

CITY OF SOUTH OGDEN

BASIC FINANCIAL STATEMENTS

For The Year Ended June 30, 2011

Together with Independent Auditor's Report

**CITY OF SOUTH OGDEN
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Jensen & Keddington, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Jeffery B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA
Gregory B. White, CPA

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, 2011, 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. 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, 2011, 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 23, 2011 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 important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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.

Jensen & Keddington

December 23, 2011

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**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2011**

This document is a narrative overview and analysis of the financial activities of South Ogden City for the fiscal year ending June 30, 2011. 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 \$44,372,508.

As of June 30, 2011 South Ogden City's governmental funds reported a combined ending fund balance of \$3,742,005. Of this amount, \$1,556,038 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, 2009 Sales & Excise Tax Revenue Bonds and a capital lease. 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, 2011 is \$10,430,000; these bonds will be fully retired by 2029. The fleet capital lease is a five year lease and will be fully retired in November 2011. The June 30, 2011 balance owing is \$378,167.

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, 2011

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.

- A. 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.

- B. 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.

- C. 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 43 of this report.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2011

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 \$44,372,508 at the close of fiscal year 2011, whereas, at the close of fiscal year 2010, the City's net assets exceeded liabilities by \$43,588,675.

The largest portion of South Ogden City's net assets is \$40,080,401 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 \$1,318,997 during the year.

	Governmental Activities 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010
Current and other assets	\$ 6,965,358	\$ 6,274,931	\$ 2,564,990	\$ 2,962,057
Capital assets	42,976,276	43,864,840	8,003,085	7,643,822
Total Assets	\$ 49,941,634	\$ 50,139,771	\$ 10,568,075	\$ 10,605,879
Current and other liabilities	\$ 3,100,948	\$ 4,646,278	\$ 303,257	\$ 397,496
Long-term liabilities	12,339,534	12,113,201	340,010	-
Total Liabilities	\$ 15,440,482	\$ 16,759,479	\$ 643,267	\$ 397,496
Net assets:				
Invested in capital assets, net of related debt	\$ 32,077,316	\$ 30,453,497	\$ 8,003,085	\$ 7,643,822
Restricted	226,593	67,479	211,765	277,039
Unrestricted	2,197,243	2,859,316	1,709,958	2,287,522
Total Net Assets	\$ 34,501,152	\$ 33,380,292	\$ 9,924,808	\$ 10,208,383

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2011

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 an increase in total net assets of \$1,120,860 in 2011 compared to a decrease of \$424,254 in 2010.

Taxes are the main source of revenue, consisting of 70.24% of total revenue in 2011. This is slightly higher than the 2010 amount of 69.83% and the 68.69% from 2009. 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 34.56% and 40.95% respectively of total taxes collected in 2011. In 2010 the percentages were 34.28% and 41.58%, while in 2009 they were 30.672% and 44.58% respectively. These numbers are holding relatively constant. The slight fluctuation for fiscal year 2011 would be a result of the decline in sales tax revenues due to the national recession. And the property tax percentage which had been gradually declining since 2005 has come to an end. 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.

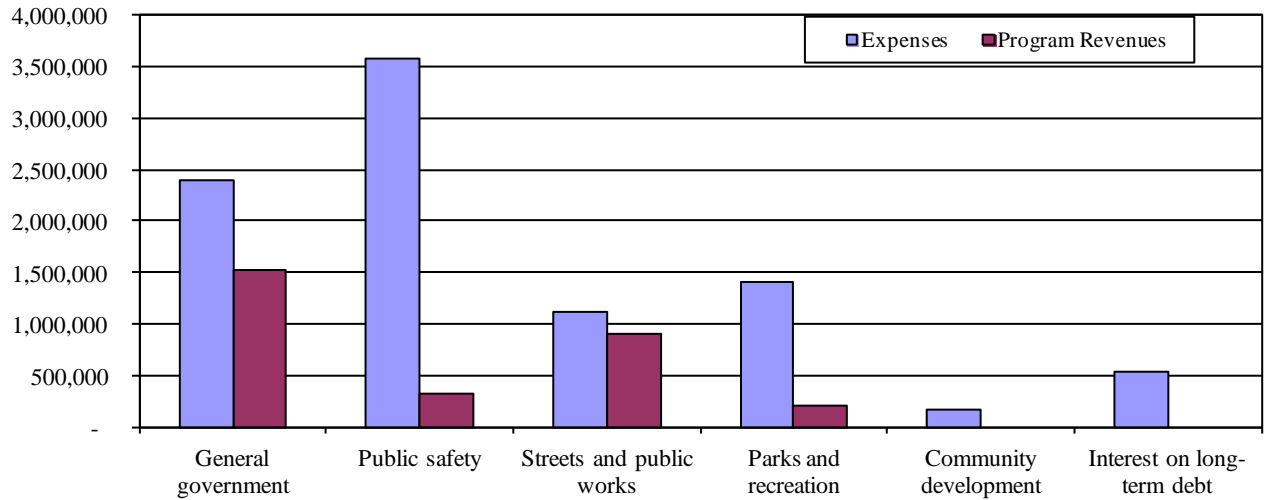
The three greatest expenditures incurred by the City were public safety, public works and general government. Overall there was a decrease of \$142,785 in comparison to 2010. This is fairly consistent with what the City has experienced in prior years with no other noteworthy items to report.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2011

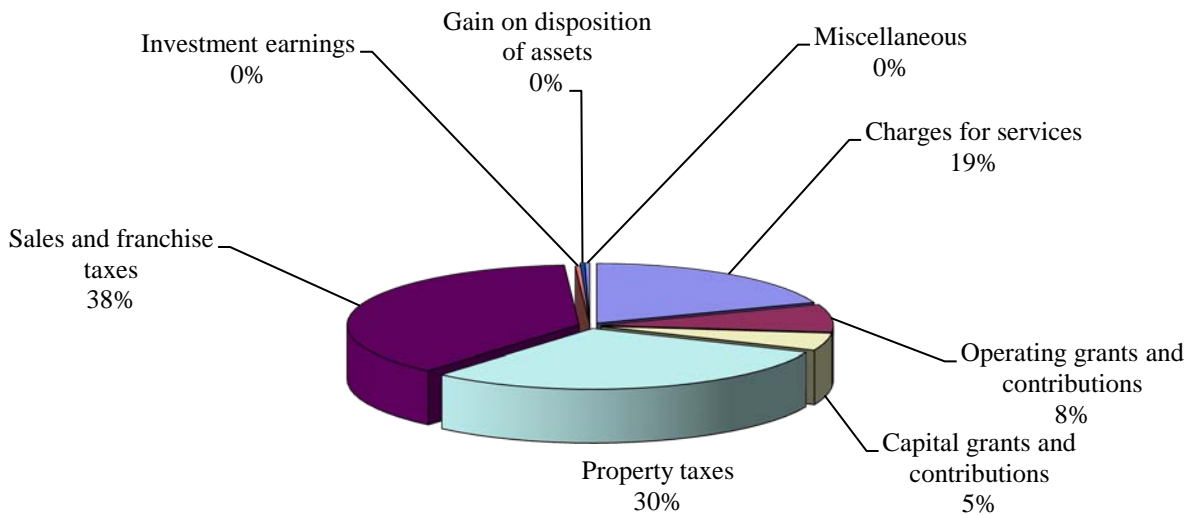
	Governmental Activities 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010
Revenues:				
Program revenues:				
Charges for services	\$ 1,826,066	\$ 2,001,331	\$ 3,900,894	\$ 3,968,022
Operating grants and contributions	705,183	572,863	20,000	-
Capital grants and contributions	436,678	-	22,239	-
General revenues:				
Property taxes	2,806,459	2,789,693	-	-
Sales and franchise taxes	3,559,726	3,586,031	-	-
Investment earnings	35,075	51,859	1,780	2,720
Gain on disposition of assets	27,805	(101,027)	-	-
Miscellaneous	32,942	-	58,768	-
Total Revenues	9,429,934	8,900,750	4,003,681	3,970,742
Expenses:				
General government	2,389,198	2,906,320	-	-
Public safety	3,572,490	3,648,038	-	-
Streets and public works	1,117,991	1,447,134	-	-
Parks and recreation	1,408,530	684,648	-	-
Community development	165,755	156,911	-	-
Interest on long-term debt	528,255	481,953	-	-
Water	-	-	916,431	885,376
Sewer	-	-	1,299,715	1,093,426
Storm drain	-	-	419,609	367,077
Solid waste	-	-	844,344	842,260
Ambulance	-	-	468,377	474,246
Total Expenses	9,182,219	9,325,004	3,948,476	3,662,385
Increase in net assets before transfers	247,715	(424,254)	55,205	308,357
Transfers	174,174	-	(174,174)	-
Increase in Net Assets	421,889	(424,254)	(118,969)	308,357
Net Assets - Beginning	33,380,292	33,804,546	10,208,383	9,900,026
Prior Period Adjustments	698,971	-	(164,606)	-
Net Assets - Ending	\$ 34,501,152	\$ 33,380,292	\$ 9,924,808	\$ 10,208,383

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2011**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

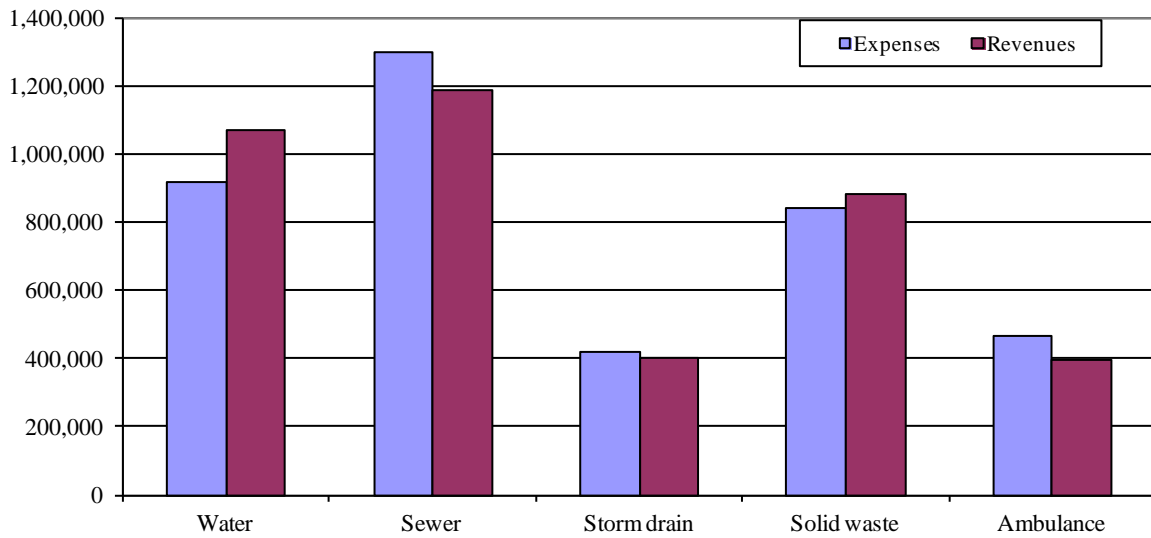


**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2011**

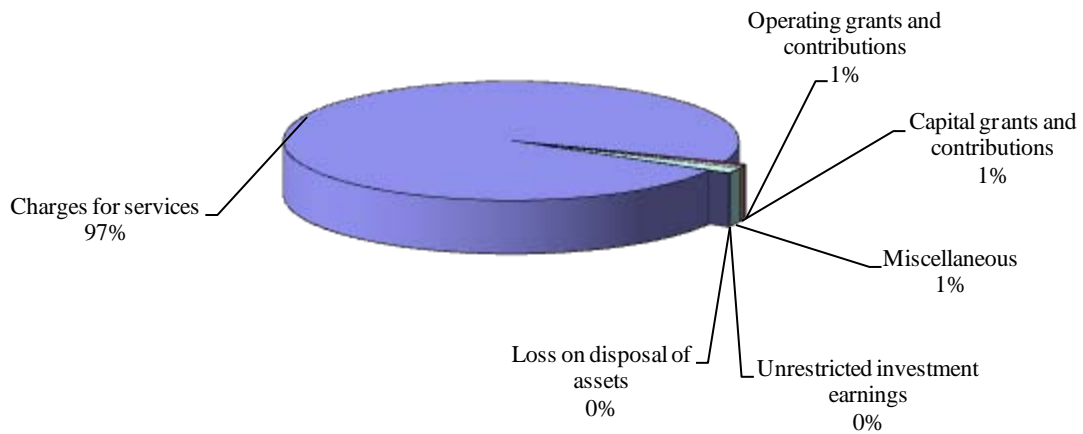
Business-type Activities: Business-type activities decreased the City's net assets by \$283,575 during the current year. The increase for the previous year, 2010 was \$308,357.

The majority of revenues in the business-type activities are in charges for services which account for 97.46% of the revenues for fiscal year 2011, which is down from 97.92% and from 98.08% for years 2010 and 2009 respectively.

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, 2011**

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, 2011, the City's governmental funds reported combined ending fund balances of \$3,742,005. 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 2011 original adopted budget for the general fund totaled \$9,077,871. The City Council approved 3 budget amendments during the year bringing the modified total general fund budget to \$8,736,926.

Capital Assets and Debt Administration:

As of June 30, 2011, the City has invested \$50,979,361 net of accumulated depreciation in capital assets for its governmental and business-type activities. This amount is \$529,302 less than compared to the 2010 amount of \$51,508,663. 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 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010
Land	\$ 10,171,159	\$ 10,158,501	\$ 398,118	\$ 218,482
Construction in progress	56,817	-	28,387	
Building and improvements	10,934,618	11,150,677	8,504	9,593
Machinery and equipment	1,687,271	2,030,373	137,927	249,247
Infrastructure	20,126,411	20,525,289	7,430,149	7,166,503
Total Capital Assets	<u>\$ 42,976,276</u>	<u>\$ 43,864,840</u>	<u>\$ 8,003,085</u>	<u>\$ 7,643,825</u>

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2011**

Capital Assets and Debt Administration: (Continued)

As of June 30, 2011, the City's Governmental Activities had a long-term debt outstanding balance of \$12,339,534. This amount is comprised of the following component parts:

- 2004 Sales Tax Revenue Bonds - \$2,460,000 – retired by 2029
- 2006 Sales Tax Refunding Bonds - \$6,120,000 – retired by 2029
- 2009 Sales & Excise Tax Revenue Bonds - \$1,850,000 – retired by 2024
- Capital Leases - \$515,060
- Compensated absences - \$432,248
- Other post employment benefits - \$962,225

As of June 30, 2011, the City's Business-type Activities had a long-term debt outstanding balance of \$340,010. This amount is comprised of the following component parts:

- Compensated absences - \$39,207
- Other post employment benefits - \$300,803

South Ogden City's Outstanding Debt

	Governmental Activities 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010
Bonds payable	\$ 10,430,000	\$ 10,430,000	\$ -	\$ -
Capital leases	515,060	807,954	-	-
Compensated absences	432,248	431,316	39,207	43,931
Other post employment benefits	962,226	1,012,048	300,803	295,024
Total	\$ 12,339,534	\$ 12,681,318	\$ 340,010	\$ 338,955

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 August 2011 state unemployment was about 8% which is still lower than the 9.1% national rate, however, still higher than the 7.2% from a year ago. New construction continues to be slow and sales tax revenues are still on a slight decline as well. A number of economists feel the bottom has been reached and that recovery is just around the corner, however, it is expected to be a slow and long recovery process.

The City's budget for fiscal year 2012 will be leaner than in previous years, but 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 did increase property tax rates in 2010 by about 10.39%, to help cover some of the general operating expenses of the City. This increase was equal to about \$25 a year on a home in the City with an average value of \$187,000. Fees for the enterprise funds are going to be increased effective July 1, 2011 for the water, sewer and storm drain funds.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2011

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, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 3,173,716	\$ 1,570,496	\$ 4,744,212
Accounts receivable - net	1,100,922	661,940	1,762,862
Due from other governmental units	2,214,479	-	2,214,479
Prepaid expenses	54,189	49,679	103,868
Restricted cash and cash equivalents	226,593	282,875	509,468
Deferred charges	195,459	-	195,459
Capital assets, not being depreciated:			
Land	10,171,159	398,118	10,569,277
Construction in progress	56,817	28,387	85,204
Capital assets, net of accumulated depreciation:			
Buildings and improvements	10,934,618	8,504	10,943,122
Machinery and equipment	1,687,271	137,927	1,825,198
Infrastructure	20,126,411	7,430,149	27,556,560
Total Assets	<u><u>\$ 49,941,634</u></u>	<u><u>\$ 10,568,075</u></u>	<u><u>\$ 60,509,709</u></u>
Liabilities:			
Accounts payable	\$ 121,149	\$ 224,193	\$ 345,342
Accrued liabilities	267,956	7,954	275,910
Accrued interest payable	73,054	-	73,054
Unearned revenue	2,638,789	-	2,638,789
Liabilities payable from restricted assets	-	71,110	71,110
Noncurrent Liabilities:			
Due within one year	1,318,466	37,676	1,356,142
Due in more than one year	11,021,068	302,334	11,323,402
Total Liabilities	<u>15,440,482</u>	<u>643,267</u>	<u>16,083,749</u>
Net Assets:			
Invested in capital assets, net of related debt	32,077,316	8,003,085	40,080,401
Restricted for:			
Debt service	192,991	-	192,991
Impact fees	33,602	211,765	245,367
Unrestricted	2,197,243	1,709,958	3,907,201
Total Net Assets	<u>34,501,152</u>	<u>9,924,808</u>	<u>44,425,960</u>
Total Liabilities and Net Assets	<u><u>\$ 49,941,634</u></u>	<u><u>\$ 10,568,075</u></u>	<u><u>\$ 60,509,709</u></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, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 2,389,198	\$ 1,421,625	\$ 111,071	\$ -	\$ (856,502)	\$ -	\$ (856,502)
Public safety	3,572,490	299,068	19,771	-	(3,253,651)	-	(3,253,651)
Streets and public works	1,117,991	3,930	476,841	432,130	(205,090)	-	(205,090)
Parks and recreation	1,408,530	101,443	97,500	4,548	(1,205,039)	-	(1,205,039)
Community development	165,755	-	-	-	(165,755)	-	(165,755)
Interest on long-term debt	528,255	-	-	-	(528,255)	-	(528,255)
Total Governmental Activities	9,182,219	1,826,066	705,183	436,678	(6,214,292)	-	(6,214,292)
Business-type Activities:							
Water	916,431	1,045,522	20,000	7,830	-	156,921	156,921
Sewer	1,299,715	1,187,052	-	770	-	(111,893)	(111,893)
Storm drain	419,609	387,491	-	13,639	-	(18,479)	(18,479)
Solid waste	844,344	883,649	-	-	-	39,305	39,305
Ambulance	468,377	397,180	-	-	-	(71,197)	(71,197)
Total Business-type Activities	3,948,476	3,900,894	20,000	22,239	-	(5,343)	(5,343)
Total Government	\$ 13,130,695	\$ 5,726,960	\$ 725,183	\$ 458,917	(6,214,292)	(5,343)	(6,219,635)
General Revenues:							
Property taxes					2,806,459	-	2,806,459
Sales taxes					2,389,825	-	2,389,825
Franchise taxes					1,169,901	-	1,169,901
Interest					35,075	1,780	36,855
Gain on disposal of assets					27,805	-	27,805
Miscellaneous					32,942	58,768	91,710
Transfers					174,174	(174,174)	-
Total General Revenues and Transfers					6,636,181	(113,626)	6,522,555
Changes in Net Assets					421,889	(118,969)	302,920
Net Assets, Beginning					33,380,292	10,208,383	43,588,675
Prior Period Adjustments					698,971	(164,606)	534,365
Net Assets, Ending					\$ 34,501,152	\$ 9,924,808	\$ 44,425,960

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

SOUTH OGDEN CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Special Revenue			Debt Service	Total Governmental Funds
		CDRA	South Ogden Days	Capital Projects		
Assets:						
Cash and cash equivalents	\$ 1,602,012	\$ 1,046,511	\$ 29,617	\$ 317,247	\$ 178,330	\$ 3,173,717
Accounts receivable	570,922	530,000	-	-	-	1,100,922
Due from other governmental units	2,194,979	-	-	19,500	-	2,214,479
Prepaid items	54,189	-	-	-	-	54,189
Restricted cash and cash equivalents	-	-	-	226,593	-	226,593
Total Assets	\$ 4,422,102	\$ 1,576,511	\$ 29,617	\$ 563,340	\$ 178,330	\$ 6,769,900
Liabilities:						
Accounts payable	\$ 67,065	\$ -	\$ 28,207	\$ 25,878	\$ -	\$ 121,150
Accrued liabilities	267,956	-	-	-	-	267,956
Unearned revenue	2,108,789	530,000	-	-	-	2,638,789
Total Liabilities	2,443,810	530,000	28,207	25,878	-	3,027,895
Fund Balances:						
Nonspendable - Prepaid items	54,189	-	-	-	-	54,189
Restricted:						
Impact fees	-	-	-	33,602	-	33,602
Debt service	-	-	-	192,991	-	192,991
Committed:						
Special revenue funds	-	1,046,511	1,410	-	-	1,047,921
Assigned:						
Capital projects	-	-	-	310,869	-	310,869
Compensated absences	368,065	-	-	-	-	368,065
Debt service	-	-	-	-	178,330	178,330
Unassigned	1,556,038	-	-	-	-	1,556,038
Total Fund Balances	1,978,292	1,046,511	1,410	537,462	178,330	3,742,005
Total Liabilities and Fund Balances	\$ 4,422,102	\$ 1,576,511	\$ 29,617	\$ 563,340	\$ 178,330	\$ 6,769,900

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, 2011

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

Total Fund Balances - Governmental Funds	\$	3,742,005
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		42,976,276
Deferred charges, for long term debt are not financial resources and, therefore, are not reported in the funds		195,459
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.		(73,054)
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>(12,339,534)</u>
Total Net Assets - Governmental Activities	\$	<u>34,501,152</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, 2011

	General Fund	Special Revenue			Debt Service	Total Governmental Funds
		CDRA	South Ogden Days	Capital Projects		
Revenues:						
Property taxes	\$ 2,276,810	\$ 529,652	\$ -	\$ -	\$ -	\$ 2,806,462
Sales taxes	2,389,825	-	-	-	-	2,389,825
Franchise taxes	1,169,901	-	-	-	-	1,169,901
Licenses and permits	213,086	-	-	-	-	213,086
Intergovernmental	606,480	-	-	475,950	-	1,082,430
Charges for services	834,121	-	-	30,728	-	864,849
Fines and forfeitures	613,816	-	-	-	-	613,816
Interest	32,847	170	-	2,057	-	35,074
Miscellaneous	171,995	-	49,894	4,800	-	226,689
Total Revenues	8,308,881	529,822	49,894	513,535	-	9,402,132
Expenditures:						
Current:						
General government	1,910,125	-	-	-	-	1,910,125
Public safety	3,517,137	-	-	-	-	3,517,137
Streets and public works	666,709	-	-	-	4,800	671,509
Parks and recreation	489,101	-	93,720	-	-	582,821
Capital outlay	-	-	-	926,343	-	926,343
Community development	-	165,755	-	-	-	165,755
Debt service:						
Principal	-	-	-	-	435,000	435,000
Interest	-	-	-	-	453,494	453,494
Capital leases:						
Principal	451,745	-	-	-	-	451,745
Interest	31,648	-	-	-	-	31,648
Total Expenditures	7,066,465	165,755	93,720	926,343	893,294	9,145,577
Excess (deficiency) of revenues over (under) expenditures	\$ 1,242,416	\$ 364,067	\$ (43,826)	\$ (412,808)	\$ (893,294)	\$ 256,555

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, 2011

	General Fund	Special Revenue			Debt Service	Total Governmental Funds
		CDRA	South Ogden Days	Capital Projects		
Other Financing Sources (Uses):						
Capital leases	\$ 158,851	\$ -	\$ -	\$ -	\$ -	\$ 158,851
Proceeds from sale of assets	29,157	-	-	-	-	29,157
Transfers in	-	-	46,010	689,166	1,003,646	1,738,822
Transfers out	(1,449,494)	-	-	(115,154)	-	(1,564,648)
Total Other Financing Sources (Uses)	(1,261,486)	-	46,010	574,012	1,003,646	362,182
Net Change in Fund Balances	(19,070)	364,067	2,184	161,204	110,352	618,737
Fund Balances, Beginning	1,283,760	682,444	(774)	376,258	67,978	2,409,666
Prior Period Adjustment	713,602	-	-	-	-	713,602
Fund Balances, Ending	\$ 1,978,292	\$ 1,046,511	\$ 1,410	\$ 537,462	\$ 178,330	\$ 3,742,005

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, 2011

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

Net Change in Fund Balances - Total Governmental Funds	\$	618,737
<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		1,133,857
Depreciation expense		(2,021,067)
<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		(396,339)
Depreciation deletions		394,985
<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		435,000
<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		451,745
<p>Lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increased long-term liabilities and does not affect the statement of activities.</p>		
Lease proceeds		(158,851)
<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		(73,054)
Compensated absences		(932)
Other post employment benefits		49,823
Changes in net assets of governmental activities	\$	<u>421,889</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 – GENERAL FUND
For The Year Ended June 30, 2011

	General Fund Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property taxes	\$ 2,280,408	\$ 2,296,156	\$ 2,276,810	\$ (19,346)
Sales taxes	2,488,465	2,488,465	2,389,825	(98,640)
Franchise taxes	1,157,747	1,157,747	1,169,901	12,154
Licenses and permits	215,978	217,438	213,086	(4,352)
Intergovernmental	544,815	615,658	606,480	(9,178)
Charges for services	1,389,144	942,468	834,121	(108,347)
Fines and forfeitures	768,267	770,267	613,816	(156,451)
Interest	-	52,372	32,847	(19,525)
Miscellaneous	233,047	196,355	171,995	(24,360)
Total Revenues	9,077,871	8,736,926	8,308,881	(428,045)
Expenditures:				
General government:				
City council	153,900	153,900	143,657	10,243
Legal	91,946	91,946	75,705	16,241
Municipal court	336,559	345,735	290,882	54,853
Administrative	668,067	657,210	601,535	55,675
Information technology	215,199	290,906	267,878	23,028
Non-departmental	486,534	440,500	368,716	71,784
Building and grounds	160,368	167,234	157,368	9,866
Planning and zoning	26,690	16,690	4,384	12,306
Public safety:				
Police and fire	3,633,480	3,589,244	3,421,576	167,668
Inspection and planning	101,336	97,367	95,561	1,806
Streets and public works				
Streets	355,621	356,768	335,675	21,093
Fleet	394,050	353,930	331,034	22,896
Parks and recreation	523,234	541,203	489,101	52,102
Capital leases				
Principal	451,745	451,745	451,745	-
Interest	31,648	31,648	31,648	-
Total Expenditures	7,630,377	7,586,026	7,066,465	519,561
Excess (deficiency) of revenues over (under) expenditures	1,447,494	1,150,900	1,242,416	91,516
Other Financing Sources (Uses):				
Capital leases	-	-	158,851	158,851
Sale of capital assets	-	-	29,157	29,157
Transfers out	(1,447,494)	-	(1,449,494)	(1,449,494)
Total Other Financing Sources (Uses)	(1,447,494)	-	(1,261,486)	(1,261,486)
Net Change in Fund Balances	\$ -	\$ 1,150,900	(19,070)	\$ (1,169,970)
Fund Balances, Beginning			1,283,760	
Prior Period Adjustments			713,602	
Fund Balances, Ending			\$ 1,978,292	

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, 2011

	CDRA		Actual	Variance with
	Budgeted Amounts			
	Original	Final		
	Budget	Budget		
Revenues:				
Property taxes	\$ 1,006,750	\$ 1,006,750	\$ 529,652	\$ (477,098)
Interest	800	800	170	(630)
Total Revenues	<u>1,007,550</u>	<u>1,007,550</u>	<u>529,822</u>	<u>(477,728)</u>
Expenditures:				
Current:				
Community development	412,459	412,459	165,755	246,704
Total Expenditures	<u>412,459</u>	<u>412,459</u>	<u>165,755</u>	<u>246,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>595,091</u>	<u>595,091</u>	<u>364,067</u>	<u>(231,024)</u>
Other Financing Sources (Uses):				
Transfers in	-	(595,091)	-	595,091
Total Other Financing Sources (Uses)	<u>-</u>	<u>(595,091)</u>	<u>-</u>	<u>595,091</u>
Net Change in Fund Balances	<u>\$ 595,091</u>	<u>\$ -</u>	<u>364,067</u>	<u>\$ 364,067</u>
Fund Balances, Beginning			<u>682,444</u>	
Fund Balances, Ending			<u>\$ 1,046,511</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, 2011

	<u>South Ogden Days</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Miscellaneous	\$ 91,720	\$ 47,720	\$ 49,894	\$ 2,174
Total Revenues	<u>91,720</u>	<u>47,720</u>	<u>49,894</u>	<u>2,174</u>
Expenditures:				
Parks and recreation	91,720	93,720	93,720	-
Total Expenditures	<u>91,720</u>	<u>93,720</u>	<u>93,720</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(46,000)</u>	<u>(43,826)</u>	<u>2,174</u>
Other Financing Sources (Uses):				
Transfers in	-	-	46,010	46,010
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>46,010</u>	<u>46,010</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (46,000)</u>	2,184	<u>\$ 48,184</u>
Fund Balances, Beginning			<u>(774)</u>	
Fund Balances, Ending			<u>\$ 1,410</u>	

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

SOUTH OGDEN CITY
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2011

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 583,391	\$ 337,176	\$ 11,471	\$ 354,913	\$ 283,545	\$ 1,570,496
Accounts receivable	207,142	233,620	42,716	105,837	72,625	661,940
Prepays	49,679	-	-	-	-	49,679
Due from other funds	470,000	-	-	-	-	470,000
Total Current Assets	<u>1,310,212</u>	<u>570,796</u>	<u>54,187</u>	<u>460,750</u>	<u>356,170</u>	<u>2,752,115</u>
Noncurrent Assets:						
Restricted cash and cash equivalents	23,637	92,328	166,910	-	-	282,875
Capital assets:						
Land	295,405	16,274	86,439	-	-	398,118
Construction in progress	28,387	-	-	-	-	28,387
Buildings and improvements	1,037	7,467	-	-	-	8,504
Machinery and equipment	117,575	6,146	1,466	12,740	-	137,927
Infrastructure	3,716,420	2,397,845	1,315,884	-	-	7,430,149
Total Noncurrent Assets	<u>4,182,461</u>	<u>2,520,060</u>	<u>1,570,699</u>	<u>12,740</u>	<u>-</u>	<u>8,285,960</u>
Total Assets	<u>\$ 5,492,673</u>	<u>\$ 3,090,856</u>	<u>\$ 1,624,886</u>	<u>\$ 473,490</u>	<u>\$ 356,170</u>	<u>\$ 11,038,075</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, 2011

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 74,866	\$ 59,204	\$ 2,998	\$ 77,641	\$ 9,484	\$ 224,193
Compensated absences	24,917	7,731	5,028	-	-	37,676
Accrued wages & benefits	2,074	1,663	3,417	800	-	7,954
Due to other funds	-	-	470,000	-	-	470,000
Current Liabilities Payable from restricted assets	18,530	52,580	-	-	-	71,110
Total Current Liabilities	120,387	121,178	481,443	78,441	9,484	810,933
Noncurrent Liabilities:						
Compensated absences	1,531	-	-	-	-	1,531
Other post employment benefits	253,895	46,908	-	-	-	300,803
Total Noncurrent Liabilities	255,426	46,908	-	-	-	302,334
Total Liabilities	375,813	168,086	481,443	78,441	9,484	1,113,267
Net Assets:						
Invested in capital assets, net of related debt	4,158,824	2,427,732	1,403,789	12,740	-	8,003,085
Restricted for impact fees	5,107	39,748	166,910	-	-	211,765
Unrestricted	952,929	455,290	(427,256)	382,309	346,686	1,709,958
Total Net Assets	5,116,860	2,922,770	1,143,443	395,049	346,686	9,924,808
Total Liabilities and Net Assets	\$ 5,492,673	\$ 3,090,856	\$ 1,624,886	\$ 473,490	\$ 356,170	\$ 11,038,075

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, 2011

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	\$ 1,045,522	\$ 1,187,052	\$ 387,491	\$ 883,649	\$ 397,180	\$ 3,900,894
Miscellaneous	51,443	6,000	-	1,325	-	58,768
Total Operating Revenues	<u>1,096,965</u>	<u>1,193,052</u>	<u>387,491</u>	<u>884,974</u>	<u>397,180</u>	<u>3,959,662</u>
Operating Expenses:						
Personnel services	350,741	224,794	194,159	-	276,530	1,046,224
Contractual services	342,030	851,288	157,908	838,411	150,673	2,340,310
Materials and supplies	83,034	149,210	34,699	5,493	41,174	313,610
Depreciation	140,626	73,382	32,843	440	-	247,291
Total Operating Expenses	<u>916,431</u>	<u>1,298,674</u>	<u>419,609</u>	<u>844,344</u>	<u>468,377</u>	<u>3,947,435</u>
Operating Income (Loss)	<u>180,534</u>	<u>(105,622)</u>	<u>(32,118)</u>	<u>40,630</u>	<u>(71,197)</u>	<u>12,227</u>
Nonoperating Revenues (Expenses):						
Interest income	445	445	334	556	-	1,780
Loss on sale of capital assets	-	(1,041)	-	-	-	(1,041)
Impact fees	7,830	770	13,639	-	-	22,239
Intergovernmental revenue	20,000	-	-	-	-	20,000
Total Nonoperating Revenues (Expenses)	<u>28,275</u>	<u>174</u>	<u>13,973</u>	<u>556</u>	<u>-</u>	<u>42,978</u>
Income (Loss) Before Transfers	<u>208,809</u>	<u>(105,448)</u>	<u>(18,145)</u>	<u>41,186</u>	<u>(71,197)</u>	<u>55,205</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,174)</u>	<u>-</u>	<u>(174,174)</u>
Changes in Net Assets	<u>208,809</u>	<u>(105,448)</u>	<u>(18,145)</u>	<u>(132,988)</u>	<u>(71,197)</u>	<u>(118,969)</u>
Net Assets, Beginning	5,092,909	3,007,966	1,161,588	528,037	417,883	10,208,383
Prior Period Adjustments	<u>(184,858)</u>	<u>20,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,606)</u>
Net Assets, Ending	<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>

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, 2011

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Cash Flows From Operating Activities:						
Receipts from customers	\$ 1,003,274	\$ 1,078,132	\$ 386,895	\$ 879,362	\$ 407,266	\$ 3,754,929
Payments to suppliers	(384,888)	(925,202)	(461,324)	(766,263)	(182,363)	(2,720,040)
Payments to employees and related benefits	(278,584)	(155,139)	(188,987)	(300)	(276,530)	(899,540)
Net cash provided (used) by operating activities	339,802	(2,209)	(263,416)	112,799	(51,627)	135,349
Cash Flows From Non-Capital Financing Activities:						
Advances to other funds	(470,000)	-	470,000	(174,174)	-	(174,174)
Net cash provided (used) by non-capital financing activities	(470,000)	-	470,000	(174,174)	-	(174,174)
Cash Flows From Capital and Related Financing Activities:						
Purchase of capital assets	(378,241)	(179,277)	(42,174)	(7,900)	-	(607,592)
Impact fees	7,830	770	13,639			22,239
Grant proceeds	20,000	-	-	-	-	20,000
Net cash provided (used) by capital and related financing activities	(350,411)	(178,507)	(28,535)	(7,900)	-	(565,353)
Cash Flows From Investing Activities:						
Interest on investments	445	445	332	1,155	-	2,377
Net cash provided (used) by investing activities	445	445	332	1,155	-	2,377
Net Increase (Decrease) In Cash	(480,164)	(180,271)	178,381	(68,120)	(51,627)	(601,801)
Cash At Beginning Of Year	1,087,192	609,775	-	423,033	335,172	2,455,172
Cash At End Of Year	\$ 607,028	\$ 429,504	\$ 178,381	\$ 354,913	\$ 283,545	\$ 1,853,371

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, 2011

	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)	\$ 180,534	\$ (105,622)	\$ (32,118)	\$ 40,630	\$ (71,197)	\$ 12,227
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:						
Depreciation	140,626	73,382	32,843	440	-	247,291
(Increase) decrease in assets:						
Accounts receivable	(24,654)	(47,760)	(596)	(5,612)	10,085	(68,537)
Increase (decrease) in liabilities:						
Accounts payable	40,176	75,296	(268,717)	77,641	9,485	(66,119)
Accrued liabilities	3,120	2,495	5,172	(300)	-	10,487
Net cash provided (used) by operating activities	<u>\$ 339,802</u>	<u>\$ (2,209)</u>	<u>\$ (263,416)</u>	<u>\$ 112,799</u>	<u>\$ (51,627)</u>	<u>\$ 135,349</u>

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, 2011, \$103,209 of the City's \$5,060,690 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, 2011, the City had investments of \$4,707,481 with the PTIF. The fair value of these investments was \$4,735,905.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 RESTRICTED CASH

Certain assets are restricted as follows as of June 30, 2011:

	Amount
Governmental activities	
Restricted for bond reserves	\$ 192,991
Restricted for impact fees	33,602
	226,593
Business-type activities	
Restricted for impact fees	282,875
	282,875
Total restricted cash and cash equivalents	\$ 509,468

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts of \$85,894 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, 2011, is as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,158,501	\$ 12,658	\$ -	\$ 10,171,159
Construction in progress	3,206,347	895,076	(4,044,606)	56,817
Total capital assets, not being depreciated	<u>13,364,848</u>	<u>907,734</u>	<u>(4,044,606)</u>	<u>10,227,976</u>
Capital assets, being depreciated:				
Buildings and improvements	11,316,458	1,713,430	-	13,029,888
Machinery and equipment	7,276,954	215,328	(396,339)	7,095,943
Infrastructure	36,759,111	2,341,971	-	39,101,082
Total capital assets, being depreciated	<u>55,352,523</u>	<u>4,270,729</u>	<u>(396,339)</u>	<u>59,226,913</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,856,548)	(238,722)	-	(2,095,270)
Machinery and equipment	(5,246,581)	(557,076)	394,985	(5,408,672)
Infrastructure	(17,749,402)	(1,225,269)	-	(18,974,671)
Total accumulated depreciation	<u>(24,852,531)</u>	<u>(2,021,067)</u>	<u>394,985</u>	<u>(26,478,613)</u>
Total capital assets, net of accumulated depreciation	<u>30,499,992</u>	<u>2,249,662</u>	<u>(1,354)</u>	<u>32,748,300</u>
Governmental activities capital assets, net	<u>\$ 43,864,840</u>	<u>\$ 3,157,396</u>	<u>\$ (4,045,960)</u>	<u>\$ 42,976,276</u>

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

Governmental activities:	
General government	\$ 1,528,983
Public safety	26,707
Streets and public works	447,068
Parks and recreation	18,309
Total depreciation expense - governmental activities	<u>\$ 2,021,067</u>

Certain capital assets were reclassified in current year. The beginning balance was adjusted for those certain reclassifications.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 CAPITAL ASSETS (Continued)

	Balance June 30, 2010	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2011
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 398,118	\$ -	\$ -	\$ 398,118
Construction in progress	26,153	66,383	(64,149)	28,387
Total capital assets, not being depreciated	424,271	66,383	(64,149)	426,505
Capital assets, being depreciated:				
Buildings and improvements	95,212	-	-	95,212
Machinery and equipment	447,599	10,602	(20,140)	438,061
Infrastructure	11,458,783	594,757	-	12,053,540
Total capital assets, being depreciated	12,001,594	605,359	(20,140)	12,586,813
Less accumulated depreciation for:				
Buildings and improvements	(85,618)	(1,090)	-	(86,708)
Machinery and equipment	(293,275)	(25,957)	19,098	(300,134)
Infrastructure	(4,403,147)	(220,244)	-	(4,623,391)
Total accumulated depreciation	(4,782,040)	(247,291)	19,098	(5,010,233)
Total capital assets, net of accumulated depreciation	7,219,554	358,068	(1,042)	7,576,580
Business-type activities capital assets, net	\$ 7,643,825	\$ 424,451	\$ (65,191)	\$ 8,003,085

The Business-type activities depreciation consists of the following at June 30, 2011:

Business-type activities

Water	\$ 140,626
Sewer	73,382
Storm Drain	32,843
Solid Waste	440
Total depreciation expense - business-type activities	\$ 247,291

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, 2011:

	<u>June 30,</u> <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2011</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Tax revenue bonds	\$ 10,865,000	\$ -	\$ (435,000)	\$ 10,430,000	\$ 450,000
Capital leases	807,954	158,851	(451,745)	515,060	449,149
Compensated absences	431,316	208,014	(207,082)	432,248	368,064
Other post employment benefits	1,012,048	8,578	(58,400)	962,226	51,253
Governmental activities long-term liabilities	<u>13,116,318</u>	<u>375,443</u>	<u>(1,152,227)</u>	<u>12,339,534</u>	<u>1,318,466</u>
Business-type Activities:					
Compensated absences	43,931	34,561	(39,285)	39,207	37,676
Other post employment benefits	295,024	5,779	-	300,803	-
Business-type activities long-term liabilities	<u>338,955</u>	<u>40,340</u>	<u>(39,285)</u>	<u>340,010</u>	<u>37,676</u>
	<u>\$ 13,455,273</u>	<u>\$ 415,783</u>	<u>\$ (1,191,512)</u>	<u>\$ 12,679,544</u>	<u>\$ 1,356,142</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 May 2029. 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 (the principal payments from May 2019 - 2029) in the amount of \$5,830,000 was defeased using the proceeds of the Series 2006 Sales Tax Revenue Refunding Bonds.

\$ 2,460,000

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.

6,120,000

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 improvements.

1,850,000

Total Tax Revenue Bonds - Governmental Activities

\$ 10,430,000

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 \$3,527,827 compared to principal and interest of \$888,494. Principal and interest are 25% of pledged revenues for the year ending June 30, 2011.

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2011, are as follows:

Year Ending June 30,	Governmental Activities Sales and excise Tax Revenue Bonds	
	Principal	Interest
2012	\$ 450,000	\$ 438,318
2013	465,000	421,856
2014	480,000	402,120
2015	500,000	382,682
2016	520,000	359,182
2017-2021	2,920,000	1,449,732
2022-2026	3,200,000	808,772
2027-2031	1,895,000	168,220
	<u>\$ 10,430,000</u>	<u>\$ 4,430,882</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.

	Governmental Activities
Assets	\$ 1,985,336
Less: Accumulated depreciation	(843,484)
	<u>\$ 1,141,852</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Year Ending June 30	Governmental Activities
2012	\$ 470,247
2013	36,374
2014	31,798
2015	7,709
2016	3,510
Total minimum lease payment	549,638
Less: amount representing interest	(34,578)
Present value of minimum lease payments	<u>\$ 515,060</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 \$405,740 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 2011 these costs amounted to \$44,484. 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	\$ 110,695
Adjustment to annual required contribution	<u>(154,741)</u>
Annual OPEB obligation	(44,046)
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	(44,046)
Net OPEB obligation - beginning of year	<u>1,307,073</u>
Net OPEB obligation - end of year	<u>\$ 1,263,027</u>

Annual OPEB Cost and Net OPEB Asset – The City’s annual OPEB cost (expense) is calculated based on the employer’s annual required contribution (ARC), 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 decreased 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 2011 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 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.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

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 a percent of covered salary to the respective systems; 13.37% to the Noncontributory, 28.82% to the Public Safety Noncontributory and 1.72% 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, 2011, 2010 and 2009 respectively were; for the Noncontributory System contributions of, \$215,661, \$176,029, and \$178,854, with salaries subject to retirement contributions of \$1,619,753, \$1,509,676, and \$1,539,190; for the Public Safety Noncontributory contributions of \$300,516, \$291,098, and \$130,071, with salaries subject to retirement contributions of \$1,042,734, \$1,123,930, and \$575,282; and for the Firefighters System contributions of \$90,888, \$74,196, and \$74,313 respectively, with salaries subject to retirement contributions of \$541,965, \$550,004, and \$565,548. 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, 2011, 2010, and 2009 were \$85,097, \$103,119, and \$102,137, 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.

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, 2011 there were no outstanding unpaid claims. Also, the City has no claim settlements during the three years ending June 30, 2011 which exceeded its insurance coverage.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of inter-fund balances as of June 30, 2011 is as follows:

	Interfund Receivables	Interfund Payables
Business-type activities		
Water fund	\$ 470,000	\$ -
Storm Drain	-	470,000
	\$ 470,000	\$ 470,000

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, 2011 were as follows:

	In	Out
Governmental activities		
General Fund	\$ -	\$ 1,449,494
South Ogden Days	46,010	-
Capital Projects	689,166	115,154
Debt Service	1,003,646	-
Business-type activities		
Solid Waste	-	174,174
	\$ 1,738,822	\$ 1,738,822

The purpose of the interfund transfers is to meet the City's ongoing cash needs for capital projects and debt service. In addition to the operating transfers, the General Fund transferred \$46,000 to the South Ogden Days Fund, for personnel and administrative services during the year. The City also made an interfund transfer from an enterprise fund to the capital projects fund for \$174,174 to cover capital project expenditures incurred throughout the year.

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 an unearned property tax revenue in the General Fund in the amount of \$2,055,892 and in the CDRA Fund in the amount of \$530,000.

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, 2011 was not expected to be received within 60 days after the year ended June 30, 2011, the City was required to record a receivable and unearned revenue of the estimated amount of the total property tax to be levied on October 1, 2011.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were made in the government-wide and the fund financial statements. Below is a table summarizing the prior period adjustments, followed by an explanation of the adjustments.

	Government-Wide		Governmental Fund Statements	Business-type Fund Statements
	Governmental Activities	Business-type Activities		
Compensated absences	\$ -	\$ -	\$ 309,655	\$ -
Accounts receivable for sales tax	403,947	-	403,947	-
Accounts receivable for utility billing	-	130,419	-	130,419
Other post employment benefits	295,024	(295,025)	-	(295,025)
	\$ 698,971	\$ (164,606)	\$ 713,602	\$ (164,606)

A. Compensated absences

In prior years compensated absences were recorded in the governmental fund financial statements. In the current year management determined that it was more accurate to remove compensated absences from the governmental fund financials and only record them in the government-wide statements. A prior period adjustment was recorded which increased fund balance in the governmental fund financial statements.

B. Accounts receivable for sales tax

In prior years sales tax revenue was recorded in the month the funds were received from the state. In the current year management determined that sales tax revenue is collected by the state two months prior to when it is forwarded to the city, therefore management has recorded the sales tax the city earned during the year but was not received until after year end. A prior period adjustment was recorded which increased fund balance in the governmental activities and in the governmental fund statements.

C. Accounts receivable for utility billing

In prior years utility billing revenue for the water and sewer fund was recorded when the bill was sent out. In the current year management determined that the utility billings include a portion of one month and the beginning of the next month, therefore July billings include revenue earned in June. As a result a prior period adjustment was recorded which increased fund balance in the business-type activities and the business-type fund statements.

D. Other post retirement benefits

In prior years post employment benefits for the business-type activities were recorded in the Governmental activities. In the current year management determined that it was more accurate to record the business-type other post employment benefits in the business type-fund statements and the business-type activities. A prior period adjustment was recorded which increased fund balance in the governmental activities and decreased fund balance in the business-type activities and the business-type fund statements.