

CITY OF SOUTH OGDEN

BASIC FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

Together with Independent Auditor's Report

**CITY OF SOUTH OGDEN
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Keddington & Christensen
Certified Public Accountants, LLC

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Ogden as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the City of South Ogden as of June 30, 2013, and the respective changes in financial position, and, where applicable, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as noted on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 24, 2013, on our consideration of South Ogden City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of South Ogden's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

December 24, 2013

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013**

This document is a narrative overview and analysis of the financial activities of South Ogden City for the fiscal year ending June 30, 2013. 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 \$43,607,247.

As of June 30, 2013 South Ogden City's governmental funds reported a combined ending fund balance of \$5,727,150. Of this amount, \$1,754,620 is available for spending at the City's discretion, while the remaining balance of \$3,972,530 is classified as 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 2012 Road Revenue Bonds. The 2004 & 2006 Bonds were used to fund a new city hall facility, parks building and to refurbish a fire station. The 2009 Bonds were issued as the City partnered with the local School District in the construction of a gym facility. The City will have a 50% ownership in the facility and a usage agreement has been worked out between the two entities. The City has pledged future sales and excise tax revenues towards this bond. The 2012 bonds were issued to finance road construction. The total combined principal outstanding as of June 30, 2013 is \$11,475,000; these bonds will be fully retired by 2029.

Overview of the Financial Statements:

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

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

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

The Statement of Activities presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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, 2013

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

There are three fund types in which all individual fund classifications can be categorized: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

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

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

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

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

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

3.) Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 28 through 47 of this report.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

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 position, 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 position exceeded liabilities by \$43,607,247 at the close of fiscal year 2013, whereas, at the close of fiscal year 2012, the City's net position exceeded liabilities by \$44,166,713.

The largest portion of South Ogden City's net position is \$38,288,623 in net investment in capital assets. 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.

South Ogden City's Net Position

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
Current and other assets	\$ 8,904,688	\$ 6,761,265	\$ 4,063,396	\$ 3,469,401
Capital assets	40,358,222	40,952,677	8,142,713	8,336,082
Total Assets	<u>\$ 49,262,910</u>	<u>\$ 47,713,942</u>	<u>\$ 12,206,109</u>	<u>\$ 11,805,483</u>
Current and other liabilities	\$ 701,903	\$ 475,617	\$ 415,268	\$ 474,626
Long-term liabilities	13,595,107	11,424,244	603,549	418,497
Total Liabilities	<u>\$ 14,297,010</u>	<u>\$ 11,899,861</u>	<u>\$ 1,018,817</u>	<u>\$ 893,123</u>
Deferred Inflows of Resources	<u>\$ 2,545,945</u>	<u>\$ 2,559,728</u>	<u>\$ -</u>	<u>\$ -</u>
Net position:				
Net investment in capital assets	\$ 30,297,539	\$ 30,906,460	\$ 7,991,084	\$ 8,336,082
Restricted	434,543	380,733	313,884	211,142
Unrestricted	<u>1,687,873</u>	<u>1,967,160</u>	<u>2,882,324</u>	<u>2,365,136</u>
Total Net Position	<u>\$ 32,419,955</u>	<u>\$ 33,254,353</u>	<u>\$ 11,187,292</u>	<u>\$ 10,912,360</u>

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

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

Governmental Activities: Governmental activities are reflected in the government-wide activities statement. The governmental activities had a decrease in total net position of \$834,398 in 2013 compared to a decrease of \$1,063,353 in 2012.

Taxes are the main source of revenue, consisting of 72.21% of total revenue in 2013. This is slightly higher than the 2012 amount of 70.96% and the 70.24% from 2011. 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 33.71% and 42.31% respectively of total taxes collected in 2013. In 2012 the percentages were 34.11% and 42.29%, while in 2011 they were 34.56% and 40.95% respectively. These numbers are holding relatively steady. The slight fluctuation for fiscal year 2013 would be the result of an increase in sales tax revenues. The past two years have seen an increase in sales tax revenues as the national recession gets a little bit better. The City is now starting to see this revenue stream rebound and experience some growth. The property tax percentage had been gradually declining since 2005 but in 2010 a property tax increase was voted in by the City Council. Albeit a small increase it has had an impact on the overall numbers.

The three greatest expenditures incurred by the City were public safety, public works and general government. Overall there was an increase of \$277,656 in comparison to 2012. The bulk of the increase was due to some equipment and vehicle leases entered into. The over-all operating expenditures of the City, for the most part, have remained fairly stable.

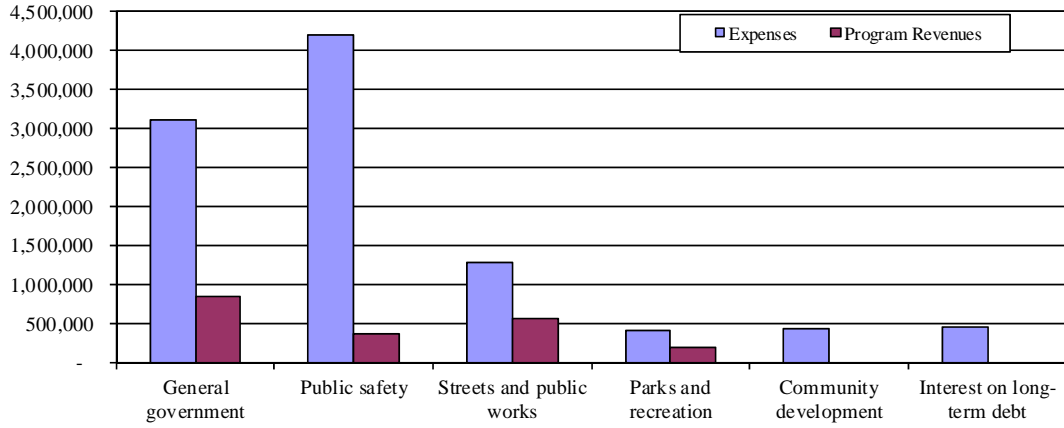
SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

South Ogden City's Changes in Net Position

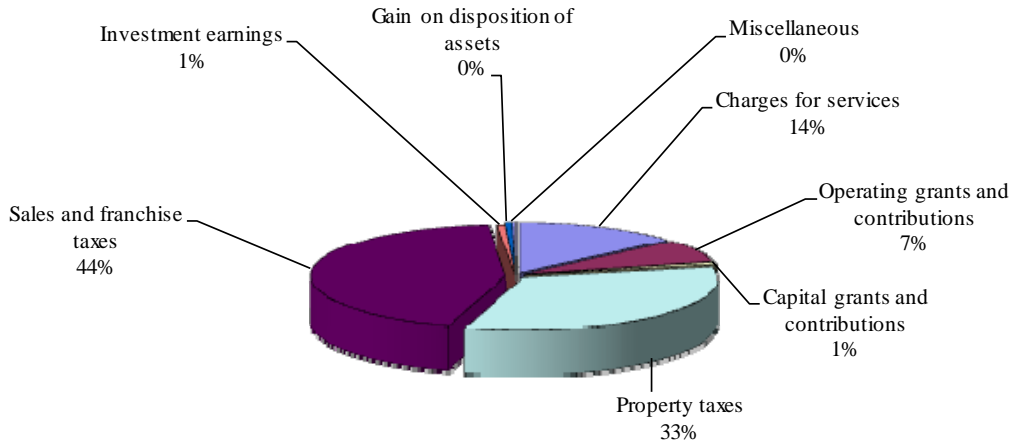
	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
Revenues:				
Program revenues:				
Charges for services	\$ 1,243,505	\$ 1,119,461	\$ 4,825,338	\$ 4,761,457
Operating grants and contributions	658,984	681,021	-	-
Capital grants and contributions	65,855	74,776	39,831	19,474
General revenues:				
Property taxes	2,977,888	2,852,430	-	-
Sales and franchise taxes	3,960,962	3,764,104	-	-
Investment earnings	60,028	47,114	1,858	2,723
Gain on disposition of assets	51,553	49,912	-	-
Miscellaneous	21,244	12,511	60,383	289,572
Total Revenues	9,040,019	8,601,329	4,927,410	5,073,226
Expenses:				
General government	3,101,401	2,666,856	-	-
Public safety	4,193,118	4,109,008	-	-
Streets and public works	1,281,067	872,583	-	-
Parks and recreation	400,849	193,260	-	-
Community development	433,970	886,574	-	-
Interest on long-term debt	464,012	466,060	-	-
Water	-	-	1,390,250	1,238,076
Sewer	-	-	1,579,383	1,477,768
Storm drain	-	-	452,769	468,104
Solid waste	-	-	718,679	873,170
Ambulance	-	-	511,397	498,897
Total Expenses	9,874,417	9,194,341	4,652,478	4,556,015
Increase in net position before transfers	(834,398)	(593,012)	274,932	517,211
Transfers	-	(470,341)	-	470,341
Increase in Net Position	(834,398)	(1,063,353)	274,932	987,552
Net Position, Beginning - Restated	33,254,353	34,317,706	10,912,360	9,924,808
Net Position, Ending	\$ 32,419,955	\$ 33,254,353	\$ 11,187,292	\$ 10,912,360

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

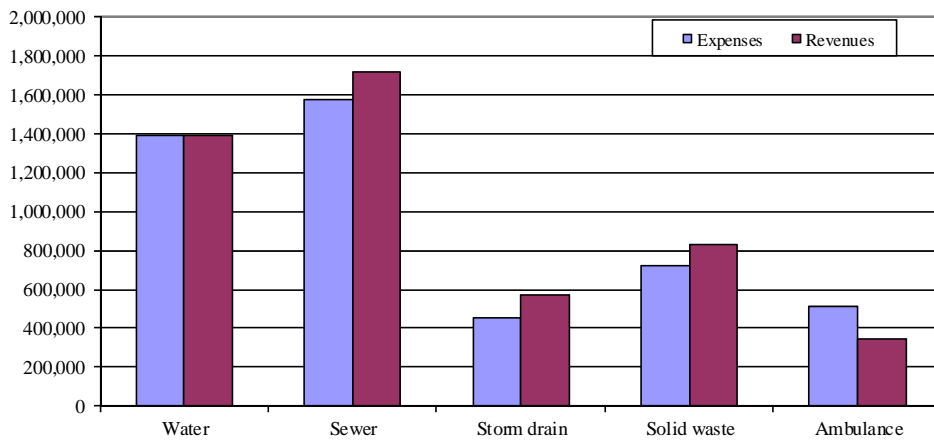


**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

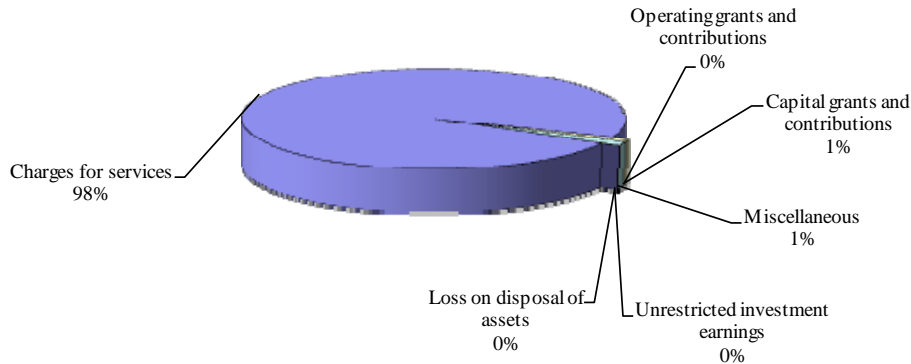
Business-type Activities: Business-type activities have increased the City's net position by \$274,932 during the current year. The increase for the previous year, 2012 was \$987,552.

The majority of revenues in the business-type activities are in charges for services which account for 98.63% of the revenues for fiscal year 2013, which is up from 88.40% and from 97.46% for years 2012 and 2011 respectively. The somewhat significant increase is because the prior year had some extenuating circumstances, for example some contributed capital was recognized as well as some settlement proceeds from some resolved litigation.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

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, 2013, the City's governmental funds reported combined ending fund balances of \$5,727,150. 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 2013 original adopted budget for the general fund totaled \$9,619,301. The City Council approved budget amendments during the year bringing the modified total general fund budget to \$9,849,038.

Explanation of variances between original budgeted amounts and final budgeted amounts:

- The increase on the revenue side in the Charge for Services is an increase in the budgeted Allocation of Fund Balance due to an accumulation of various items such as; an outside planner contract, retirement benefits, prosecutorial fees and a new chiller for the administration building.
- The variances on the expenditures side are associated with; the re-allocation of some one-time capital money, the incorporation of a new \$140,000 computer lease and the re-allocation of the \$305,000 fleet lease payment.

Capital Assets and Debt Administration:

As of June 30, 2013, the City has invested \$48,500,935 net of accumulated depreciation in capital assets for its governmental and business-type activities. This amount is \$787,824 less than compared to the 2012 amount of \$49,288,759. 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	Governmental Activities	Business-type Activities	Business-type Activities
	2013	2012	2013	2012
	\$	\$	\$	\$
Land	10,144,413	10,144,413	412,413	412,413
Construction in progress	20,119	73,463	-	11,283
Building and improvements	10,380,388	10,653,423	6,324	7,414
Machinery and equipment	1,949,576	1,210,147	427,706	297,538
Infrastructure	17,863,726	18,871,231	7,296,270	7,607,434
Total Capital Assets	\$ 40,358,222	\$ 40,952,677	\$ 8,142,713	\$ 8,336,082

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

As of June 30, 2013, the City's Governmental Activities had a long-term debt outstanding balance of \$13,595,107. This amount is comprised of the following component parts:

2004 Sales Tax Revenue Bonds - \$1,825,000 – retired by 2029
 2006 Sales Tax Refunding Bonds - \$6,070,000 – retired by 2029
 2009 Sales & Excise Tax Revenue Bonds - \$1,620,000 – retired by 2024
 2012 Road Revenue Bonds - \$1,960,000 – retired by 2022
 Capital Leases - \$729,538
 Compensated absences - \$425,837
 Other post employment benefits - \$964,732

As of June 30, 2013, the City's Business-type Activities had a long-term debt outstanding balance of \$603,549. This amount is comprised of the following component parts:

Capital Leases - \$151,629
 Compensated absences - \$47,799
 Other post employment benefits - \$404,121

South Ogden City's Outstanding Debt

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
Bonds payable	\$ 11,475,000	\$ 9,980,000	\$ -	\$ -
Capital leases	729,538	66,217	151,629	-
Compensated absences	425,837	429,638	47,799	43,635
Other post employment benefits	964,732	948,389	404,121	374,862
Total	\$ 13,595,107	\$ 11,424,244	\$ 603,549	\$ 418,497

Economic Factors and Next Year's Budget and Rates:

Economic indicators for the state are on a slight incline. Conditions have not deteriorated locally at the rate that they have in other regions of the country. As of October 2013 state unemployment was about 4.7% which is lower than the 7.3% national rate. The State's rate has been below 5% since March 2013. New construction continues to be slow but sales tax revenues are on a slight incline.

The City's budget for fiscal year 2013 will not be as lean as in previous years, and it will include a few capital projects. A positive benefit, which the City is taking advantage of during these recessionary times is, that bids on large scale construction projects are coming in 30 to 40% below engineering estimates because of the intense competitiveness between construction companies and their desire to be awarded jobs to keep their employees busy. The City will scale back the continued work on the 52 acre Nature Park. Phase II has been completed, but phase III will be delayed until funding is more readily available. The City Council does not anticipate a property tax increase. Fees for the enterprise funds are not going to be increased effective July 1, 2014.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

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 POSITION
June 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 2,922,564	\$ 2,937,319	\$ 5,859,883
Accounts receivable - net	1,141,817	759,845	1,901,662
Due from other governmental units	2,201,322	-	2,201,322
Prepaid expenses	-	52,348	52,348
Restricted cash and cash equivalents	2,638,985	313,884	2,952,869
Capital assets, not being depreciated:			
Land	10,144,413	412,413	10,556,826
Construction in progress	20,119	-	20,119
Capital assets, net of accumulated depreciation:			
Buildings and improvements	10,380,388	6,324	10,386,712
Machinery and equipment	1,949,576	427,706	2,377,282
Infrastructure	17,863,726	7,296,270	25,159,996
Total Assets	\$ 49,262,910	\$ 12,206,109	\$ 61,469,019
	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 451,176	\$ 398,569	\$ 849,745
Accrued liabilities	119,830	16,054	135,884
Accrued interest payable	70,310	-	70,310
Developer/customer deposits	60,587	645	61,232
Noncurrent Liabilities:			
Due within one year			
Compensated absences	372,084	47,799	419,883
Other post employment benefits	64,929	-	64,929
Bonds payable	680,000	-	680,000
Capital leases	303,218	59,408	362,626
Due in more than one year			
Compensated absences	53,753	-	53,753
Other post employment benefits	899,803	404,121	1,303,924
Bonds payable	10,795,000	-	10,795,000
Capital leases	426,320	92,221	518,541
Total Liabilities	14,297,010	1,018,817	15,315,827
Deferred Inflows of Resources			
Unavailable revenue-property taxes	2,545,945	-	2,545,945
Total deferred inflows of resources	2,545,945	-	2,545,945
Net Position:			
Net investment in capital assets	30,297,539	7,991,084	38,288,623
Restricted for:			
Roads	49,165	-	49,165
Debt service	340,081	-	340,081
Impact fees	45,297	313,884	359,181
Unrestricted	1,687,873	2,882,324	4,570,197
Total Net Position	32,419,955	11,187,292	43,607,247
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 49,262,910	\$ 12,206,109	\$ 61,469,019

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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 3,101,401	\$ 741,751	\$ 103,721	\$ -	\$ (2,255,929)	\$ -	\$ (2,255,929)
Public safety	4,193,118	350,196	19,574	-	(3,823,348)	-	(3,823,348)
Streets and public works	1,281,067	150	500,039	59,651	(721,227)	-	(721,227)
Parks and recreation	400,849	151,408	35,650	6,204	(207,587)	-	(207,587)
Community development	433,970	-	-	-	(433,970)	-	(433,970)
Interest on long-term debt	464,012	-	-	-	(464,012)	-	(464,012)
Total Governmental Activities	9,874,417	1,243,505	658,984	65,855	(7,906,073)	-	(7,906,073)
Business-type Activities:							
Water	1,390,250	1,382,282	-	11,503	-	3,535	3,535
Sewer	1,579,383	1,718,506	-	917	-	140,040	140,040
Storm drain	452,769	547,045	-	27,411	-	121,687	121,687
Solid waste	718,679	830,062	-	-	-	111,383	111,383
Ambulance	511,397	347,443	-	-	-	(163,954)	(163,954)
Total Business-type Activities	4,652,478	4,825,338	-	39,831	-	212,691	212,691
Total Government	\$ 14,526,895	\$ 6,068,843	\$ 658,984	\$ 105,686	(7,906,073)	212,691	(7,693,382)
General Revenues:							
Property taxes					2,977,888	-	2,977,888
Sales taxes					2,675,042	-	2,675,042
Franchise taxes					1,285,920	-	1,285,920
Interest					60,028	1,858	61,886
Gain on disposal of assets					51,553	-	51,553
Miscellaneous					21,244	60,383	81,627
Transfers					-	-	-
Total General Revenues and Transfers					7,071,675	62,241	7,133,916
Changes in Net Position					(834,398)	274,932	(559,466)
Net Position, Beginning - Restated					33,254,353	10,912,360	44,166,713
Net Position, Ending					\$ 32,419,955	\$ 11,187,292	\$ 43,607,247

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

SOUTH OGDEN CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Special Revenue		Capital Projects	Debt Service	Total Governmental Funds
		CDRA	South Ogden Days			
Assets:						
Cash and cash equivalents	\$ 1,738,602	\$ 1,063,844	\$ 11,085	\$ 103,498	\$ 5,535	\$ 2,922,564
Accounts receivable	644,357	484,100	13,360	-	-	1,141,817
Due from other governmental units	2,201,322	-	-	-	-	2,201,322
Due from funds	70,000	-	-	-	-	70,000
Restricted cash and cash equivalents	109,752	-	-	2,189,152	340,081	2,638,985
Total Assets	\$ 4,764,033	\$ 1,547,944	\$ 24,445	\$ 2,292,650	\$ 345,616	\$ 8,974,688
Liabilities:						
Accounts payable	\$ 177,067	\$ 225,932	\$ 28,816	\$ 19,361	\$ -	\$ 451,176
Accrued liabilities	112,241	-	7,589	-	-	119,830
Due to other funds	-	-	-	-	70,000	70,000
Developer/customer deposits	60,587	-	-	-	-	60,587
Total Liabilities	349,895	225,932	36,405	19,361	70,000	701,593
Deferred Inflows of Resources						
Unavailable revenue-property taxes	2,061,845	484,100	-	-	-	2,545,945
Total deferred inflows of resources	2,061,845	484,100	-	-	-	2,545,945
Fund Balances:						
Restricted:						
Class "C" roads	49,165	-	-	-	-	49,165
Impact fees	-	-	-	45,297	-	45,297
Debt service	-	-	-	-	340,081	340,081
Road construction	-	-	-	2,143,855	-	2,143,855
Committed:						
Construction	100,000	-	-	-	-	100,000
Benefits	372,083	-	-	-	-	372,083
Assigned:						
Special revenue funds	-	837,912	-	-	-	837,912
Capital projects	-	-	-	84,137	-	84,137
Unassigned	1,831,045	-	(11,960)	-	(64,465)	1,754,620
Total Fund Balances	2,352,293	837,912	(11,960)	2,273,289	275,616	5,727,150
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,764,033	\$ 1,547,944	\$ 24,445	\$ 2,292,650	\$ 345,616	\$ 8,974,688

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 POSITION
June 30, 2013

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

Total Fund Balances - Governmental Funds	\$	5,727,150
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		40,358,222
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.		(70,310)
Long-term liabilities, including bonds, capital leases, and OPEB are not due and payable in the current period and therefore, are not reported in the funds.		(13,595,107)
Total Net Position - Governmental Activities	\$	<u>32,419,955</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, 2013

	General Fund	Special Revenue		Capital Projects	Debt Service	Total Governmental Funds
		CDRA	South Ogden Days			
Revenues:						
Property taxes	\$ 2,361,411	\$ 616,477	\$ -	\$ -	\$ -	\$ 2,977,888
Sales taxes	2,675,042	-	-	-	-	2,675,042
Franchise taxes	1,285,920	-	-	-	-	1,285,920
Licenses and permits	291,264	-	-	-	-	291,264
Intergovernmental	619,263	-	-	-	-	619,263
Charges for services	708,346	-	-	65,855	-	774,201
Fines and forfeitures	672,851	-	-	-	-	672,851
Interest	45,627	257	-	558	13,585	60,027
Miscellaneous	95,760	-	63,829	-	-	159,589
Total Revenues	8,755,484	616,734	63,829	66,413	13,585	9,516,045
Expenditures:						
Current:						
General government	1,982,645	-	-	-	-	1,982,645
Public safety	3,871,017	-	-	-	-	3,871,017
Streets and public works	465,212	-	-	-	4,800	470,012
Parks and recreation	389,584	-	114,589	-	-	504,173
Community development	-	433,971	-	-	-	433,971
Debt service:						
Principal	-	-	-	-	671,000	671,000
Interest	-	-	-	-	457,307	457,307
Capital leases:						
Principal	322,299	-	-	-	-	322,299
Interest	6,705	-	-	-	-	6,705
Capital outlay:						
General government	94,505	-	-	-	-	94,505
Public safety	696,833	-	-	-	-	696,833
Streets and public works	254,839	-	-	696,979	-	951,818
Parks and recreation	296,594	-	-	-	-	296,594
Total Expenditures	8,380,233	433,971	114,589	696,979	1,133,107	10,758,879
Excess (deficiency) of revenues over (under) expenditures	\$ 375,251	\$ 182,763	\$ (50,760)	\$ (630,566)	\$ (1,119,522)	\$ (1,242,834)

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, 2013

	General Fund	Special Revenue			Debt Service	Total Governmental Funds
		CDRA	South Ogden Days	Capital Projects		
Other Financing Sources (Uses):						
Proceeds from capital lease financing	\$ 985,773	\$ -	\$ -	\$ -	\$ -	\$ 985,773
Proceeds from bonds	-	-	-	2,166,000	-	2,166,000
Proceeds from sale of assets	56,480	-	-	-	-	56,480
Bond issuance costs	-	-	-	(34,500)	-	(34,500)
Transfers in	-	-	41,000	158,543	886,443	1,085,986
Transfers out	(1,085,857)	-	-	(129)	-	(1,085,986)
Total Other Financing Sources (Uses)	(43,604)	-	41,000	2,289,914	886,443	3,173,753
Net Change in Fund Balances	331,647	182,763	(9,760)	1,659,348	(233,079)	1,930,919
Fund Balances, Beginning	2,020,646	655,149	(2,200)	613,941	508,695	3,796,231
Fund Balances, Ending	\$ 2,352,293	\$ 837,912	\$ (11,960)	\$ 2,273,289	\$ 275,616	\$ 5,727,150

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, 2013

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

Net Change in Fund Balances - Total Governmental Funds	\$	1,930,919
<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		1,535,260
Depreciation expense		(1,914,391)
<p>The net effect of various miscellaneous transactions involving capital assets (ie., sales, trade-ins, and donations) is to decrease net fixed assets.</p>		
Asset deletions		(460,595)
Depreciation deletions		245,269
<p>Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position.</p>		
Bond Proceeds		(2,166,000)
Payment of bond principal		671,000
<p>Lease proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position.</p>		
Lease Proceeds		(985,774)
Payment of lease principal		322,282
<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>		
Compensated absences		3,975
Other post employment benefits		(16,343)
Changes in net position of governmental activities	\$	<u>(834,398)</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, 2013

	General Fund		Actual	Variance with
	Budgeted Amounts			
	Original	Final	Amounts	Final Budget
	Budget	Budget		
Revenues:				
Property taxes	\$ 2,300,251	\$ 2,300,251	\$ 2,361,411	\$ 61,160
Sales taxes	2,969,542	2,969,542	2,675,042	(294,500)
Franchise taxes	949,259	949,259	1,285,920	336,661
Licenses and permits	75,856	90,356	291,264	200,908
Intergovernmental	542,998	607,091	619,263	12,172
Charges for services	745,000	888,775	708,346	(180,429)
Fines and forfeitures	711,008	711,008	672,851	(38,157)
Interest	42,000	48,562	45,627	(2,935)
Miscellaneous	95,800	101,960	95,760	(6,200)
Total Revenues	8,431,714	8,666,804	8,755,484	88,680
Expenditures:				
General government:				
City council	156,125	156,125	149,405	6,720
Legal	86,946	86,946	75,902	11,044
Municipal court	322,963	362,663	350,788	11,875
Administrative	754,228	782,975	761,742	21,233
Non-departmental	695,362	566,370	524,717	41,653
Building and grounds	169,842	204,842	171,426	33,416
Planning and zoning	18,600	50,600	43,170	7,430
Public safety:				
Police and fire	4,445,316	4,590,105	4,448,216	141,889
Inspection and planning	103,536	122,411	119,634	2,777
Streets and public works				
Streets	842,014	778,835	720,051	58,784
Parks and recreation	914,100	748,177	686,178	61,999
Capital leases:				
Principal	27,160	305,918	322,299	(16,381)
Interest	2,252	7,214	6,705	509
Total Expenditures	8,538,444	8,763,181	8,380,233	382,948
Excess (deficiency) of revenues over (under) expenditures	(106,730)	(96,377)	375,251	471,628
Other Financing Sources (Uses):				
Capital leases	1,053,087	1,047,734	985,773	(61,961)
Sale of capital assets	134,500	134,500	56,480	(78,020)
Transfers out	(1,080,857)	(1,085,857)	(1,085,857)	-
Total Other Financing Sources (Uses)	106,730	96,377	(43,604)	(139,981)
Net Change in Fund Balances	\$ -	\$ -	331,647	\$ 331,647
Fund Balances, Beginning			2,020,646	
Fund Balances, Ending			\$ 2,352,293	

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, 2013

	CDRA		Actual Amounts	Variance with Final Budget
	Budgeted Amounts			
	Original Budget	Final Budget		
Revenues:				
Property taxes	\$ 1,123,600	\$ 1,123,600	\$ 616,477	\$ (507,123)
Interest	190	190	257	67
Total Revenues	<u>1,123,790</u>	<u>1,123,790</u>	<u>616,734</u>	<u>(507,056)</u>
Expenditures:				
Current:				
Community development	1,123,790	1,123,790	433,971	689,819
Total Expenditures	<u>1,123,790</u>	<u>1,123,790</u>	<u>433,971</u>	<u>689,819</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	182,763	182,763
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	182,763	<u>\$ 182,763</u>
Fund Balances, Beginning			<u>655,149</u>	
Fund Balances, Ending			<u>\$ 837,912</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, 2013

	<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	\$ 107,460	\$ 107,460	\$ 63,829	\$ (43,631)
Total Revenues	<u>107,460</u>	<u>107,460</u>	<u>63,829</u>	<u>(43,631)</u>
Expenditures:				
Parks and recreation	143,460	148,460	114,589	33,871
Total Expenditures	<u>143,460</u>	<u>148,460</u>	<u>114,589</u>	<u>33,871</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,000)</u>	<u>(41,000)</u>	<u>(50,760)</u>	<u>(9,760)</u>
Other Financing Sources (Uses):				
Transfers in	36,000	41,000	41,000	-
Total Other Financing Sources (Uses)	<u>36,000</u>	<u>41,000</u>	<u>41,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>(9,760)</u>	<u>\$ (9,760)</u>
Fund Balances, Beginning			<u>(2,200)</u>	
Fund Balances, Ending			<u>\$ (11,960)</u>	

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

SOUTH OGDEN CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2013

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 1,600,457	\$ 715,272	\$ 48,432	\$ 465,720	\$ 107,438	\$ 2,937,319
Accounts receivable, net	232,492	283,909	61,763	102,144	79,537	759,845
Prepays	52,348	-	-	-	-	52,348
Total Current Assets	1,885,297	999,181	110,195	567,864	186,975	3,749,512
Noncurrent Assets:						
Restricted cash and cash equivalents	40,460	77,771	195,653	-	-	313,884
Capital assets:						
Land	295,405	16,274	100,734	-	-	412,413
Buildings and improvements	724	5,600	-	-	-	6,324
Machinery and equipment	192,291	34,539	106,185	52,151	42,540	427,706
Infrastructure	3,604,474	2,245,294	1,446,502	-	-	7,296,270
Total Noncurrent Assets	4,133,354	2,379,478	1,849,074	52,151	42,540	8,456,597
Total Assets	\$ 6,018,651	\$ 3,378,659	\$ 1,959,269	\$ 620,015	\$ 229,515	\$ 12,206,109

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

SOUTH OGDEN CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
June 30, 2013

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 129,912	\$ 205,793	\$ 3,018	\$ 53,622	\$ 6,224	\$ 398,569
Compensated absences	25,119	12,702	9,978	-	-	47,799
Accrued wages & benefits	3,887	2,707	3,685	-	5,775	16,054
Customer deposits	-	-	-	645	-	645
Capital lease	23,485	6,854	29,069	-	-	59,408
Total Current Liabilities	182,403	228,056	45,750	54,267	11,999	522,475
Noncurrent Liabilities:						
Capital lease	36,483	10,606	45,132	-	-	92,221
Other post employment benefits	335,446	68,675	-	-	-	404,121
Total Noncurrent Liabilities	371,929	79,281	45,132	-	-	496,342
Total Liabilities	554,332	307,337	90,882	54,267	11,999	1,018,817
Net Position:						
Net investment in capital assets	4,032,926	2,284,247	1,579,220	52,151	42,540	7,991,084
Restricted for impact fees	40,460	77,771	195,653	-	-	313,884
Unrestricted	1,390,933	709,304	93,514	513,597	174,976	2,882,324
Total Net Position	5,464,319	3,071,322	1,868,387	565,748	217,516	11,187,292
Total Liabilities and Net Position	\$ 6,018,651	\$ 3,378,659	\$ 1,959,269	\$ 620,015	\$ 229,515	\$ 12,206,109

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

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
For The Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	Total
Operating Revenues:						
Charges for services	\$ 1,382,282	\$ 1,718,506	\$ 547,045	\$ 830,062	\$ 347,443	\$ 4,825,338
Miscellaneous	53,024	6,000	-	1,359	-	60,383
Total Operating Revenues	1,435,306	1,724,506	547,045	831,421	347,443	4,885,721
Operating Expenses:						
Personnel services	381,037	229,556	204,707	-	299,104	1,114,404
Contractual services	300,061	1,144,627	110,064	687,163	123,497	2,365,412
Materials and supplies	515,203	123,712	53,118	11,253	66,033	769,319
Depreciation	158,932	81,488	84,880	20,263	22,763	368,326
Total Operating Expenses	1,355,233	1,579,383	452,769	718,679	511,397	4,617,461
Operating Income (Loss)	80,073	145,123	94,276	112,742	(163,954)	268,260
Nonoperating Revenues (Expenses):						
Interest income	650	466	184	558	-	1,858
Loss on sale of capital assets	(35,017)	-	-	-	-	(35,017)
Impact fees	11,503	917	27,411	-	-	39,831
Total Nonoperating Revenues (Expenses)	(22,864)	1,383	27,595	558	-	6,672
Income (Loss) Before Transfers	57,209	146,506	121,871	113,300	(163,954)	274,932
Changes in Net Position	57,209	146,506	121,871	113,300	(163,954)	274,932
Net Position, Beginning	5,407,110	2,924,816	1,746,516	452,448	381,470	10,912,360
Net Position, Ending	\$ 5,464,319	\$ 3,071,322	\$ 1,868,387	\$ 565,748	\$ 217,516	\$ 11,187,292

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, 2013

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Cash Flows From Operating Activities:						
Receipts from customers	\$ 1,461,027	\$ 1,686,942	\$ 544,893	\$ 830,223	\$ 370,873	\$ 4,893,958
Payments to suppliers	(789,426)	(1,182,853)	(162,567)	(765,760)	(186,282)	(3,086,888)
Payments to employees and related benefits	(359,326)	(220,529)	(200,776)	-	(297,468)	(1,078,099)
Net cash provided (used) by operating activities	<u>312,275</u>	<u>283,560</u>	<u>181,550</u>	<u>64,463</u>	<u>(112,877)</u>	<u>728,971</u>
Cash Flows From Non-Capital Financing Activities:						
Payments from other funds	111,220	-	(111,220)	-	-	-
Net cash provided (used) by non-capital financing activities	<u>111,220</u>	<u>-</u>	<u>(111,220)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:						
Purchase of capital assets	(79,992)	(25,757)	(104,225)	-	-	(209,974)
Proceeds from capital lease	84,227	24,540	104,227	-	-	212,994
Principal paid on capital lease	(24,259)	(7,080)	(30,026)	-	-	(61,365)
Impact fees	11,503	917	27,411	-	-	39,831
Net cash provided (used) by capital and related financing activities	<u>(8,521)</u>	<u>(7,380)</u>	<u>(2,613)</u>	<u>-</u>	<u>-</u>	<u>(18,514)</u>
Cash Flows From Investing Activities:						
Interest on investments	650	466	183	558	-	1,857
Net cash provided (used) by investing activities	<u>650</u>	<u>466</u>	<u>183</u>	<u>558</u>	<u>-</u>	<u>1,857</u>
Net Increase (Decrease) In Cash	415,624	276,646	67,900	65,021	(112,877)	712,314
Cash At Beginning Of Year	<u>1,225,293</u>	<u>516,397</u>	<u>176,185</u>	<u>400,699</u>	<u>220,315</u>	<u>2,538,889</u>
Cash At End Of Year	<u>\$ 1,640,917</u>	<u>\$ 793,043</u>	<u>\$ 244,085</u>	<u>\$ 465,720</u>	<u>\$ 107,438</u>	<u>\$ 3,251,203</u>

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

SOUTH OGDEN CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2013

	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)	\$ 80,073	\$ 145,123	\$ 94,276	\$ 112,742	\$ (163,954)	\$ 268,260
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:						
Depreciation	158,932	81,488	84,880	20,263	22,763	368,326
(Increase) decrease in assets:						
Accounts receivable	25,721	(37,564)	(2,152)	(1,198)	23,430	8,237
Prepays	(1,139)	-	-	-	-	(1,139)
Increase (decrease) in liabilities:						
Accounts payable	26,977	85,486	615	(67,489)	3,249	48,838
Accrued liabilities	21,711	9,027	3,931	145	1,635	36,449
Net cash provided (used) by operating activities	\$ 312,275	\$ 283,560	\$ 181,550	\$ 64,463	\$ (112,877)	\$ 728,971

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 (the 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. No separate financial statements are available for the CDRA.

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 Position presents the City's assets and liabilities, with the difference reported as net position. Net Position 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. 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.

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 25% of the current 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 position. 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 position and is displayed in three components:

- (1) Net investment in capital assets – 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 position – consists of net position 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 position – All other net position that do not meet the definition of “restricted” or “Net investment in capital assets”.

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 purpose pursuant to constraints imposed by formal action (City Resolution) 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, 2013, \$0 of the City's \$379,418 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, 2013, the City had investments of \$8,612,745 with the PTIF. The fair value of these investments was \$8,655,996.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 RESTRICTED CASH AND CASH EQUIVALENTS

Certain assets are restricted as follows as of June 30, 2013:

	<u>Amount</u>
Unspent road bond proceeds	\$ 2,143,855
Impact fees	359,181
Debt service	340,081
Developer and customer deposits	60,587
Road funds	<u>49,165</u>
Total restricted cash and cash equivalents	<u>\$ 2,952,869</u>

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts of \$30,490 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, 2013, is as follows:

	<u>Balance June 30, 2012</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2013</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,144,413	\$ -	\$ -	\$ 10,144,413
Construction in progress	73,464	157,054	(210,399)	20,119
Total capital assets, not being depreciated	<u>10,217,877</u>	<u>157,054</u>	<u>(210,399)</u>	<u>10,164,532</u>
Capital assets, being depreciated:				
Buildings and improvements	12,993,393	-	-	12,993,393
Machinery and equipment	5,478,297	1,052,769	(230,181)	6,300,885
Infrastructure	38,335,878	325,437	(20,015)	38,641,300
Total capital assets, being depreciated	<u>56,807,568</u>	<u>1,378,206</u>	<u>(250,196)</u>	<u>57,935,578</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,339,969)	(273,036)	-	(2,613,005)
Machinery and equipment	(4,268,150)	(313,340)	230,181	(4,351,309)
Infrastructure	(19,464,647)	(1,328,015)	15,088	(20,777,574)
Total accumulated depreciation	<u>(26,072,766)</u>	<u>(1,914,391)</u>	<u>245,269</u>	<u>(27,741,888)</u>
Total capital assets, net of accumulated depreciation	<u>30,734,802</u>	<u>(536,185)</u>	<u>(4,927)</u>	<u>30,193,690</u>
Governmental activities capital assets, net	<u>\$ 40,952,679</u>	<u>\$ (379,131)</u>	<u>\$ (215,326)</u>	<u>\$ 40,358,222</u>

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

Governmental activities:	
General government	\$ 1,641,936
Public Safety	201,247
Streets and public works	41,410
Parks and recreation	29,798
Total depreciation expense - governmental activities	<u>\$ 1,914,391</u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 CAPITAL ASSETS (Continued)

	Balance June 30, 2012	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2013
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 412,413	\$ -	\$ -	\$ 412,413
Construction in progress	11,283	-	(11,283)	-
Total capital assets, not being depreciated	423,696	-	(11,283)	412,413
Capital assets, being depreciated:				
Buildings and improvements	95,212	-	-	95,212
Machinery and equipment	1,454,194	221,256	-	1,675,450
Infrastructure	12,395,861	-	(62,530)	12,333,331
Total capital assets, being depreciated	13,945,267	221,256	(62,530)	14,103,993
Less accumulated depreciation for:				
Buildings and improvements	(87,798)	(1,090)	-	(88,888)
Machinery and equipment	(1,156,656)	(91,088)	-	(1,247,744)
Infrastructure	(4,788,430)	(276,148)	27,517	(5,037,061)
Total accumulated depreciation	(6,032,884)	(368,326)	27,517	(6,373,693)
Total capital assets, net of accumulated depreciation	7,912,383	(147,070)	(35,013)	7,730,300
Business-type activities capital assets, net	\$ 8,336,079	\$ (147,070)	\$ (46,296)	\$ 8,142,713

The Business-type activities depreciation consists of the following at June 30, 2013:

Business-type activities

Water	\$ 158,932
Sewer	81,488
Storm Drain	84,880
Solid Waste	20,263
Ambulance	22,763
Total depreciation expense - business-type activities	\$ 368,326

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, 2013:

	June 30, 2012	Additions	Deletions	June 30, 2013	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 9,980,000	\$ 2,166,000	\$ (671,000)	\$ 11,475,000	\$ 680,000
Capital leases	66,046	985,774.00	(322,282)	729,538	303,218
Compensated absences	429,809	238,757	(242,729)	425,837	372,084
Other post employment benefits	948,389	75,078	(58,735)	964,732	64,929
Governmental activities long-term liabilities	11,424,244	3,465,609	(1,294,746)	13,595,107	1,420,231
Business-type Activities:					
Capital leases	-	212,994	(61,365)	151,629	59,408
Compensated absences	43,637	61,164	(57,002)	47,799	47,799
Other post employment benefits	374,862	29,259	-	404,121	-
Business-type activities long-term liabilities	418,499	303,417	(118,367)	603,549	107,207
	\$ 11,842,743	\$ 3,769,026	\$ (1,413,113)	\$ 14,198,656	\$ 1,527,438

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM DEBT (Continued)

Revenue Bonds

<p>Series 2004 Sales Tax Revenue and Refunding Bonds, original issue of \$10,745,000, principal due in annual installments beginning May 2005, interest at 2.75% to 5.25% due in semi-annual installments beginning November 2004, with the final payment due November 2018. The bonds were issued to acquire and construct municipal improvements, including a municipal complex to house a new city hall, a police station, a new fire station, and other improvements, and to refinance the outstanding Series 1995 South Ogden City Redevelopment Agency Tax Increment and Annual Appropriation Revenue Bonds. In a prior year a callable portion of these bonds in the amount of \$5,830,000 was defeased using the proceeds of the Series 2006 Sales Tax Revenue Refunding Bonds.</p>	\$ 1,825,000
<p>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.</p>	6,070,000
<p>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.</p>	1,620,000
<p>Series 2012 Road Revenue Bonds, original issue of \$2,166,000, principal due in annual installments beginning May 2013, interest at 2.075% due in semi-annual installments. The final payment is due May 2022. The bonds were issued to finance road construction.</p>	1,960,000
<p>Total Revenue Bonds - Governmental Activities</p>	<u>\$ 11,475,000</u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM DEBT (Continued)

All of the City's Revenue Bonds are payable solely by a pledge and assignment of their associated revenue sources. The current revenue recognized during the period for Revenue bonds was \$3,175,081 compared to principal and interest of \$1,128,307. Principal and interest are 36% of pledged revenues for the year ending June 30, 2013.

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2013, are as follows:

Year Ending June 30,	Governmental Activities Revenue Bonds	
	Principal	Interest
2014	\$ 680,000	\$ 442,790
2015	705,000	419,202
2016	729,000	391,448
2017	758,000	364,944
2018	777,000	337,456
2019-2023	4,076,000	1,254,882
2024-2028	3,090,000	540,000
2029	660,000	28,876
	<u>\$ 11,475,000</u>	<u>\$ 3,779,598</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.

	Amount
	\$ 1,316,145
Less: Accumulated depreciation	(133,123)
	<u>\$ 1,183,022</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Year Ending June 30,	Amount
2014	\$ 386,592
2015	362,886
2016	168,003
2017	2,838
2018	710
Total minimum lease payment	921,029
Less: amount representing interest	(39,862)
Present value of minimum lease payments	<u>\$ 881,167</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 \$419,893 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 2013 these costs amounted to \$85,023. 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	\$	127,419
Adjustment to annual required contribution		(81,646)
Annual OPEB obligation expense		45,773
Contributions made		-
Increase (decrease) in net OPEB obligation		45,773
Net OPEB obligation - beginning of year		1,323,080
Net OPEB obligation - end of year	\$	1,368,853

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

Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the plan (the plan as understood by the employer and the plan members) and include the types of benefits as described by the plan. Costs (expenses) of an ongoing plan involve estimates of amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funding status of the plan and the costs (expenses) to the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. For the fiscal year 2013 the valuation of costs (expenses) to the plan were projected based on qualified participants salaries, retirement information, and the annual healthcare cost projected to be paid

**SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

NOTE 9 RETIREMENT PLANS

Cost Sharing Defined Benefits Pension Plans

Plan Description: South Ogden City contributes to the Local Governmental Non-contributory Retirement System (Noncontributory System), Public Safety Retirement System (Public Safety System) for employers with Social Security coverage, Firefighters Retirement System (Firefighters System) which is for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding policy: The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board. The contribution rates are as follows:

	Paid by Employer for Employee	Employer Contribution Rate
Contributory System:		
Local Governmental Division Tier 2	N/A	12.740%
Noncontributory System:		
Local Governmental Division Tier 1	N/A	16.040%
Public Safety System:		
Other Division A contributory Tier 2	N/A	33.650%
Firefighters System:		
Division A Tier 1	15.050%	2.660%
Division B Tier 2	N/A	11.100%

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLANS (Continued)

Contributions to the pension plans are as follow:

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid Contributions</u>	<u>Employer paid for Employee Contribution</u>	<u>Employer Contributions</u>	<u>Salary Subject to Retirement Contributions</u>
Contributory System:					
Local Governmental Division	2013	\$ -	\$ -	\$ 6,335	\$ 74,011
	2012	-	-	2,599	34,247
Noncontributory System:					
Local Governmental Division Tier 1	2013	\$ -	\$ -	\$ 257,949	\$ 1,626,990
	2012	-	-	216,860	1,615,519
	2011	-	-	215,661	1,619,753
Public Safety System:					
Other Division A Noncontributory Tier 1	2013	\$ -	\$ -	\$ 375,345	\$ 1,119,173
	2012	-	-	304,266	1,152,840
	2011	-	-	300,516	1,042,734
Firefighters System:					
Division A Tier 1	2013	\$ -	\$ 82,095	\$ 14,510	\$ 605,266
	2012	-	80,430	2,673	592,805
	2011	-	81,566	9,322	541,965
Division B Tier 2	2013	\$ -	\$ -	\$ 3,549	\$ 31,970
Defined Contribution System:					
457 Plan	2013	\$ 49,772	\$ -	\$ -	\$ -
	2012	47,315	-	-	-
	2011	44,308	-	-	-
401(k) Plan	2013	\$ 111,758	\$ 55,649	\$ -	\$ -
	2012	122,441	61,765	-	-
	2011	131,797	85,097	-	-
Roth IRA Plan	2013	\$ 6,970	\$ -	\$ -	\$ -
	2012	5,225	-	-	-
	2011	3,913	-	-	-

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, 2013 there were no outstanding unpaid claims. Also, the City has no claim settlements during the three years ending June 30, 2013 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, 2013 is as follows:

	Interfund Receivables	Interfund Payables
Governmental activities:		
General Fund	\$ 70,000	\$ -
Debt Service Fund	-	70,000
	<u>\$ 70,000</u>	<u>\$ 70,000</u>

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 Position).

Inter-fund transfers for the year ended June 30, 2013 were as follows:

	In	Out
Governmental activities:		
General fund	\$ -	\$ 1,085,857
South Ogden Days fund	41,000	-
Debt Service fund	886,443	-
Capital Projects fund	158,543	129
	<u>\$ 1,085,986</u>	<u>\$ 1,085,986</u>

The transfer from the General Fund to the South Ogden Days fund is to provide funding for the South Ogden Days celebration. The transfer from the General Fund to the Debt Service Fund is to provide the necessary funds to pay debt payments. The transfer from the General fund to the Capital Projects Fund is to provide funds for the 40th Street project.

**SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 12 DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time.

The governmental funds also report unavailable resources from property taxes as deferred inflows of resources due to the property taxes being recognized as receivables prior to the period for which the taxes are levied. These amounts are also reported as deferred inflows of resources on the government-wide statement of net position.

NOTE 13 REDEVELOPMENT AGENCY OF THE CITY OF SOUTH OGDEN

For the year ended June 30, 2013, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for Project Area:

<u>Project Area 1</u>	
Washington boulevard	\$ 26,958
<u>Project Area 2</u>	
36th street	124,809
<u>Project Area 3</u>	
Northwest project area	423,067
<u>Project Area 4</u>	
Hinckley project	41,643
	<u>616,477</u>
	<u>\$ 616,477</u>
Tax increment paid to other taxing agencies	\$ -
Outstanding loans to finance RDA projects	\$ -
Amounts expended for site improvements and preparation costs	\$ 403,860
Amounts expended for acquisition of property	\$ -
Amounts expended for installation of public utilities and other public improvements	\$ -
Amounts expended for administrative costs	\$ 30,110

NOTE 14 SUBSEQUENT EVENTS

Subsequent to year end, the City is entered into a lease in the amount of \$308,675 for the install of energy efficient bulbs for the streetlights. The City was in the process of installation as of period end but had only completed approximately 12% of the streetlights. The lease is a 9 year lease expiring in 2022. The interest rate is 3.34%.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 15 RESTATED NET POSITION

In fiscal year 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, the City has removed the unamortized bond issuance costs of \$183,446 at the government-wide level by restating all prior periods affected.