1,433,936)</u>	<u>\$ (589,663)</u>	<u>\$40,952,677</u>

Governmental activities depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,575,919
Public safety	227,201
Streets and public works	106,947
Parks and recreation	29,628
Total depreciation expense - governmental activities	<u>\$ 1,939,695</u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 CAPITAL ASSETS (Continued)

	Balance June 30, 2011	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2012
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 398,118	\$ 14,295	0	\$ 412,413
Construction in progress	28,387	11,283	(28,387)	11,283
Total capital assets, not being depreciated	426,505	25,578	(28,387)	423,696
Capital assets, being depreciated:				
Buildings and improvements	95,212	-	-	95,212
Machinery and equipment	438,061	1,045,121	(28,988)	1,454,194
Infrastructure	12,053,540	1,390,778	(1,048,454)	12,395,864
Total capital assets, being depreciated	12,586,813	2,435,899	(1,077,442)	13,945,270
Less accumulated depreciation for:				
Buildings and improvements	(86,708)	(1,090)	-	(87,798)
Machinery and equipment	(300,134)	(881,866)	25,344	(1,156,656)
Infrastructure	(4,623,391)	(1,063,397)	898,358	(4,788,430)
Total accumulated depreciation	(5,010,233)	(1,946,353)	923,702	(6,032,884)
Total capital assets, net of accumulated depreciation	7,576,580	489,546	(153,740)	7,912,386
Business-type activities capital assets, net	\$ 8,003,085	\$ 515,124	\$ (182,127)	\$ 8,336,082

The Business-type activities depreciation consists of the following at June 30, 2012:

Business-type activities

Water	\$ 171,167
Sewer	83,485
Storm Drain	81,382
Solid Waste	20,263
Ambulance	22,534
Total depreciation expense - business-type activities	\$ 378,831

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2012:

	<u>June 30,</u> <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2012</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Tax revenue bonds	\$ 10,430,000	\$ -	\$ (450,000)	\$ 9,980,000	\$ 465,000
Capital leases	515,060	-	(448,843)	66,217	30,098
Compensated absences	432,248	212,660	(215,270)	429,638	362,234
Other post employment benefits	962,226	28,853	(42,690)	948,389	58,735
Governmental activities long-term liabilities	<u>12,339,534</u>	<u>241,513</u>	<u>(1,156,803)</u>	<u>11,424,244</u>	<u>916,067</u>
Business-type Activities:					
Compensated absences	39,207	27,709	(23,281)	43,635	43,222
Other post employment benefits	300,803	74,059	-	374,862	-
Business-type activities long-term liabilities	<u>340,010</u>	<u>101,768</u>	<u>(23,281)</u>	<u>418,497</u>	<u>43,222</u>
	<u>\$ 12,679,544</u>	<u>\$ 343,281</u>	<u>\$ (1,180,084)</u>	<u>\$ 11,842,741</u>	<u>\$ 959,289</u>

Tax Revenue Bonds

Series 2004 Sales Tax Revenue and Refunding Bonds, original issue of \$10,745,000, principal due in annual installments beginning May 2005, interest at 2.75% to 5.25% due in semi-annual installments beginning November 2004, with the final payment due November 2018. The bonds were issued to acquire and construct municipal improvements, including a municipal complex to house a new city hall, a police station, a new fire station, and other improvements, and to refinance the outstanding Series 1995 South Ogden City Redevelopment Agency Tax Increment and Annual Appropriation Revenue Bonds. In a prior year a callable portion of these bonds in the amount of \$5,830,000 was defeased using the proceeds of the Series 2006 Sales Tax Revenue Refunding Bonds. \$ 2,150,000

Series 2006 Sales Tax Revenue Refunding Bonds, original issue of \$6,245,000, principal due in annual installments beginning May 2007, interest at 3.88% to 4.38% due in semi-annual installments beginning May 2007, with the final payment due May 2029. The bonds were issued to refinance a portion of the Series 2004 Series 2004 Sales Tax Revenue and Refunding Bonds. 6,095,000

Series 2009 Sales and Excise Tax Revenue Bonds, original issue of \$2,065,000, principal due in annual installments beginning November 2009, interest at 3.00% to 4.50% due in semi-annual installments beginning May 2010, with the final payment due May 2024. The bonds were issued to finance the acquisition and construction of gym facilities adjoining a new school and related 1,735,000

Total Tax Revenue Bonds - Governmental Activities \$ 9,980,000

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM DEBT (Continued)

All of the City's Sales and Excise Tax Revenue Bonds are payable solely by a pledge and assignment of their associated revenue sources. The current revenue recognized during the period for pledged Sales and Excise Tax Revenue bonds was \$2,588,766 compared to principal and interest of \$888,318. Principal and interest are 34% of pledged revenues for the year ending June 30, 2012.

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2012, are as follows:

Year Ending June 30,	Governmental Activities Sales and excise Tax Revenue Bonds	
	Principal	Interest
2013	465,000	421,856
2014	480,000	402,120
2015	500,000	382,682
2016	520,000	359,182
2017	545,000	337,014
2018-2022	3,035,000	1,329,976
2023-2027	3,145,000	674,420
2028-2032	1,290,000	85,314
	<u>\$ 9,980,000</u>	<u>\$ 3,992,564</u>

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of vehicles and equipment for the City. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows.

	<u>Activities</u>
Assets	\$ 1,985,336
Less: Accumulated depreciation	(1,251,551)
	<u>\$ 733,785</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

Year Ending June 30, 2012	Governmental Activities
2013	\$ 35,944
2014	31,593
2015	8,479
2016	3,510
Total minimum lease payment	79,526
Less: amount representing interest	(13,309)
Present value of minimum lease payments	<u>\$ 66,217</u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 COMPENSATED ABSENCES

Accumulated unpaid vacation, compensatory leave pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). The total compensated absences are reported in the government wide financial statements as long-term debt in accordance with the Governmental Accounting Standards. Based off of historical estimates, the City estimates that \$405,456 of the compensated absences balance will be due in the next year.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS

Effective July 1, 2008 the City implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" and GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". These statements establish guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are calculated based on plan benefits (other than pensions), that current and retired employees have accrued as a result of their respective years of employment service.

Plan Description

In addition to providing pension benefits through the Utah Retirement Systems (the Systems), the City provides other postemployment benefits through a single employer defined benefit OPEB plan (the plan), for retired City employees implemented as follows: For employees hired before February 18, 1997, who meet the conditions for retirement as determined by the South Ogden City sponsored retirement plan may elect to continue their health insurance coverage upon retirement. In such case, those retirees shall have their full premium paid for by the city for insurance group coverage for a period of five (5) years for themselves and their dependents or until the June 30th following the retiree's 65th birthday. If the employee becomes ineligible for health insurance the June 30th after their 65th birthday, but his/her spouse has not turned 65 and is therefore not eligible for Medicare, the City will continue to carry and pay for individual health insurance until either five years after the employee's retirement date or until the June 30th after the spouse has turned 65. The employees can also earn a retirement benefit payment equal to ten (10) percent of the employee's highest annual base salary for the last five (5) years of City employment to be paid to the employee annually for five (5) years after retirement from City employment. The plan does not issue stand-alone financial statements.

Public Safety Employees

Twenty Years: Public safety employees who have been employed for not less than twenty (20) years as public safety employees of South Ogden City shall, at the time of their retirement from City employment and upon their participation in the State Public Safety Retirement Program, have the option of receiving their choice of EITHER (i) a retirement benefit payment equal to ten (10) percent of the employee's highest annual base salary for the last five (5) years of City employment to be paid to the employee annually for five (5) years after retirement from City employment; OR, (ii) payment by the City of health and dental insurance for the retiree for up to (5) years, as described in the Employee Benefit Policy.

Twenty Five Years: Public safety employees who have (i) been employed by the City for not less than twenty (20) years as public safety employees, and (ii) have at least twenty-five (25) years of service under the State Public Safety Retirement Program, shall be eligible to receive BOTH a retirement benefit payment equal to ten (10) percent of the employee's last annual base salary to be paid to the employee annually for five (5) years after their retirement from City employment and payment by the City of health and dental insurance for the retiree for up to (5) years, as described in the Employee Benefit Policy.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

Public Employees

Thirty Years: Public employees (all non-public safety employees of the City) who have been employed for not less than thirty (30) years as employees of South Ogden City shall, at the time of their retirement from City employment and upon their participation in the State Public Employee Retirement Program, (or its lawful successor, if any) are eligible to receive BOTH a retirement benefit payment equal to ten (10) percent of the employee's last annual base salary to be paid to the employee annually for five (5) years after their retirement from City employment and payment by the City of health and dental insurance for the retiree for up to (5) years, as described in the Employee Benefit Policy.

Twenty Five Years: Public employees (all non-public safety employees of the City) who have been employed for not less than twenty five (25) years as employees of South Ogden City shall, at the time of their retirement from City employment and upon their participation in the State Public Employee Retirement Program, (or its lawful successor, if any) be eligible to receive both benefits, as described above, if they exercise their rights under the State Public Employee Retirement Program to "buy" additional retirement credit so as to qualify for a thirty (30) year retirement under the State.

The City has used the alternative approach to calculate the benefits cost based on years of service and probability of continued employment and funds the cost annually. For 2012 these costs amounted to \$35,734. The benefits are governed by City policy, and can be amended at any time. The activity of the plan is reported in the City funds from which eligible participants have retired or will retire. The City's plan is financed on a pay-as-you-go basis.

Annual required contribution	\$	123,530
Adjustment to annual required contribution		(63,477)
Annual OPEB obligation expense		60,053
Contributions made		-
Increase (decrease) in net OPEB obligation		60,053
Net OPEB obligation - beginning of year		1,263,027
Net OPEB obligation - end of year	\$	1,323,080

The City's annual OPEB cost (expense) is calculated based on the change in net OPEB obligation during the fiscal year. The Annual required contribution (ARC) is calculated based on increase in the OPEB liability during the fiscal year, an amount that in this case is determined in accordance with the parameters set forth on a pay-as-you-go basis. The net OPEB obligation increased due to a change in health care costs.

Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the plan (the plan as understood by the employer and the plan members) and include the types of benefits as described by the plan. Costs (expenses) of an ongoing plan involve estimates of amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funding status of the plan and the costs (expenses) to the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. For the fiscal year 2012 the valuation of costs (expenses) to the plan were projected based on qualified participants salaries, retirement information, and the annual healthcare cost projected to be paid

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

on behalf of the participants. The City will continue to use this cost (expense) analysis to continue funding the pay-as-you-go process needs of the plan.

NOTE 9 RETIREMENT PLANS

Cost Sharing Defined Benefits Pension Plans

Plan Description: South Ogden City contributes to the Local Governmental Non-contributory Retirement System (Noncontributory System), Public Safety Retirement System (Public Safety System) for employers with Social Security coverage, Firefighters Retirement System (Firefighters System) which is 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 refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

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 Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the 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 Systems and Plans. 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: Plan members required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong; 15.05% to the Firefighters Retirement Systems. The City is required to contribute 10.33% of covered salary to the respective systems; 13.37% to the Noncontributory, 28.82% to the Public Safety Noncontributory and 0.5% to the Firefighters Systems. The contribution rates are the actuarially determined rates. The requirements of the Systems are authorized by statute and specified by the Board. The City's contributions to the various systems and the salaries subject to retirement contributions for the years ending June 30, 2012, 2011, and 2010 respectively were; for the Noncontributory System contributions of \$216,860, \$215,661, and \$176,029 with salaries subject to retirement contributions of \$1,615,519, \$1,619,753, and \$1,509,676; for the Public Safety Noncontributory contributions of \$304,266, \$300,516, and \$291,098, with salaries subject to retirement contributions of \$1,152,840, \$1,042,734, and \$1,123,930; and for the Firefighters System contributions of \$83,103, \$90,888, and \$74,196 respectively, with salaries subject to retirement contributions of \$592,805, \$541,965, and \$550,004. The contributions were equal to the required contributions for each year.

401(k) Defined Contribution Plans

The City sponsors a defined contribution plan under Internal Revenue Code 401(k) through the Utah State Retirement Systems. Contributions may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. Employer paid contributions for the years ended June 30, 2012, 2011, and 2010 were \$61,765, \$85,097, and \$103,119, respectively. The 401(k) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(k) defined contribution plan are reflected in the financial statements.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 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; injuries to employees; and natural disasters for which the City carries commercial insurance. This insurance covers all of these risks except natural disasters. The City participates in the Utah Local Government Insurance Trust (Trust), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. As of June 30, 2012 there were no outstanding unpaid claims. Also, the City has no claim settlements during the three years ending June 30, 2012 which exceeded its insurance coverage.

NOTE 11 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of inter-fund balances as of June 30, 2012 is as follows:

	Interfund Receivables	Interfund Payables
Business-type activities		
Water fund	\$ 111,220	\$ -
Storm Drain	-	111,220
	\$ 111,220	\$ 111,220

The due to/from other funds are the result of individual funds' cash flow needs. These accounts at the fund financial statement level have been eliminated at the government-wide financial statement level (Statement of Net Assets).

Inter-fund transfers for the year ended June 30, 2012 were as follows:

	In	Out
Governmental activities:		
General Fund	\$ -	\$ 470,341
Business-type activities:		
Water fund	60,782	-
Sewer fund	1,616	-
Storm drain fund	300,530	-
Garbage fund	49,263	-
Ambulance fund	58,150	-
	\$ 470,341	\$ 470,341

The purpose of the inter-fund transfers is to re-classify fixed assets into the proper funds.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 DEFERRED REVENUE

Unearned Property Taxes

In conjunction with GASB pronouncement 33, "Accounting and Financial Reporting for Nonexchange Transactions" the City has accrued property tax receivable and unearned property tax revenue in the General Fund in the amount of \$2,058,128 and in the CDRA Fund in the amount of \$501,600.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2012 was not expected to be received within 60 days after the year ended June 30, 2012, the City was required to record a receivable and an unearned revenue of the estimated amount of the total property tax to be levied on October 1, 2012.

NOTE 13 REDEVELOPMENT AGENCY OF THE CITY OF SOUTH OGDEN

For the year ended June 30, 2012, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for Project Area:

<u>Project Area 1</u>	
Washington boulevard	\$ 23,670
<u>Project Area 2</u>	
36th street	127,679
<u>Project Area 3</u>	
North west project area	282,902
<u>Project Area 4</u>	
Hinckley project	42,992
	<hr/>
	\$ 477,243
	<hr/>
Tax increment paid to other taxing agencies	\$ -
Outstanding loans to finance RDA projects	\$ 427,000
Amounts expended for site improvements and preparation costs	\$ 871,310
Amounts expended for acquisition of property	\$ -
Amounts expended for installation of public utilities and other public improvements	\$ -
Amounts expended for administrative costs	\$ 23,862

NOTE 14 SUBSEQUENT EVENTS

Subsequent to year end, the City issued a Class B Road Revenue Bond for \$2,166,000. The purpose of this bond is to undertake a number of streets projects within the City. The City will either re-build or re-surface these streets. The maturity date of this bond is 2022. The average coupon interest rate is 2.075%.

Subsequent to year end, the City is entered into a lease in the amount of \$1,487,338.37 for the purchase of 33 vehicles/equipment items. The vehicles/equipment will be used to replace existing items, all of which will be sold to the highest bidder. The lease is a 5 year lease expiring on December 12, 2016. The interest rate is 1.29%.