

CITY OF SOUTH OGDEN

BASIC FINANCIAL STATEMENTS

For The Year Ended June 30, 2015

Together with Independent Auditor's Report

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

Gary K. Keddington, CPA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
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, 2015, 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, 2015, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of proportionate share of the net pension liability, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of South Ogden's financial statements basic financial statements. The pension schedule is presented for purposes of additional analysis and are not a required part of the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2015, 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

November 12, 2015

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2015**

This document is a narrative overview and analysis of the financial activities of South Ogden City for the fiscal year ending June 30, 2015. 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 \$41,001,429.

As of June 30, 2015 South Ogden City's governmental funds reported a combined ending fund balance of \$4,903,887. Of this amount, \$1,855,355 is available for spending at the City's discretion, while the remaining balance of \$3,048,532 is classified as in accordance to GASB No. 54.

The greatest portion of the City's total long-term debt is comprised of 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 2004 Sales Tax Revenue Bonds were refunded in 2014. The total combined principal outstanding as of June 30, 2015 is \$10,087,000; 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 required supplementary information, and 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, 2015**

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 five major governmental funds that are reported separate. They are the general fund, two special revenue funds, a capital projects fund and a debt service fund. 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. 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 29 through 51 of this report.

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2015**

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 was \$41,001,429 at the close of fiscal year 2015, whereas, at the close of fiscal year 2014, the City's net position was \$42,099,928.

The largest portion of South Ogden City's net position is \$37,453,495 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 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014
Current and other assets	\$ 8,135,272	\$ 8,389,523	\$ 3,072,271	\$ 4,259,929
Capital assets	39,950,523	38,668,251	8,345,499	8,373,185
Total Assets	48,085,795	47,057,774	11,417,770	12,633,114
Deferred Outflows of Resources	369,300	-	62,378	-
Current and other liabilities	2,553,324	625,663	877,698	503,371
Long-term liabilities	12,192,889	13,253,320	687,951	787,490
Total Liabilities	14,746,213	13,878,983	1,565,649	1,290,861
Deferred Inflows of Resources	2,558,013	2,421,116	63,939	-
Net position:				
Net investment in capital assets	29,189,678	28,085,970	8,263,817	8,247,501
Restricted	1,506,026	1,058,824	154,954	371,587
Unrestricted	455,165	1,612,881	1,431,789	2,723,165
Total Net Position	<u>\$ 31,150,869</u>	<u>\$ 30,757,675</u>	<u>\$ 9,850,560</u>	<u>\$ 11,342,253</u>

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2015

South Ogden City implemented GASB 68, *Accounting and Financial Reporting for Pensions*, for the fiscal year ended June 30, 2015. This implementation required a prior period adjustment reducing net position to governmental funds by \$1,709,606 and business-type activities by \$288,765. Management also determined that a road project which was expensed in the prior year should have been capitalized. This change required a prior period adjustment increasing net position to governmental funds by \$1,002,452. The net effect of these two prior period adjustments reduced the overall net position of governmental activities by \$707,154 and of business-type activities by \$288,765. For more information on the prior period adjustment, see Note 5 on page 36. For more information on GASB 68, *Accounting and Financial Reporting for Pensions*, see Note 11 Retirement Plans on page 45.

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 an increase in total net position of \$393,194 in 2015 compared to a decrease of \$1,662,728 in 2014.

Taxes are the main source of revenue, consisting of 71.42% of total revenue in 2015. This is slightly higher than the 2014 amount of 70.13% and lower than the 72.21% from 2013. 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 31.98% and 45.18% respectively of total taxes collected in 2015. In 2014 the percentages were 32.14% and 43.69%, while in 2013 they were 33.71% and 42.31% respectively. These numbers are holding relatively steady. The slight fluctuation for fiscal year 2015 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. The over-all operating expenditures of the City, for the most part, have remained fairly stable.

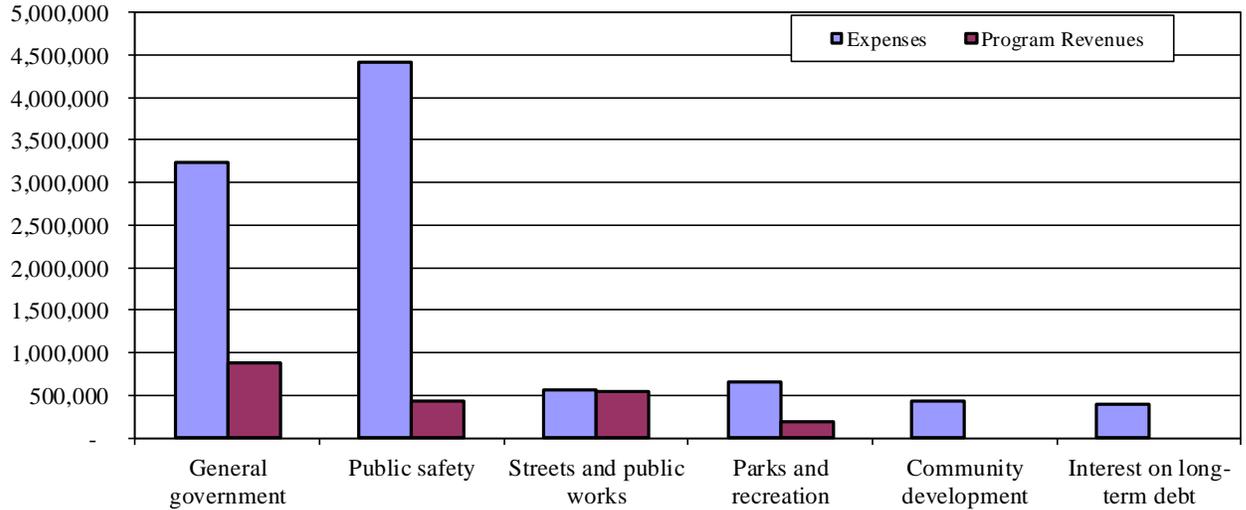
SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2015

South Ogdan City's Changes in Net Position

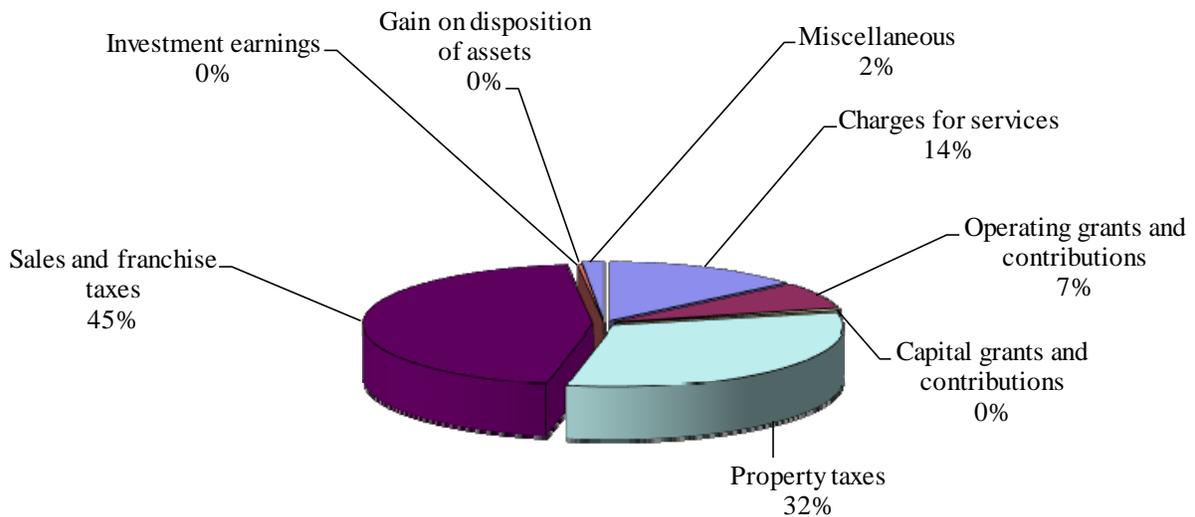
	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014
Revenues:				
Program revenues:				
Charges for services	\$ 1,311,034	\$ 1,336,944	\$ 4,750,851	\$ 4,763,133
Operating grants and contributions	672,221	727,841	-	-
Capital grants and contributions	48,227	67,998	52,749	154,360
General revenues:				
Property taxes	2,984,762	2,955,931	-	-
Sales and franchise taxes	4,223,317	4,152,438	-	-
Investment earnings	30,279	36,672	15,875	14,479
Gain on disposition of assets	471	83,712	19,470	24,750
Miscellaneous	143,946	163,182	64,713	78,291
Total Revenues	9,414,257	9,524,718	4,903,658	5,035,013
Expenses:				
General government	3,227,746	3,180,121	-	-
Public safety	4,407,324	4,510,279	-	-
Streets and public works	571,747	2,075,608	-	-
Parks and recreation	650,937	568,835	-	-
Community development	439,008	390,641	-	-
Interest on long-term debt	392,147	461,514	-	-
Water	-	-	1,229,837	1,479,544
Sewer	-	-	1,717,928	1,600,757
Storm drain	-	-	483,772	562,438
Solid waste	-	-	767,138	734,093
Ambulance	-	-	532,911	503,220
Total Expenses	9,688,909	11,186,998	4,731,586	4,880,052
Increase in net position before transfers	(274,652)	(1,662,280)	172,072	154,961
Transfers	1,375,000	-	(1,375,000)	-
Increase in Net Position	1,100,348	(1,662,280)	(1,202,928)	154,961
Net Position, Beginning	30,757,675	32,419,955	11,342,253	11,187,292
Prior Period Adjustment	(707,154)	-	(288,765)	-
Net Position, Ending	\$ 31,150,869	\$ 30,757,675	\$ 9,850,560	\$ 11,342,253

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2015**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

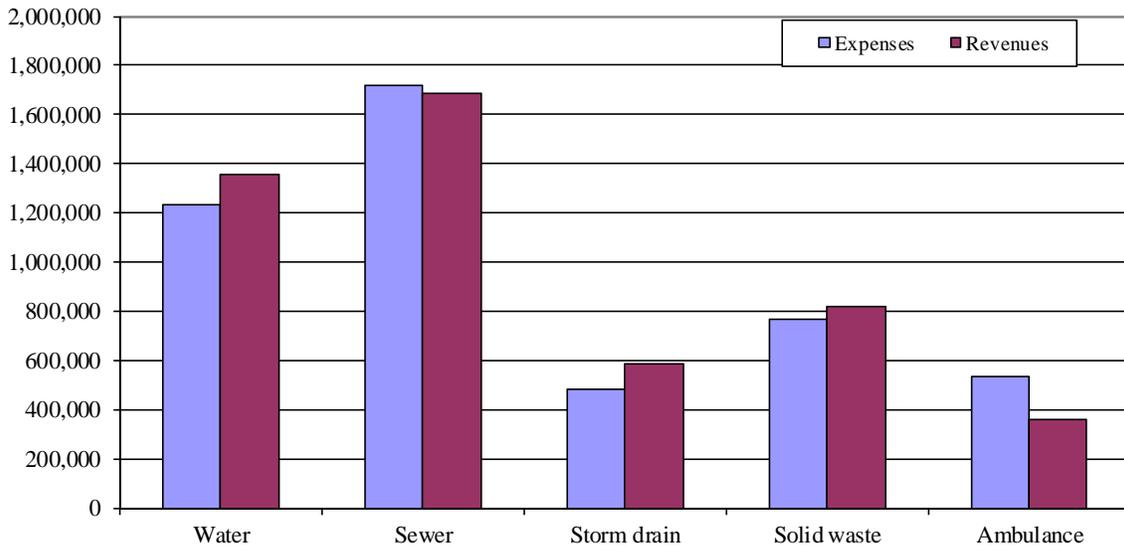


**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2015**

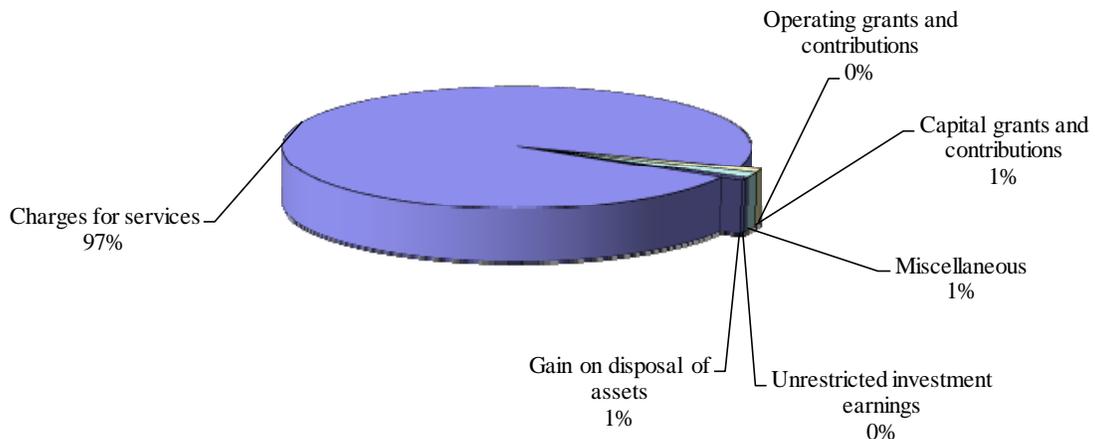
Business-type Activities: Business-type activities have decreased the City's net position by \$1,491,693 during the current year. The increase for the previous year, 2014 was \$154,961.

The majority of revenues in the business-type activities are in charges for services which account for 97.66% of the revenues for fiscal year 2015, which is down from 98.38% and 98.63% for years 2014 and 2013 respectively.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2015**

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, 2015, the City's governmental funds reported combined ending fund balances of \$4,903,887. 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 2015 original adopted budget for the general fund totaled \$10,600,492. The City Council approved budget amendments during the year bringing the modified total general fund budget to \$10,966,195.

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

- The increase on the revenue side is due to some additional State/Local Grants that were received, some miscellaneous revenues and an increase in animal adoptions throughout the year.
- The variances on the expenditures side are associated with; the additional costs associated with the animal control services, some work within the streets department and a few miscellaneous items.

Capital Assets and Debt Administration:

As of June 30, 2015, the City has invested \$48,296,022 net of accumulated depreciation in capital assets for its governmental and business-type activities. This amount is \$1,254,586 more than compared to the 2014 amount of \$47,041,436. The City feels that its ability to increase capital assets will be difficult in the coming years even though the nation recovers from the recession. 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 and any available monies will be spent on repairing and maintaining existing assets as opposed to purchasing new ones.

**South Ogden City's Capital Assets
(Net of Depreciation)**

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014
Land	\$10,144,413	\$10,144,413	\$ 412,413	\$ 412,413
Construction in progress	38,261	37,250	-	-
Building and improvements	9,837,321	10,110,850	4,144	5,234
Machinery and equipment	1,484,220	1,852,123	753,596	933,746
Infrastructure	18,446,308	16,523,615	7,175,346	7,021,792
Total Capital Assets	<u>\$39,950,523</u>	<u>\$38,668,251</u>	<u>\$ 8,345,499</u>	<u>\$ 8,373,185</u>

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2015**

As of June 30, 2015, the City's Governmental Activities had a long-term debt outstanding balance of \$12,192,889. This amount is comprised of the following component parts:

2006 Sales Tax Refunding Bonds - \$6,020,000 – retired by 2029
 2009 Sales & Excise Tax Revenue Bonds - \$1,375,000 – retired by 2024
 2012 Road Revenue Bonds - \$1,555,000 – retired by 2022
 2014 Sales Tax Refunding Bonds - \$1,137,000 – retired by 2018
 Capital leases - \$673,845
 Compensated absences - \$465,756
 Other post-employment benefits - \$966,288

As of June 30, 2015, the City's Business-type Activities had a long-term debt outstanding balance of \$687,951. This amount is comprised of the following component parts:

Capital leases - \$200,832
 Compensated absences - \$50,825
 Other post-employment benefits - \$436,294

South Ogden City's Outstanding Debt

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014
Bonds payable	\$10,087,000	\$10,816,000	\$ -	\$ -
Capital leases	673,845	943,263	200,832	279,629
Compensated absences	465,756	466,030	50,825	46,769
Other post employment benefits	966,288	1,028,027	436,294	461,092
Total	\$12,192,889	\$13,253,320	\$ 687,951	\$ 787,490

Economic Factors and Next Year's Budget and Rates:

Economic indicators for the state are on an incline. Conditions have not deteriorated locally at the rate that they have in other regions of the country. The unemployment rate in the area continues to be quite low and well below the national average. In addition, Utah was recently ranked the number one state in the union for businesses. The State's rate has been below 5% since March 2013. New construction continues to increase and sales tax revenues are also on the incline.

The City's budget for fiscal year 2016 will not be as lean as in previous years, and it will include a few capital projects. 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 is going to continue its focus on spending available monies on the City's infrastructure, especially streets that were neglected during the recession. The City Council does not anticipate a property tax increase. Fees for the enterprise funds will not be increased in fiscal year 2016.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2015

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, 2015

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,175,845	\$ 2,053,786	\$ 5,229,631
Accounts receivable - net	839,059	788,616	1,627,675
Due from other governmental units	2,211,830	-	2,211,830
Prepaid expenses	183	56,135	56,318
Restricted cash and cash equivalents	1,512,990	154,954	1,667,944
Due from business-type fund	284,178	-	284,178
Noncurrent assets:			
Net pension asset	111,187	18,780	129,967
Capital assets, not being depreciated:			
Land	10,144,413	412,413	10,556,826
Construction in progress	38,261	-	38,261
Capital assets, net of accumulated depreciation:			
Buildings and improvements	9,837,321	4,144	9,841,465
Machinery and equipment	1,484,220	753,596	2,237,816
Infrastructure	18,446,308	7,175,346	25,621,654
Total Assets	48,085,795	11,417,770	59,503,565
Deferred Outflows of Resources:			
Pensions	369,300	62,378	431,678
Total Deferred Outflows of Resources	369,300	62,378	431,678
Total Assets and Deferred Outflows	\$ 48,455,095	\$ 11,480,148	\$ 59,935,243

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

SOUTH OGDEN CITY
STATEMENT OF NET POSITION (Continued)
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 766,364	\$ 305,657	\$ 1,072,021
Accrued liabilities	167,404	24,672	192,076
Accrued interest payable	59,402	-	59,402
Due to governmental fund	-	284,178	284,178
Developer\customer deposits	6,964	845	7,809
Compensated absences	396,719	50,825	447,544
Other post employment benefits	9,978	-	9,978
Bonds payable	739,000	-	739,000
Capital leases	234,467	98,147	332,614
Noncurrent Liabilities:			
Compensated absences	69,037	-	69,037
Other post employment benefits	956,310	436,294	1,392,604
Bonds payable	9,348,000	-	9,348,000
Capital leases	439,378	102,685	542,063
Net pension liability	1,553,190	262,346	1,815,536
Total Liabilities	<u>14,746,213</u>	<u>1,565,649</u>	<u>16,311,862</u>
Deferred Inflows of Resources:			
Unavailable revenue-property taxes	2,179,466	-	2,179,466
Pensions	378,547	63,939	442,486
Total Deferred Inflows of Resources	<u>2,558,013</u>	<u>63,939</u>	<u>2,621,952</u>
Net Position:			
Net investment in capital assets	29,189,678	8,263,817	37,453,495
Restricted for:			
Roads	659,339	-	659,339
Debt service	269,000	-	269,000
Impact fees	111,931	154,954	266,885
Employee benefits	465,756	-	465,756
Unrestricted	455,165	1,431,789	1,886,954
Total Net Position	<u>31,150,869</u>	<u>9,850,560</u>	<u>41,001,429</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 48,455,095</u>	<u>\$ 11,480,148</u>	<u>\$ 59,935,243</u>

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

**SOUTH OGDEN CITY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2015**

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	\$ 3,227,746	\$ 756,931	\$ 120,877	\$ -	\$ (2,349,938)	\$ -	\$ (2,349,938)
Public safety	4,407,324	409,330	19,749	-	(3,978,245)	-	(3,978,245)
Streets and public works	571,747	150	504,495	33,121	(33,981)	-	(33,981)
Parks and recreation	650,937	144,623	27,100	15,106	(464,108)	-	(464,108)
Community development	439,008	-	-	-	(439,008)	-	(439,008)
Interest on long-term debt	392,147	-	-	-	(392,147)	-	(392,147)
Total Governmental Activities	9,688,909	1,311,034	672,221	48,227	(7,657,427)	-	(7,657,427)
Business-type Activities:							
Water	1,229,837	1,340,381	-	18,711	-	129,255	129,255
Sewer	1,717,928	1,683,131	-	-	-	(34,797)	(34,797)
Storm drain	483,772	549,481	-	34,038	-	99,747	99,747
Solid waste	767,138	817,605	-	-	-	50,467	50,467
Ambulance	532,911	360,253	-	-	-	(172,658)	(172,658)
Total Business-type Activities	4,731,586	4,750,851	-	52,749	-	72,014	72,014
Total Government	\$ 14,420,495	\$ 6,061,885	\$ 672,221	\$ 100,976	(7,657,427)	72,014	(7,585,413)
General Revenues:							
Property taxes					2,984,762	-	2,984,762
Sales taxes					2,952,876	-	2,952,876
Franchise taxes					1,270,441	-	1,270,441
Interest					30,279	15,875	46,154
Gain on disposal of assets					471	19,470	19,941
Miscellaneous					143,946	64,713	208,659
Transfers					1,375,000	(1,375,000)	-
Total General Revenues and Transfers					8,757,775	(1,274,942)	7,482,833
Changes in Net Position							
Prior Period Adjustment					(707,154)	(288,765)	(995,919)
Net Position, Beginning					30,757,675	11,342,253	42,099,928
Net Position, Ending					\$ 31,150,869	\$ 9,850,560	\$ 41,001,429

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

SOUTH OGDEN CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Special Revenue		Capital Projects	Debt Service	Total Governmental Funds
		CDRA	South Ogden Days			
Assets:						
Cash and cash equivalents	\$ 1,570,105	\$ 1,442,312	\$ -	\$ 147,144	\$ 16,284	\$ 3,175,845
Accounts receivable	699,043	123,541	16,475	-	-	839,059
Due from other governmental units	2,211,830	-	-	-	-	2,211,830
Prepaid items	183	-	-	-	-	183
Due from funds	305,692	-	-	-	-	305,692
Restricted cash and cash equivalents	763,081	-	-	480,909	269,000	1,512,990
Total Assets	\$ 5,549,934	\$ 1,565,853	\$ 16,475	\$ 628,053	\$ 285,284	\$ 8,045,599
Liabilities:						
Accounts payable	\$ 565,422	\$ 165,664	\$ 8,367	\$ 26,911	\$ -	\$ 766,364
Accrued liabilities	167,404	-	-	-	-	167,404
Due to other funds	-	-	21,514	-	-	21,514
Customer deposits	6,964	-	-	-	-	6,964
Total Liabilities	739,790	165,664	29,881	26,911	-	962,246
Deferred Inflows of Resources						
Unavailable revenue-property taxes	2,085,266	94,200	-	-	-	2,179,466
Total deferred inflows of resources	2,085,266	94,200	-	-	-	2,179,466
Fund Balances:						
Restricted:						
Class "C" roads	94,132	-	-	368,978	-	463,110
Impact fees	-	-	-	111,931	-	111,931
Debt service	-	-	-	-	269,000	269,000
Road construction	196,229	-	-	-	-	196,229
Employee benefits	465,756	-	-	-	-	465,756
Committed:						
Construction	100,000	-	-	-	-	100,000
Assigned:						
Special revenue funds	-	1,305,989	-	-	-	1,305,989
Debt service	-	-	-	-	16,284	16,284
Capital projects	-	-	-	120,233	-	120,233
Unassigned	1,868,761	-	(13,406)	-	-	1,855,355
Total Fund Balances	2,724,878	1,305,989	(13,406)	601,142	285,284	4,903,887
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,549,934	\$ 1,565,853	\$ 16,475	\$ 628,053	\$ 285,284	\$ 8,045,599

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, 2015

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

Total Fund Balances - Governmental Funds	\$ 4,903,887
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,950,523
The net pension asset resulting from pension assets exceeding pension liabilities is not an available resource and, therefore, is not reported in the funds.	111,187
Deferred outflows of resources associated with the net pension liability and asset is not an available resource and, therefore, is not reported in the funds.	369,300
Deferred inflows of resources associated with the net pension liability is not due and the current period and therefore are not recorded in the funds.	(378,547)
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(59,402)
Long-term liabilities, including bonds, capital leases, net pension, and OPEB are not due and payable in the current period and therefore, are not reported in the funds.	<u>(13,746,079)</u>
Total Net Position - Governmental Activities	<u><u>\$ 31,150,869</u></u>

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

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2015

	General Fund	Special Revenue		Capital Projects	Debt Service	Total Governmental Funds
		CDRA	South Ogden Days			
Revenues:						
Property taxes	\$ 2,312,734	\$ 672,028	\$ -	\$ -	\$ -	\$ 2,984,762
Sales taxes	2,952,876	-	-	-	-	2,952,876
Franchise taxes	1,270,441	-	-	-	-	1,270,441
Licenses and permits	364,362	-	-	-	-	364,362
Intergovernmental	621,647	-	-	-	-	621,647
Charges for services	743,996	-	-	48,227	-	792,223
Fines and forfeitures	638,018	-	-	-	-	638,018
Interest	23,953	-	-	5,293	1,033	30,279
Miscellaneous	223,381	-	59,667	-	-	283,048
Total Revenues	9,151,408	672,028	59,667	53,520	1,033	9,937,656
Expenditures:						
Current:						
General government	2,187,577	-	-	-	-	2,187,577
Public safety	4,179,403	-	-	-	-	4,179,403
Streets and public works	482,371	-	-	-	2,617	484,988
Parks	436,718	-	-	17,796	-	454,514
Recreation	194,814	-	123,916	-	-	318,730
Community development	-	439,008	-	-	-	439,008
Debt service:						
Principal	-	-	-	-	729,000	729,000
Interest	-	-	-	-	371,077	371,077
Capital leases:						
Principal	268,388	-	-	-	-	268,388
Interest	23,785	-	-	-	-	23,785
Capital outlay:						
General government	14,663	-	-	-	-	14,663
Public safety	55,683	-	-	-	-	55,683
Streets and public works	1,178,771	-	-	1,069,249	-	2,248,020
Parks	38,815	-	-	-	-	38,815
Recreation	-	-	-	-	-	-
Total Expenditures	9,060,988	439,008	123,916	1,087,045	1,102,694	11,813,651
Excess (deficiency) of revenues over (under) expenditures	\$ 90,420	\$ 233,020	\$ (64,249)	\$ (1,033,525)	\$ (1,101,661)	\$ (1,875,995)

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, 2015

	General Fund	Special Revenue		Capital Projects	Debt Service	Total Governmental Funds
		CDRA	South Ogden Days			
Other Financing Sources (Uses):						
Proceeds from sale of assets	\$ 471	\$ -	\$ -	\$ -	\$ -	\$ 471
Transfers in	1,375,000	-	55,412	176,916	925,800	2,533,128
Transfers out	(1,158,128)	-	-	-	-	(1,158,128)
Total Other Financing Sources (Uses)	<u>217,343</u>	<u>-</u>	<u>55,412</u>	<u>176,916</u>	<u>925,800</u>	<u>1,375,471</u>
Net Change in Fund Balances	307,763	233,020	(8,837)	(856,609)	(175,861)	(500,524)
Fund Balances, Beginning	<u>2,417,115</u>	<u>1,072,969</u>	<u>(4,569)</u>	<u>1,457,751</u>	<u>461,145</u>	<u>5,404,411</u>
Fund Balances, Ending	<u>\$ 2,724,878</u>	<u>\$ 1,305,989</u>	<u>\$ (13,406)</u>	<u>\$ 601,142</u>	<u>\$ 285,284</u>	<u>\$ 4,903,887</u>

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, 2015

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

Net Change in Fund Balances - Total Governmental Funds \$ (500,524)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of more than \$1,000 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.

Capital outlay	2,357,180
Depreciation expense	(2,077,678)

The net effect of various miscellaneous transactions involving capital assets (ie., sales, trade-ins, and donations) is to decrease net fixed assets.

Asset deletions	(430,342)
Depreciation deletions	430,342

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.

Payment of bond principal	729,000
Accrued interest	2,266

In the statement of activities, current changes to the net pension asset account to increase pension expense. The Governmental Funds do not adjust pension contribution expense.

109,731

In the statement of activities, current changes to the net pension liability account to increase pension expense. The Governmental Funds do not adjust pension contribution expense.

457,266

In the statement of activities, the current year's pension contributions from January to June are removed from pension expense and shown on the statement of net position as deferred outflows of resources - pensions. The Governmental Funds do not adjust pension contribution expense.

69,906

In the statement of activities the differences between expected and actual results and changes in assumptions decrease pension expense are shown on the statement of net position as deferred inflows of resources - pensions. The Governmental Funds do not adjust for these differences.

(378,547)

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.

Payment of lease principal	269,735
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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.

Compensated absences	274
Other post employment benefits	61,739

Changes in net position of governmental activities \$ 1,100,348

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, 2015

	General Fund		Actual	Variance with
	Budgeted Amounts			
	Original Budget	Final Budget		
Revenues:				
Property taxes	\$ 2,295,997	\$ 2,300,997	\$ 2,312,734	\$ 11,737
Sales taxes	2,988,790	2,988,790	2,952,876	(35,914)
Franchise taxes	1,252,457	1,302,457	1,270,441	(32,016)
Licenses and permits	298,641	336,162	364,362	28,200
Intergovernmental	557,339	604,017	621,647	17,630
Charges for services	941,303	1,117,777	743,996	(373,781)
Fines and forfeitures	706,568	706,568	638,018	(68,550)
Interest	23,700	23,700	23,953	253
Miscellaneous	137,697	187,727	223,381	35,654
Total Revenues	9,202,492	9,568,195	9,151,408	(416,787)
Expenditures:				
General government:				
City council	157,877	169,016	160,742	8,274
Legal	94,003	94,003	81,273	12,730
Municipal court	384,979	393,855	376,575	17,280
Administrative	837,117	816,228	756,836	59,392
Non-departmental	543,918	554,788	514,452	40,336
Building and grounds	179,000	179,000	158,978	20,022
Planning and zoning	70,600	170,600	153,384	17,216
Public safety:				
Police	2,830,471	2,931,525	2,803,004	128,521
Fire	1,296,129	1,372,233	1,322,611	49,622
Inspection and planning	113,157	113,497	109,471	4,026
Streets and public works				
Streets	1,932,493	1,951,261	1,661,142	290,119
Parks	522,632	540,258	475,533	64,725
Recreation	172,086	213,026	194,814	18,212
Capital leases:				
Principal	295,718	294,686	268,388	26,298
Interest	14,171	14,078	23,785	(9,707)
Total Expenditures	9,444,351	9,808,054	9,060,988	747,066
Excess (deficiency) of revenues over (under) expenditures	(241,859)	(239,859)	90,420	330,279
Other Financing Sources (Uses):				
Capital leases	-	-	-	-
Sale of capital assets	23,000	23,000	471	(22,529)
Transfers in	1,375,000	1,375,000	1,375,000	-
Transfers out	(1,156,141)	(1,158,141)	(1,158,128)	13
Total Other Financing Sources (Uses)	241,859	239,859	217,343	(22,516)
Net Change in Fund Balances	\$ -	\$ -	307,763	\$ 307,763
Fund Balances, Beginning			2,417,115	
Fund Balances, Ending			\$ 2,724,878	

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, 2015

	CDRA		Actual	Variance with
	Budgeted Amounts			
	Original	Final	Amounts	Final Budget
	Budget	Budget		
Revenues:				
Property taxes	\$ 987,500	\$ 987,500	\$ 672,028	\$ (315,472)
Interest	165	165	-	(165)
Total Revenues	<u>987,665</u>	<u>987,665</u>	<u>672,028</u>	<u>(315,637)</u>
Expenditures:				
Current:				
Community development	954,265	954,265	439,008	515,257
Total Expenditures	<u>954,265</u>	<u>954,265</u>	<u>439,008</u>	<u>515,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,400</u>	<u>33,400</u>	<u>233,020</u>	<u>199,620</u>
Other Financing Sources (Uses):				
Transfers in	-	100,200	-	(100,200)
Total Other Financing Sources (Uses)	-	100,200	-	(100,200)
Net Change in Fund Balances	<u>\$ 33,400</u>	<u>\$ 133,600</u>	<u>233,020</u>	<u>\$ 99,420</u>
Fund Balances, Beginning			<u>1,072,969</u>	
Fund Balances, Ending			<u>\$ 1,305,989</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, 2015

	<u>South Ogden Days Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Miscellaneous	\$ 50,375	\$ 50,375	\$ 59,667	\$ 9,292
Total Revenues	<u>50,375</u>	<u>50,375</u>	<u>59,667</u>	<u>9,292</u>
Expenditures:				
Parks and recreation	<u>103,795</u>	<u>103,795</u>	<u>123,916</u>	<u>(20,121)</u>
Total Expenditures	<u>103,795</u>	<u>103,795</u>	<u>123,916</u>	<u>(20,121)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,420)</u>	<u>(53,420)</u>	<u>(64,249)</u>	<u>(10,829)</u>
Other Financing Sources (Uses):				
Transfers in	<u>53,420</u>	<u>53,420</u>	<u>55,412</u>	<u>1,992</u>
Total Other Financing Sources (Uses)	<u>53,420</u>	<u>53,420</u>	<u>55,412</u>	<u>1,992</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>(8,837)</u>	<u>\$ (8,837)</u>
Fund Balances, Beginning			<u>(4,569)</u>	
Fund Balances, Ending			<u>\$ (13,406)</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, 2015

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	Total
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 1,197,981	\$ 295,794	\$ 288,863	\$ 271,148	\$ -	\$ 2,053,786
Accounts receivable, net	212,683	273,340	61,058	98,776	142,759	788,616
Prepays	56,135	-	-	-	-	56,135
Total Current Assets	1,466,799	569,134	349,921	369,924	142,759	2,898,537
Noncurrent Assets:						
Restricted cash and cash equivalents	93,158	-	61,796	-	-	154,954
Net pension asset	6,901	4,406	3,704	-	3,769	18,780
Capital assets:						
Land	295,405	16,274	100,734	-	-	412,413
Buildings and improvements	411	3,733	-	-	-	4,144
Machinery and equipment	169,016	322,122	61,057	43,995	157,406	753,596
Infrastructure	3,513,980	2,093,604	1,567,762	-	-	7,175,346
Total Noncurrent Assets	4,078,871	2,440,139	1,795,053	43,995	161,175	8,519,233
Total Assets	5,545,670	3,009,273	2,144,974	413,919	303,934	11,417,770
Deferred Outflows of Resources:						
Pensions	22,922	14,634	12,303	-	12,519	62,378
Total Deferred Outflows	22,922	14,634	12,303	-	12,519	62,378
Total Assets and Deferred Outflows	\$ 5,568,592	\$ 3,023,907	\$ 2,157,277	\$ 413,919	\$ 316,453	\$ 11,480,148

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, 2015

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	Total
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 73,040	\$ 93,531	\$ 18,002	\$ 104,065	\$ 17,019	\$ 305,657
Compensated absences	25,750	14,737	10,338	-	-	50,825
Accrued wages & benefits	6,895	5,350	4,901	-	7,526	24,672
Customer deposits	-	-	-	845	-	845
Due to other funds	-	-	-	-	284,178	284,178
Capital lease	17,845	2,974	17,845	5,948	53,535	98,147
Total Current Liabilities	123,530	116,592	51,086	110,858	362,258	764,324
Noncurrent Liabilities:						
Capital lease	17,965	5,064	19,989	7,888	51,779	102,685
Other post employment benefits	353,791	80,734	1,769	-	-	436,294
Net pension liability	96,405	61,547	51,743	-	52,651	262,346
Total Noncurrent Liabilities	468,161	147,345	73,501	7,888	104,430	801,325
Total Liabilities	591,691	263,937	124,587	118,746	466,688	1,565,649
Deferred Inflows of Resources:						
Pensions	23,496	15,000	12,611	-	12,832	63,939
Total Deferred Inflows	23,496	15,000	12,611	-	12,832	63,939
Net Position:						
Net investment in capital assets	3,943,002	2,427,695	1,691,719	43,995	157,406	8,263,817
Restricted for impact fees	93,158	-	61,796	-	-	154,954
Unrestricted	917,245	317,275	266,564	251,178	(320,473)	1,431,789
Total Net Position	4,953,405	2,744,970	2,020,079	295,173	(163,067)	9,850,560
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,568,592	\$ 3,023,907	\$ 2,157,277	\$ 413,919	\$ 316,453	\$ 11,480,148

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, 2015

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	Total
Operating Revenues:						
Charges for services	\$ 1,340,381	\$ 1,683,131	\$ 549,481	\$ 817,605	\$ 360,253	\$ 4,750,851
Miscellaneous	51,216	8,657	2,115	631	2,094	64,713
Total Operating Revenues	1,391,597	1,691,788	551,596	818,236	362,347	4,815,564
Operating Expenses:						
Personnel services	338,492	246,906	191,236	-	293,801	1,070,435
Contractual services	328,153	1,161,766	125,256	730,423	119,960	2,465,558
Materials and supplies	372,192	181,040	69,296	13,061	70,773	706,362
Depreciation	190,220	128,020	97,086	23,489	47,057	485,872
Total Operating Expenses	1,229,057	1,717,732	482,874	766,973	531,591	4,728,227
Operating Income (Loss)	162,540	(25,944)	68,722	51,263	(169,244)	87,337
Nonoperating Revenues (Expenses):						
Interest income	7,781	3,498	1,966	2,630	-	15,875
Interest expense	(780)	(196)	(898)	(165)	(1,320)	(3,359)
Gain on sale of capital assets	-	19,470	-	-	-	19,470
Impact fees	18,711	-	34,038	-	-	52,749
Transfers out	(600,000)	(350,000)	-	(425,000)	-	(1,375,000)
Total Nonoperating Revenues (Expenses)	(574,288)	(327,228)	35,106	(422,535)	(1,320)	(1,290,265)
Income (Loss) Before Transfers	(411,748)	(353,172)	103,828	(371,272)	(170,564)	(1,202,928)
Changes in Net Position	(411,748)	(353,172)	103,828	(371,272)	(170,564)	(1,202,928)
Net Position, Beginning	5,471,267	3,165,886	1,973,205	666,445	65,450	11,342,253
Prior Period Adjustment	(106,114)	(67,744)	(56,954)	-	(57,953)	(288,765)
Net Position, Ending	\$ 4,953,405	\$ 2,744,970	\$ 2,020,079	\$ 295,173	\$ (163,067)	\$ 9,850,560

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, 2015

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Cash Flows From Operating Activities:						
Receipts from customers	1,415,371	\$ 1,668,504	\$ 534,440	\$ 815,594	\$ 337,580	\$ 4,771,489
Payments to suppliers	(705,454)	(1,457,632)	(191,636)	(701,843)	(183,451)	(3,240,016)
Payments to employees and related benefits	(376,069)	(252,912)	(164,804)	-	(299,949)	(1,093,734)
Net cash provided (used) by operating activities	<u>333,848</u>	<u>(23,000)</u>	<u>161,993</u>	<u>113,751</u>	<u>(129,532)</u>	<u>457,060</u>
Cash Flows From Non-Capital Financing Activities:						
Payments from other funds	-	-	-	-	169,546	169,546
Transfers to other funds	(600,000)	(350,000)	-	(425,000)	-	(1,375,000)
Net cash provided (used) by non-capital financing activities	<u>(600,000)</u>	<u>(350,000)</u>	<u>-</u>	<u>(425,000)</u>	<u>169,546</u>	<u>(1,205,454)</u>
Cash Flows From Capital and Related Financing Activities:						
Purchase of capital assets	(158,474)	(7,536)	(270,427)	(13,990)	(7,759)	(458,186)
Proceeds from sale of capital assets	-	19,470	-	-	-	19,470
Proceeds from capital lease	-	-	-	-	-	-
Principal paid on capital lease	(18,303)	(4,562)	(21,137)	(3,860)	(30,935)	(78,797)
Interest paid on capital lease	(780)	(196)	(898)	(165)	(1,320)	(3,359)
Impact fees	18,711	-	34,038	-	-	52,749
Net cash provided (used) by capital and related financing activities	<u>(158,846)</u>	<u>7,176</u>	<u>(258,424)</u>	<u>(18,015)</u>	<u>(40,014)</u>	<u>(468,123)</u>
Cash Flows From Investing Activities:						
Interest on investments	7,781	3,498	1,966	2,630	-	15,875
Net cash provided (used) by investing activities	<u>7,781</u>	<u>3,498</u>	<u>1,966</u>	<u>2,630</u>	<u>-</u>	<u>15,875</u>
Net Increase (Decrease) In Cash	(417,217)	(362,326)	(94,465)	(326,634)	-	(1,200,642)
Cash At Beginning Of Year	<u>1,708,356</u>	<u>658,120</u>	<u>445,124</u>	<u>597,782</u>	<u>-</u>	<u>3,409,382</u>
Cash At End Of Year	<u><u>1,291,139</u></u>	<u><u>\$ 295,794</u></u>	<u><u>\$ 350,659</u></u>	<u><u>\$ 271,148</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,208,740</u></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, 2015

	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)	162,540	\$ (25,944)	\$ 68,722	\$ 51,263	\$ (169,244)	\$ 87,337
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:						
Depreciation	190,220	128,020	97,086	23,489	47,057	485,872
(Increase) decrease in assets:						
Accounts receivable	23,774	(4,244)	(1,149)	(2,642)	(8,479)	7,260
Prepays	(1,464)	-	-	-	-	(1,464)
Net pension asset	(6,811)	(4,348)	(3,656)	-	(3,720)	(18,535)
Deferred outflows	(4,339)	(2,769)	(2,329)	-	(2,369)	(11,806)
Increase (decrease) in liabilities:						
Accounts payable	(3,645)	(114,826)	2,916	41,641	7,282	(66,632)
Accrued liabilities	(21,541)	4,231	3,025	-	2,610	(11,675)
Net pension liability	(28,382)	(18,120)	(15,233)	-	(15,501)	(77,236)
Deferred inflows	23,496	15,000	12,611	-	12,832	63,939
Net cash provided (used) by operating activities	<u>333,848</u>	<u>\$ (23,000)</u>	<u>\$ 161,993</u>	<u>\$ 113,751</u>	<u>\$ (129,532)</u>	<u>\$ 457,060</u>

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

SOUTH OGDEN CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

South Ogden City (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 Nonspendable, 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.

(L) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/ deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported fair value.

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:

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

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, 2015, \$349,548 of the City's \$808,572 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

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, 2015, the City had investments of \$6,236,953 with the PTIF, as of June 30, 2015 the fair value factor was 1.004960. The fair value of these investments was \$6,267,891.

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, 2015:

	Amount
Unspent road bond proceeds	\$ 196,229
Impact fees	266,885
Debt service	269,000
Developer and customer deposits	6,964
Employee benefits	465,756
Road funds	463,110
Total restricted cash and cash equivalents	\$ 1,667,944

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts at June 30, 2015 for all funds is \$31,621.

NOTE 5 PRIOR PERIOD ADJUSTMENT

GASB 68

In fiscal year 2015, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. As a result, the City has established the following at the government-wide and proprietary fund financial statement level to account for its defined benefit plans with the Utah State Retirement System: net pension asset, deferred outflows of resources – pensions, net pension liability, and deferred inflows of resources – pensions. The net effect of this accounting required a prior period adjustment reducing net position to governmental activities by \$1,709,606 and business-type activities by \$288,765.

The business-type reduction of \$288,765 is broken out by fund as follows: Water \$106,114, Sewer \$67,744, Storm Drain \$56,954, and Ambulance \$57,953.

Change in Fixed Assets

Additionally in fiscal year 2015, it was discovered that in fiscal year 2014 certain road projects were expensed and management feels that those projects should have been capitalized. The net effect of correcting this accounting error required a prior period adjustment increasing net position to governmental activities by \$1,002,452, this increase all came from the general fund.

Net Prior Period Adjustment

The net effect of these two prior period adjustments reduced the overall net position of governmental activities by \$707,154 and of business-type activities by \$288,765.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015, is as follows:

	<u>Balance June 30, 2014</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2015</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,144,413	\$ -	\$ -	\$10,144,413
Construction in progress	37,250	1,011	-	38,261
Total capital assets, not being depreciated	<u>10,181,663</u>	<u>1,011</u>	<u>-</u>	<u>10,182,674</u>
Capital assets, being depreciated:				
Buildings and improvements	12,997,345	-	-	12,997,345
Machinery and equipment	6,010,016	99,966	(286,514)	5,823,468
Infrastructure	38,641,299	3,258,972	(143,828)	41,756,443
Total capital assets, being depreciated	<u>57,648,660</u>	<u>3,358,938</u>	<u>(430,342)</u>	<u>60,577,256</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,886,494)	(273,530)	-	(3,160,024)
Machinery and equipment	(4,157,894)	(467,868)	286,514	(4,339,248)
Infrastructure	(22,117,684)	(1,336,279)	143,828	(23,310,135)
Total accumulated depreciation	<u>(29,162,072)</u>	<u>(2,077,677)</u>	<u>430,342</u>	<u>(30,809,407)</u>
Total capital assets, net of accumulated depreciation	<u>28,486,588</u>	<u>1,281,261</u>	<u>-</u>	<u>29,767,849</u>
Governmental activities capital assets, net	<u>\$ 38,668,251</u>	<u>\$ 1,282,272</u>	<u>\$ -</u>	<u>\$39,950,523</u>

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

Governmental activities:	
General government	\$ 1,651,556
Public Safety	302,667
Streets and public works	85,416
Parks and recreation	38,038
Total depreciation expense - governmental activities	<u>\$ 2,077,677</u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

	Balance June 30, 2014	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2015
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 412,413	\$ -	\$ -	\$ 412,413
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	412,413	-	-	412,413
Capital assets, being depreciated:				
Buildings and improvements	95,212	-	-	95,212
Machinery and equipment	2,240,038	31,362	(118,180)	2,153,220
Infrastructure	12,333,335	426,824	-	12,760,159
Total capital assets, being depreciated	14,668,585	458,186	(118,180)	15,008,591
Less accumulated depreciation for:				
Buildings and improvements	(89,978)	(1,090)	-	(91,068)
Machinery and equipment	(1,306,291)	(211,513)	118,180	(1,399,624)
Infrastructure	(5,311,544)	(273,269)	-	(5,584,813)
Total accumulated depreciation	(6,707,813)	(485,872)	118,180	(7,075,505)
Total capital assets, net of accumulated depreciation	7,960,772	(27,686)	-	7,933,086
Business-type activities capital assets, net	\$ 8,373,185	\$ (27,686)	\$ -	\$ 8,345,499

The Business-type activities depreciation consists of the following at June 30, 2015:

Business-type activities

Water	\$ 190,220
Sewer	128,020
Storm Drain	97,086
Solid Waste	23,489
Ambulance	47,057
Total depreciation expense - business-type activities	\$ 485,872

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2015:

	<u>June 30,</u> <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2015</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Revenue bonds	\$ 10,816,000	\$ -	\$ (729,000)	\$ 10,087,000	\$ 739,000
Capital leases	943,263		(269,418)	673,845	234,467
Compensated absences	466,030	295,330	(295,604)	465,756	396,718
Other post employment benefits	1,028,027	12,794	(74,533)	966,288	9,978
Governmental activities long-term liabilities	<u>13,253,320</u>	<u>308,124</u>	<u>(1,368,555)</u>	<u>12,192,889</u>	<u>1,380,163</u>
Business-type Activities:					
Capital leases	279,629	-	(78,797)	200,832	98,147
Compensated absences	46,769	61,994	(57,938)	50,825	50,825
Other post employment benefits	461,092	16,410	(41,208)	436,294	-
Business-type activities long-term liabilities	<u>787,490</u>	<u>78,404</u>	<u>(177,943)</u>	<u>687,951</u>	<u>148,972</u>
	<u>\$ 14,040,810</u>	<u>\$ 386,528</u>	<u>\$ (1,546,498)</u>	<u>\$ 12,880,840</u>	<u>\$ 1,529,135</u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 LONG-TERM DEBT (Continued)

Revenue Bonds

<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>	<p>\$ 6,020,000</p>
<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>	<p>1,375,000</p>
<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>	<p>1,555,000</p>
<p>Series 2014 Sales and Excise Tax Revenue Bonds, original issue of \$1,511,000, principal due in annual installments beginning May 2014, interest at 1.22% due in semi-annual installments beginning May 2014, with the final payment due May 2018. The bonds were issued to refund the 2004 Sales Tax Revenue Refunding bonds. The economic gain was \$96,408 with a Gross Present Value Debt Service Savings of \$95,846.</p>	<p><u>1,137,000</u></p>
<p>Total Revenue Bonds - Governmental Activities</p>	<p><u><u>\$ 10,087,000</u></u></p>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 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 \$3,457,371 compared to principal and interest of \$1,100,077. Principal and interest are 32% of pledged revenues for the year ending June 30, 2015.

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	Governmental Activities Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>
2016	739,000	356,413
2017	757,000	341,302
2018	765,000	325,341
2019	807,000	308,863
2020	827,000	280,859
2021-2025	3,717,000	958,261
2026-2029	2,475,000	275,776
	<u>\$ 10,087,000</u>	<u>\$ 3,217,431</u>

Capital Leases

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

	<u>Amount</u>
Machinery and equipment	\$ 1,651,583
Less: Accumulated depreciation	(717,623)
	<u>\$ 933,960</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 346,929
2017	347,994
2018	42,126
2019	43,015
2020	44,492
2021-2023	90,597
Total minimum lease payment	915,153
Less: amount representing interest	(40,476)
Present value of minimum lease payments	<u>\$ 874,677</u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 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 \$447,543 of the compensated absences balance will be due in the next year.

NOTE 9 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 9 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 2015 these costs amounted to \$10,205. 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	\$ 118,868
Adjustment to annual required contribution	<u>(220,771)</u>
Annual OPEB obligation expense	(101,903)
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	(101,903)
Net OPEB obligation - beginning of year	<u>1,489,119</u>
Net OPEB obligation - end of year	<u>\$ 1,402,582</u>

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 2015 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 9 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 10 COMMITMENTS AND CONTINGENCIES

The City has \$320,000 in outstanding construction commitments at June 30, 2015.

NOTE 11 RETIREMENT PLANS

General Information about the Pension Plans

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employees, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employees, retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

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

NOTE 11 RETIREMENT PLANS (Continued)

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age * 20 years age 60 * 10 years age 62 * 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*with actuarial reductions

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111- Local Governmental Division Tier 2	N/A	N/A	14.830 %
Noncontributory System			
15- Local Governmental Division Tier 1	N/A	N/A	18.470 %
Public Safety Retirement System			
75- Other Division A Noncontributory Tier 1	N/A	N/A	35.710 %
122- Other Division A Contributory Tier 2	N/A	N/A	23.710 %
Firefighters System			
31- Division A Tier 1	N/A	15.050 %	3.820 %
132- Division B Tier 2	N/A	N/A	10.800 %

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS (Continued)

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2014, we reported a net pension asset of \$129,967 and a net pension liability of \$1,815,535.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.1815122%	\$ -	\$ 788,169
Public Safety System	0.8169367 %	-	1,027,366
Firefighters System	2.1834989%	124,599	-
Tier 2 Public Employees System	0.0364228 %	1,104	-
Tier 2 Public Safety and Firefighter System	0.2882378 %	4,264	-
Total Net Pension Asset / Liability		<u>\$ 129,967</u>	<u>\$ 1,815,535</u>

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$533,818. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139	\$ 150,034
Change in assumptions	-	292,452
Net difference between projected and actual earnings on pension plan investments	53,767	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	377,771	-
Total	<u>\$ 431,678</u>	<u>\$ 442,486</u>

\$377,771 was reported as deferred outflows of resources related to pension's results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

NOTE 11 RETIREMENT PLANS (Continued)

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2015	(\$96,143)
2016	(\$96,143)
2017	(\$96,143)
2018	(\$56,027)
2019	(\$14,504)
Thereafter	(\$29,615)

Actuarial Assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM= Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF= Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC= RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

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

NOTE 11 RETIREMENT PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS (Continued)

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset) / liability	\$4,930,275	\$1,685,568	(\$973,078)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Payables to the pension plan

[If reported payables to the defined benefit pension plan, it should disclose information required by paragraph 122 of GASB 68.]

	Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	0.1815122 %	0.8169367 %	2.1834989 %	0.0364228 %	0.2882378 %
Proportionate share of the net pension liability (asset)	\$788,169	\$1,027,366	(\$124,599)	(\$1,104)	(\$4,264)
Covered employee payroll	\$1,544,571	\$1,138,360	\$633,885	\$178,846	\$119,069
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.0%	90.2 %	-19.7 %	-0.6 %	-3.6 %
Plan fiduciary net position as a percentage of the total pension liability	90.2%	90.5%	103.5 %	103.5 %	120.5 %

*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

NOTE 12 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, 2015 there were no outstanding unpaid claims. Also, the City has no claim settlements during the three years ending June 30, 2015 which exceeded its insurance coverage.

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

NOTE 13 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of inter-fund balances as of June 30, 2015 is as follows:

	Interfund Receivables	Interfund Payables
General Fund - Governmental Activities	\$ 284,178	\$ -
Ambulance Fund - Business-Type Activities	-	284,178
General Fund - Governmental Activities	21,514	-
South Ogden Days Fund - Governmental Activities	-	21,514
	\$ 305,692	\$ 305,692

The due to/from other funds are the result of individual funds' cash flow needs.

Inter-fund transfers for the year ended June 30, 2015 were as follows:

	In	Out
Governmental activities:		
General fund	\$ 1,375,000	\$ 1,158,128
South Ogden Days fund	55,412	-
Debt Service fund	925,800	-
Capital Projects fund	176,916	-
Business-type activities:		
Water fund	-	600,000
Sewer fund	-	350,000
Garbage fund	-	425,000
	\$ 2,533,128	\$ 2,533,128

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 various road projects. The transfer from the Enterprise Funds to the General Fund is to provide funds for various road projects.

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

NOTE 14 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 one item that qualifies for reporting in this category, a net pension liability and asset related outflow:

The deferred outflows from pensions are reported in the government-wide statement of net position and the proprietary fund statement of net position. These outflows result from the differences in the estimates used to calculate the net pension liability and asset reported in each fund. As well as any pension contributions made after the measurement date and the end of the fiscal year.

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 City has two items that qualify in this category:

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.

The City's government-wide and proprietary fund statements of net position report deferred inflows from pensions. These deferred inflows result from the differences in the estimates used to calculate the net pension liability and asset reported in each fund.

NOTE 15 REDEVELOPMENT AGENCY OF THE CITY OF SOUTH OGDEN

For the year ended June 30, 2015, 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	\$ 22,058
<u>Project Area 2</u>	
36th street	107,338
<u>Project Area 3</u>	
Northwest project area	494,444
<u>Project Area 4</u>	
Hinckley project	48,188
	<u>\$ 672,028</u>
Tax increment paid to other taxing agencies	\$ -
Outstanding loans to finance RDA projects	\$ -
Amounts expended for site improvements and preparation costs	\$ 402,295
Amounts expended for acquisition of property	\$ -
Amounts expended for installation of public utilities and other public improvements	\$ -
Amounts expended for administrative costs	\$ 36,713

**SOUTH OGDEN CITY
REQUIRED SUPPLEMENTARY INFORMATION**

PENSION SCHEDULES
Utah Retirement Systems
December 31, 2014

SCHEDULE OF THE PORPORTIONATE SHARE OF THE NET PENSION LIABILITY – Last Ten Fiscal Years

	Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Safety and Firefighter System
Contractually required contribution	\$285,286	\$402,386	\$19,465	\$15,027	\$12,988
Contributions in relation to the contractually required contribution	(\$285,286)	(\$402,386)	(\$19,465)	(\$15,027)	(\$12,988)
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	\$1,544,571	\$1,138,360	\$633,885	\$178,846	\$119,069
Contributions as a percentage of covered-employee payroll **	18.47 %	35.35 %	3.07 %	8.40 %	10.91 %

*Amounts presented were determined as of calendar year January 1 – December 31. Employers will be required to prospectively develop this table in future years to show 10-years of information. The schedule above is only for the current year. Prior year numbers are available for your prior year note disclosure confirmation.

**Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

**SOUTH OGDEN CITY
OTHER SUPPLEMENTARY INFORMATION**

PENSION SCHEDULES
Utah Retirement Systems
December 31, 2014

Changes of Assumptions

If there were any changes to actuarial assumptions, they would be reported in this area.

This information below is not required as part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 – December 31.

Defined Contribution System

31-Dec-14

	<u>Employee Paid Contributions</u>	<u>Employer Paid Contributions</u>
401(k) Plan	\$119,900	\$60,954
457 Plan	\$40,706	\$0
Roth IRA Plan	\$5,930	\$0
Traditional IRA Plan	\$0	\$0
HRA Plan	\$0	\$0

*The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.