

CITY OF SOUTH OGDEN

BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

Together with Independent Auditor's Report



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF SOUTH OGDEN
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KEDDINGTON & CHRISTENSEN, CPAS

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

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, Utah as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of South Ogden, Utah'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, Utah as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the pension schedule of contributions, the schedule of changes in the total OPEB liability and related ratios, and the notes to required supplementary information, 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 opinions on the financial statements that collectively comprise the City of South Ogden, Utah's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2019, on our consideration of South Ogden City, Utah'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, Utah's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

Salt Lake City, Utah
October 28, 2019

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

This document is a narrative overview and analysis of the financial activities of South Ogden City for the fiscal year ending June 30, 2019. 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 \$52,066,794.

As of June 30, 2019, South Ogden City's governmental funds reported a combined ending fund balance of \$5,613,725. Of this amount, \$2,173,110 is available for spending at the City's discretion, while the remaining balance of \$3,440,615 is classified in accordance with GASB No. 54.

The greatest portion of the City's total long-term debt is comprised of the 2009 Sales & Excise Tax Revenue Bonds, the 2012 Road Revenue Bonds and the 2015 Sales & Excise Tax Revenue Refunding Bonds. The 2015 Refunding Bonds original issuance was 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 has a 50% ownership in the facility and a usage agreement has been worked out between the two entities. The City has pledged future sales and excise tax revenues towards this bond. The 2012 bonds were issued to finance road construction. The total combined principal outstanding as of June 30, 2019 is \$7,079,000; all 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. The difference between the two is 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 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, 2019

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

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

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

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

The City has identified four major governmental funds that are reported separately. They are the general fund, two special revenue funds, and a capital projects fund. There are two 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 internally for a City. 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 30 through 55 of this report.

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019**

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 in a fashion 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 \$52,066,794 at the close of fiscal year 2019, whereas, at the close of fiscal year 2018, the City's net position was \$49,113,132.

The largest portion of South Ogden City's net position is \$43,839,648 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		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 9,351,759	\$ 10,067,248	\$ 6,831,168	\$ 5,897,345	\$ 16,182,927	\$ 15,964,593
Capital assets	45,132,029	43,511,539	7,980,906	7,928,341	53,112,935	51,439,880
Total Assets	54,483,788	53,578,787	14,812,074	13,825,686	69,295,862	67,404,473
Deferred Outflows of Resources	1,676,269	1,696,847	289,556	292,029	1,965,825	1,988,876
Current and other liabilities	2,344,943	4,268,602	561,380	1,082,706	2,906,323	5,351,308
Long-term liabilities	12,042,205	9,854,111	872,652	307,270	12,914,857	10,161,381
Total Liabilities	14,387,148	14,122,713	1,434,032	1,389,976	15,821,180	15,512,689
Deferred Inflows of Resources	3,329,324	4,513,000	44,389	254,528	3,373,713	4,767,528
Net position:						
Net investment in capital assets	35,952,793	34,583,605	7,886,855	7,928,341	43,839,648	42,511,946
Restricted	622,037	726,874	558,142	534,955	1,180,179	1,261,829
Unrestricted	1,868,755	1,329,442	5,178,212	4,009,915	7,046,967	5,339,357
Total Net Position	\$ 38,443,585	\$ 36,639,921	\$ 13,623,209	\$ 12,473,211	\$ 52,066,794	\$ 49,113,132

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

Governmental Activities: Governmental activities are reflected in the government-wide activities statement. The governmental activities had a increase, including prior period adjustments, in total net position of \$1,803,644 in 2019.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019

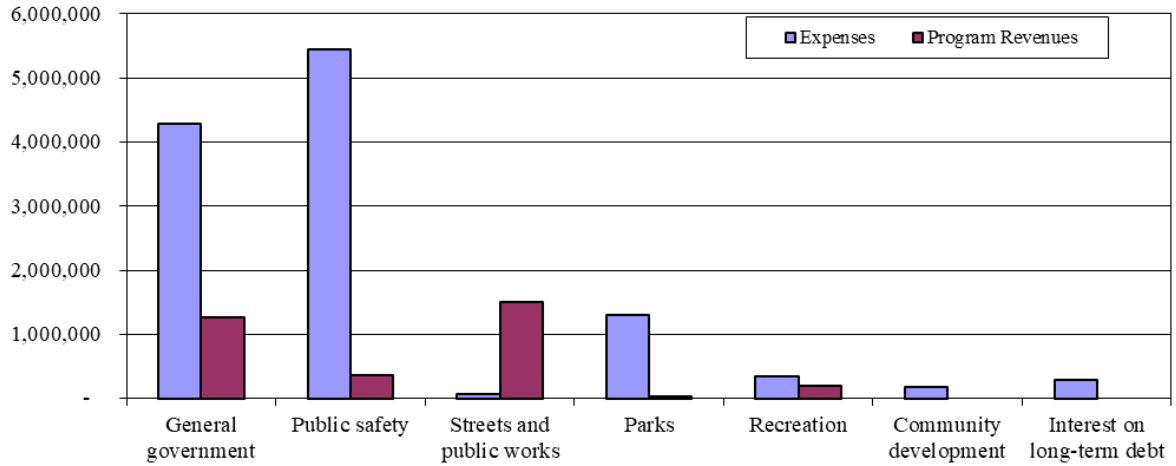
Taxes are the main source of revenue in the General Fund consisting of 57.76% of total revenue in 2019. The City receives six kinds of taxes (property, sales, delinquent property, fee-in-lieu, franchise, and Prop 1 taxes). Current year property taxes and sales taxes account for 35.19% and 43.08% respectively of total taxes collected in 2019. These numbers differ from the trend the City has seen over the last few years, as the City Council approved a property tax increase in FY 2019. Sales tax revenues continue to increase as local sales continue to be strong and the City is able to add some new businesses. Also, as property values continue to increase the City's certified tax rate had slowly been decreasing but as mentioned the approved property tax increase altered that and provided a moderate increase in property tax revenues for the year under review. The City also continues to experience a small amount of property tax growth due to new construction. The gap between these two revenues will narrow as the City will again be increasing property taxes as it looks ahead to fiscal year 2020. A new County-wide tax was imposed in 2017 after being voted in and is referred to as Prop 1 Highway Tax. It is one-tenth of one percent sales tax and is designated to be spent on streets, sidewalks and trails within the City. In fiscal year 2019 the City received \$276,876 of Prop 1 monies.

South Ogdan City's Changes in Net Position

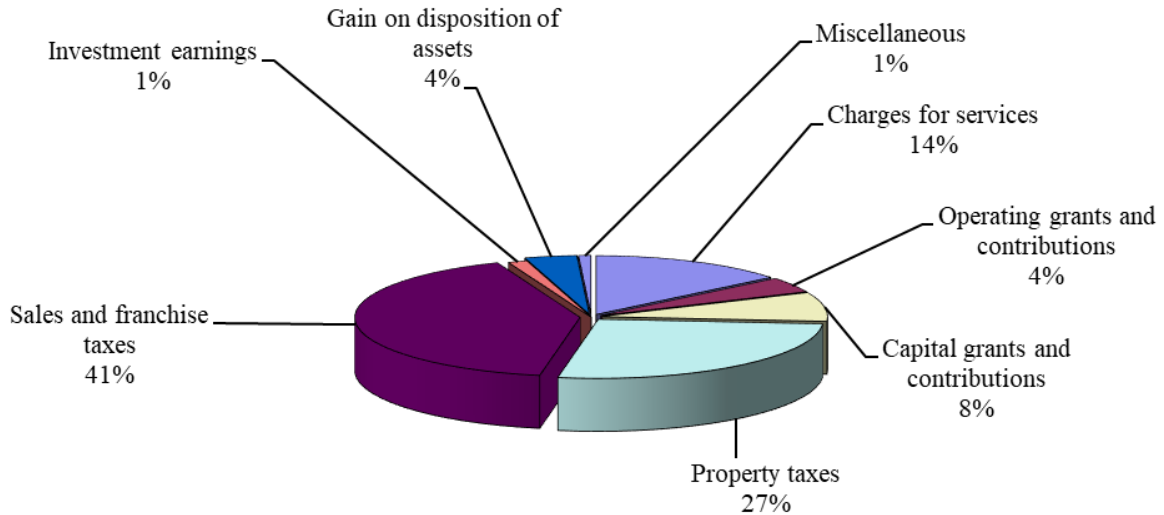
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,802,993	\$ 1,761,661	\$ 6,328,775	\$ 5,990,732	\$ 8,131,768	\$ 7,752,393
Operating grants and contributions	535,358	100,862	-	-	535,358	100,862
Capital grants and contributions	1,012,189	6,032,617	54,598	303,788	1,066,787	6,336,405
General revenues:						
Property taxes	3,390,926	3,046,568	-	-	3,390,926	3,046,568
Sales and franchise taxes	5,249,109	5,092,096	-	-	5,249,109	5,092,096
Investment earnings	174,248	85,452	138,127	75,385	312,375	160,837
Gain on disposition of assets	477,293	-	40,000	-	517,293	-
Miscellaneous	112,545	72,167	57,377	58,326	169,922	130,493
Total Revenues	12,754,661	16,191,423	6,618,877	6,428,231	19,373,538	22,619,654
Expenses:						
General government	3,559,826	3,485,023	-	-	3,559,826	3,485,023
Public safety	5,452,420	5,013,855	-	-	5,452,420	5,013,855
Streets and public works	73,159	685,024	-	-	73,159	685,024
Parks	1,309,000	523,707	-	-	1,309,000	523,707
Recreation	351,641	365,301	-	-	351,641	365,301
Community development	169,163	635,647	-	-	169,163	635,647
Interest on long-term debt	283,248	265,795	-	-	283,248	265,795
Water	-	-	1,024,272	1,042,989	1,024,272	1,042,989
Sewer	-	-	1,948,667	1,790,212	1,948,667	1,790,212
Storm drain	-	-	699,663	572,768	699,663	572,768
Solid waste	-	-	875,517	827,450	875,517	827,450
Ambulance	-	-	673,300	656,914	673,300	656,914
Total Expenses	11,198,457	10,974,352	5,221,419	4,890,333	16,419,876	15,864,685
Change in net position before transfers	1,556,204	5,217,071	1,397,458	1,537,898	2,953,662	6,754,969
Transfers	247,460	320,463	(247,460)	(320,463)	-	-
Change in Net Position	1,803,664	5,537,534	1,149,998	1,217,435	2,953,662	6,754,969
Net Position, Beginning	36,639,921	30,643,107	12,473,211	11,109,082	49,113,132	41,752,189
Prior Period Adjustment	-	459,280	-	146,694	-	605,974
Net Position, Ending	\$ 38,443,585	\$ 36,639,921	\$ 13,623,209	\$ 12,473,211	\$ 52,066,794	\$ 49,113,132

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

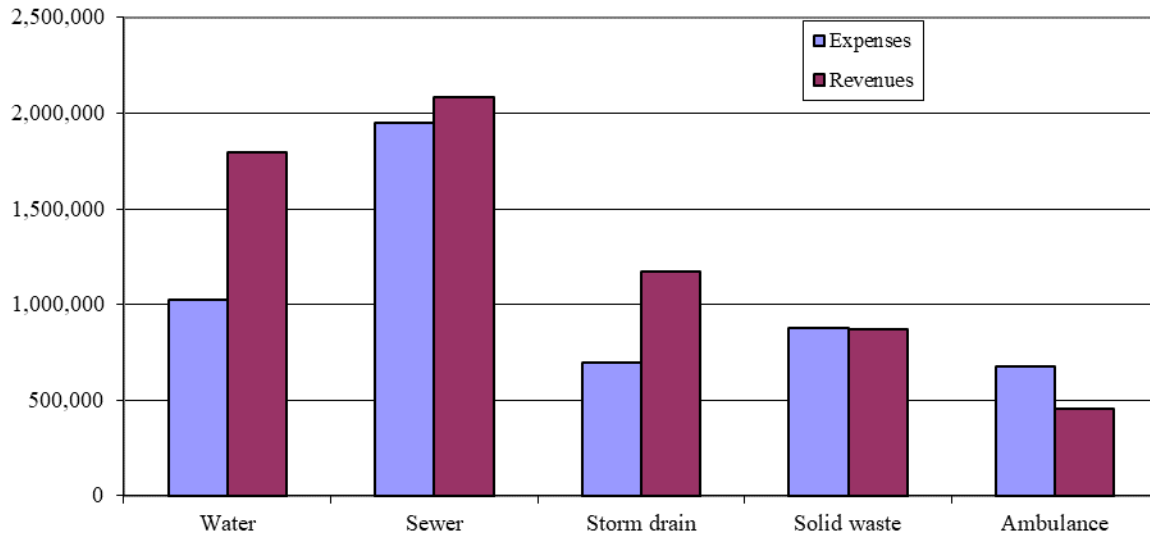


**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019**

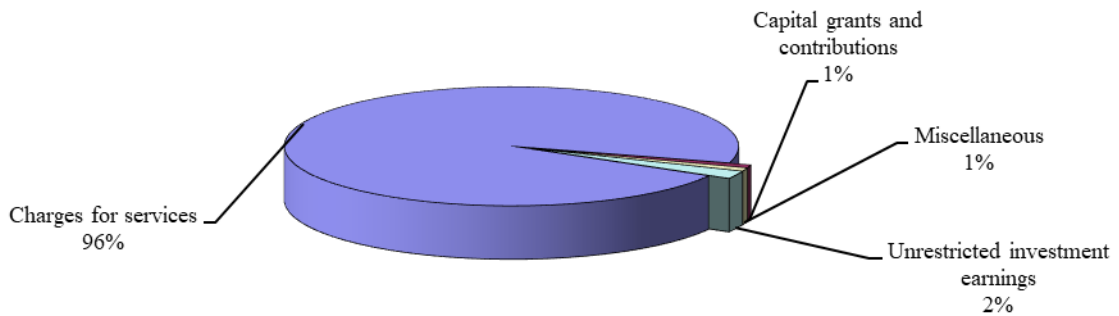
Business-type Activities: Business-type activities have increased, including prior period adjustments, the City's net position by \$1,149,998 during fiscal year 2019.

The majority of revenues in the business-type activities are in charges for services, which account for 96.09% of the revenues for fiscal year 2019.

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, 2019**

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, 2019, the City's governmental funds reported a combined ending fund balances of \$5,613,725. 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 these fund statements provide more detail.

General Fund Budgetary Highlights:

The original budget adopted in fiscal year 2019 for the general fund totaled \$16,083,564. The City Council approved budget amendments during the year bringing the modified total general fund budget to \$16,891,678.

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

- The variances on the revenue & expenditure side are mostly associated with some additional revenues that were received and the corresponding expenditures that are tied to the new revenues.
- There was an adjustment made to account for excessive overtime in the fire department.
- A piece of property, 3.453 acres, was sold to the local college, Weber State University.
- There was an amendment to incorporate a potential \$800,000 transfer to the Capital Project Fund from the General Fund.

Capital Assets and Debt Administration:

As of June 30, 2019, the City has invested \$53,112,935 net of accumulated depreciation in capital assets for its governmental and business-type activities. This amount is \$1,673,055 more than 2018. The City feels that its ability to increase capital assets will improve moving forward. The City Council put in place for the fiscal year 2019 budget process some significant revenue generating steps to work towards fiscal sustainability. The governing body is committed to continue working towards fiscal sustainability for FY 2020. These new monies will allow for infrastructure projects to be undertaken, heavy equipment and vehicles to be replaced as well as additional resources allocated to the City's streets for repairs and maintenance.

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019**

South Ogdan City's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 10,955,991	\$ 10,911,713	\$ 412,413	\$ 412,413	\$ 11,368,404	\$ 11,324,126
Construction in progress	255,123	7,084,654	57,470	782,725	312,593	7,867,379
Building and improvements	8,417,250	9,036,729	-	1,018	8,417,250	9,037,747
Machinery and equipment	3,082,579	640,923	420,813	317,927	3,503,392	958,850
Infrastructure	22,421,086	15,837,520	7,090,210	6,414,258	29,511,296	22,251,778
Total Capital Assets	\$ 45,132,029	\$ 43,511,539	\$ 7,980,906	\$ 7,928,341	\$ 53,112,935	\$ 51,439,880

As of June 30, 2019, the City's Governmental Activities had a long-term debt outstanding balance of \$10,466,704. This amount is comprised of the following component parts:

2009 Sales & Excise Tax Revenue Bonds - \$820,000 – retires in 2024
 2012 Road Revenue Bonds - \$694,000 – retires in 2022
 2015 Sales Tax Refunding Bonds - \$5,565,000 – retires in 2029
 Capital leases - \$1,648,297
 Compensated absences - \$597,518
 Other post-employment benefits - \$720,151
 Weber School District Property Lease - \$421,738

As of June 30, 2019, the City's Business-type Activities had a long-term debt outstanding balance of \$289,484. This amount is comprised of the following component parts:

Compensated absences - \$58,336
 Other post-employment benefits - \$231,484

South Ogdan City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds payable	\$ 7,079,000	\$ 7,941,000	\$ -	\$ -	\$ 7,079,000	\$ 7,941,000
Notes payable	421,747	467,794	-	-	421,747	467,794
Capital leases	1,658,259	224,446	122,125	-	1,780,384	224,446
Compensated absences	597,519	551,027	58,336	55,682	655,855	606,709
Other post employment benefits	720,151	669,844	231,484	251,588	951,635	921,432
Net pension liability	3,192,402	1,828,744	543,710	309,644	3,736,112	2,138,388
Total	\$ 13,669,078	\$ 11,682,855	\$ 955,655	\$ 616,914	\$ 14,624,733	\$ 12,299,769

Economic Factors and Next Year's Budget and Rates:

Economic indicators for the state continue to be strong. The local area and the State of Utah as a whole are experiencing quite a robust economic time. Construction of commercial buildings as well as single and multi-family dwellings is moving at a brisk pace. The unemployment rate continues to be low, in the neighborhood of 2.8%, which is even lower than the national rate. Utah has recently been ranked as one of the top states in the nation for businesses.

**SOUTH OGDEN CITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019**

The City’s budget for fiscal year 2020 will include a number of items that had been removed in previous years as a result of the new monies generated and the Council’s focus on replacing vehicles and heavy equipment and aggressively undertaking infrastructure projects. The City has completed a 2 year project of expanding one of the main thoroughfares in the City with the assistance of the State and other local agencies. A master plan for the development of the 12.74 acres of land purchased from the School District has been completed and construction will begin in FY 2020. The park will be funded by grants, partnerships and a potential City bond. The local Ogden Golf & Country Club was annexed into the City during FY 2019 and is a significant local point of reference. The City has been working on an in-depth fiscal sustainability analysis and inventory of the needs for street repairs and utility infrastructure and put in to place some funding sources to continue the sustainability process. During the fiscal year 2020 budget process the City Council voted in a 5% utility fee increase for the water, sewer, storm drain, garbage and road improvement funds to be implemented on September 1st. They also are continuing the road improvement fee which was implemented on January 01, 2018. Both the Council and the residents of the City are committed to maintaining and improving the services provided and the quality of life that South Ogden City provides for its residents.

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, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 4,420,124	\$ 5,053,328	\$ 9,473,452
Accounts receivable - net	187,998	983,824	1,171,822
Due from other governmental units	133,234	-	133,234
Taxes receivable	3,864,317	-	3,864,317
Prepaid expenses	89,314	71,231	160,545
Internal Balances	(13,187)	13,187	-
Restricted cash and cash equivalents	669,959	709,598	1,379,557
Capital assets, not being depreciated:			
Land	10,955,991	412,413	11,368,404
Construction in progress	255,123	57,470	312,593
Capital assets, net of accumulated depreciation:			
Buildings and improvements	8,417,250	-	8,417,250
Machinery and equipment	3,082,579	420,813	3,503,392
Infrastructure	22,421,086	7,090,210	29,511,296
Total Assets	54,483,788	14,812,074	69,295,862
Deferred Outflows of Resources:			
Pensions	1,667,901	285,277	1,953,178
Other post employment benefits	8,368	4,279	12,647
Total Deferred Outflows of Resources	1,676,269	289,556	1,965,825
Total Assets and Deferred Outflows of Resources	\$ 56,160,057	\$ 15,101,630	\$ 71,261,687

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

SOUTH OGDEN CITY
STATEMENT OF NET POSITION (Continued)
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities			
Accounts payable	\$ 310,976	\$ 282,563	\$ 593,539
Accrued liabilities	299,334	44,358	343,692
Accrued interest payable	59,838	-	59,838
Unearned Revenue	3,385	-	3,385
Payable from restricted assets:			
Accounts payable	20,230	150,056	170,286
Developer and customer deposits	24,307	1,400	25,707
Noncurrent liabilities:			
Due within one year	1,626,873	83,003	1,709,876
Due in more than one year	12,042,205	872,652	12,914,857
Total Liabilities	<u>14,387,148</u>	<u>1,434,032</u>	<u>15,821,180</u>
Deferred Inflows of Resources:			
Deferred property tax revenue	3,079,802	-	3,079,802
Pensions	239,805	40,125	279,930
Other post employment benefits	9,717	4,264	13,981
Total Deferred Inflows of Resources	<u>3,329,324</u>	<u>44,389</u>	<u>3,373,713</u>
Net Position:			
Net investment in capital assets	35,952,793	7,886,855	43,839,648
Restricted for:			
Roads	389,990	-	389,990
Impact fees	26,498	558,142	584,640
Debt service	191,725	-	191,725
State grants	13,824	-	13,824
Unrestricted	1,868,755	5,178,212	7,046,967
Total Net Position	<u>38,443,585</u>	<u>13,623,209</u>	<u>52,066,794</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 56,160,057</u>	<u>\$ 15,101,630</u>	<u>\$ 71,261,687</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, 2019

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	\$ 3,559,826	\$ 766,834	\$ 489,148	\$ -	\$ (2,303,844)	\$ -	\$ (2,303,844)
Public safety	5,452,420	344,027	20,094	-	(5,088,299)	-	(5,088,299)
Streets and public works	73,159	517,274	-	983,316	1,427,431	-	1,427,431
Parks	1,309,000	7,275	-	28,873	(1,272,852)	-	(1,272,852)
Recreation	351,641	167,583	26,116	-	(157,942)	-	(157,942)
Community development	169,163	-	-	-	(169,163)	-	(169,163)
Interest on long-term debt	283,248	-	-	-	(283,248)	-	(283,248)
Total Governmental Activities	11,198,457	1,802,993	535,358	1,012,189	(7,847,917)	-	(7,847,917)
Business-type Activities:							
Water	1,024,272	1,796,637	-	1,752	-	774,117	774,117
Sewer	1,948,667	2,084,266	-	-	-	135,599	135,599
Storm drain	699,663	1,120,941	-	52,846	-	474,124	474,124
Solid waste	875,517	873,242	-	-	-	(2,275)	(2,275)
Ambulance	673,300	453,689	-	-	-	(219,611)	(219,611)
Total Business-type Activities	5,221,419	6,328,775	-	54,598	-	1,161,954	1,161,954
Total Government	\$ 16,419,876	\$ 8,131,768	\$ 535,358	\$ 1,066,787	(7,847,917)	1,161,954	(6,685,963)
General Revenues:							
Property taxes					3,390,926	-	3,390,926
Sales taxes					4,112,271	-	4,112,271
Franchise taxes					1,136,838	-	1,136,838
Interest					174,248	138,127	312,375
Gain on disposal of assets					477,293	40,000	517,293
Miscellaneous					112,545	57,377	169,922
Transfers					247,460	(247,460)	-
Total General Revenues and Transfers					9,651,581	(11,956)	9,639,625
Change in Net Position					1,803,664	1,149,998	2,953,662
Net Position, Beginning					36,639,921	12,473,211	49,113,132
Net Position, Ending					\$ 38,443,585	\$ 13,623,209	\$ 52,066,794

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

SOUTH OGDEN CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Special Revenue		Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
		CDRA	South Ogden Days			
Assets:						
Cash and cash equivalents	\$ 1,268,523	\$ 1,064,190	\$ 63,843	\$ 1,920,961	\$ 102,607	\$ 4,420,124
Accounts receivable	111,413	-	24,645	-	51,940	187,998
Due from other governmental units	133,234	-	-	-	-	133,234
Taxes receivable	3,822,201	42,116	-	-	-	3,864,317
Prepaid items	89,314	-	-	-	-	89,314
Due from other funds	2,064,854	-	-	-	-	2,064,854
Restricted cash and cash equivalents	218,085	-	-	260,149	191,725	669,959
Total Assets	\$ 7,707,624	\$ 1,106,306	\$ 88,488	\$ 2,181,110	\$ 346,272	\$ 11,429,800
Liabilities:						
Accounts payable	\$ 123,553	\$ 79,930	\$ 83,042	\$ 24,451	\$ -	\$ 310,976
Accrued liabilities	299,334	-	-	-	-	299,334
Payable from restricted assets:						
Accounts payable	5,077	-	-	15,153	-	20,230
Developer deposits	24,307	-	-	-	-	24,307
Unearned revenue	3,385	-	-	-	-	3,385
Due to other funds	781,821	1,296,220	-	-	-	2,078,041
Total Liabilities	1,237,477	1,376,150	83,042	39,604	-	2,736,273
Deferred Inflows of Resources						
Deferred property tax revenue	\$ 3,060,295	\$ 19,507	\$ -	\$ -	\$ -	\$ 3,079,802

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

SOUTH OGDEN CITY
BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)
June 30, 2019

	General Fund	Special Revenue		Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
		CDRA	South Ogden Days			
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 89,314	\$ -	\$ -	\$ -	\$ -	\$ 89,314
Restricted:						
Class "C" roads	171,492	-	-	218,498	-	389,990
Impact fees	-	-	-	26,498	-	26,498
Debt service	-	-	-	-	191,725	191,725
State grants	13,824	-	-	-	-	13,824
Committed:						
Construction	75,243	-	-	-	-	75,243
Employee benefits	597,518	-	-	-	-	597,518
Assigned:						
Special revenue funds	-	-	5,446	-	51,940	57,386
Debt service	-	-	-	-	102,607	102,607
Capital projects	-	-	-	1,896,510	-	1,896,510
Unassigned	2,462,461	(289,351)	-	-	-	2,173,110
Total Fund Balances	3,409,852	(289,351)	5,446	2,141,506	346,272	5,613,725
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,707,624	\$ 1,106,306	\$ 88,488	\$ 2,181,110	\$ 346,272	\$ 11,429,800

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, 2019

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

Total Fund Balances - Governmental Funds	\$	5,613,725
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		45,132,029
Deferred outflows of resources related to pensions and other postemployment benefits are not an available resource and, therefore, are not reported in the funds.		1,676,269
Deferred inflows of resources related to pensions and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(249,522)
Interest expense is not due and payable in the current period and, therefore, is not recorded in the funds.		(59,838)
Long-term liabilities, including bonds, capital leases, net pension, and net other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(13,669,078)
Total Net Position - Governmental Activities	\$	<u>38,443,585</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, 2019

	General Fund	Special Revenue		Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
		CDRA	South Ogden Days			
Revenues:						
Property taxes	\$ 3,304,978	\$ 85,948	\$ -	\$ -	\$ -	\$ 3,390,926
Sales taxes	3,980,640	131,631	-	-	-	4,112,271
Franchise taxes	1,136,838	-	-	-	-	1,136,838
Licenses and permits	290,773	-	-	-	-	290,773
Intergovernmental	1,123,422	-	-	-	-	1,123,422
Charges for services	202,053	-	-	73,005	514,604	789,662
Fines and forfeitures	639,233	-	-	-	-	639,233
Interest	147,813	172	-	18,202	8,061	174,248
Miscellaneous	230,610	-	54,645	-	-	285,255
Total Revenues	11,056,360	217,751	54,645	91,207	522,665	11,942,628
Expenditures:						
Current:						
General government	1,576,766	-	-	-	4,500	1,581,266
Public safety	6,353,685	-	-	-	-	6,353,685
Streets and public works	1,520,651	-	-	-	-	1,520,651
Parks	1,357,578	-	-	-	-	1,357,578
Recreation	251,751	-	102,249	-	-	354,000
Community development	-	519,171	-	-	-	519,171
Debt service:						
Principal	46,047	-	-	-	862,000	908,047
Interest	14,034	7,571	-	-	218,991	240,596
Capital leases:						
Principal	86,828	-	-	-	-	86,828
Interest	33,346	-	-	-	-	33,346
Capital outlay	-	-	-	1,160,708	-	1,160,708
Total Expenditures	\$ 11,240,686	\$ 526,742	\$ 102,249	\$ 1,160,708	\$ 1,085,491	\$ 14,115,876

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, 2019

	General Fund	Special Revenue		Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
		CDRA	South Ogden Days			
Excess (deficiency) of revenues over (under) expenditures	\$ (184,326)	\$ (308,991)	\$ (47,604)	\$ (1,069,501)	\$ (562,826)	\$ (2,173,248)
Other Financing Sources (Uses):						
Capital lease proceeds	1,520,642	-	-	-	-	1,520,642
Sale of capital assets	358,518	837,962	-	-	-	1,196,480
Contributions	-	-	-	292,172	-	292,172
Transfers in	1,122,460	-	52,004	1,963,163	1,082,496	4,220,123
Transfers out	(2,589,538)	(875,000)	-	-	(508,125)	(3,972,663)
Total Other Financing Sources (Uses)	412,082	(37,038)	52,004	2,255,335	574,371	3,256,754
Net Change in Fund Balances	227,756	(346,029)	4,400	1,185,834	11,545	1,083,506
Fund Balance, Beginning	3,182,096	56,678	1,046	955,672	334,727	4,530,219
Fund Balance, Ending	\$ 3,409,852	\$ (289,351)	\$ 5,446	\$ 2,141,506	\$ 346,272	\$ 5,613,725

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, 2019

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,083,506
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.	1,620,490
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:	(525,766)
In the statement of activities, accrued interest on debt is recorded.	(9,306)
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.	(117,341)
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.	(1,363,658)
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.	(28,342)
In the statement of activities, the differences between expected and actual results and changes in assumptions decrease pension expense and are shown on the statement of net position as deferred inflows of resources - pensions. The Governmental Funds do not adjust for these differences.	1,234,321
Some expenses (accrued leave, other post employment benefits) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(90,240)
Changes in net position of governmental activities	\$ 1,803,664

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Property taxes	\$ 3,253,044	\$ 3,253,044	\$ 3,304,978	\$ 51,934
Sales taxes	3,845,238	3,845,238	3,980,640	135,402
Franchise taxes	1,270,417	1,270,417	1,136,838	(133,579)
Licenses and permits	349,338	349,338	290,773	(58,565)
Intergovernmental	1,862,875	1,837,011	1,123,422	(713,589)
Charges for services	203,426	203,426	202,053	(1,373)
Fines and forfeitures	639,948	639,948	639,233	(715)
Interest	61,000	107,555	147,813	40,258
Miscellaneous	161,090	188,783	230,610	41,827
Total Revenues	<u>11,646,376</u>	<u>11,694,760</u>	<u>11,056,360</u>	<u>(638,400)</u>
Expenditures:				
General government:				
City council	165,953	165,953	165,566	387
Legal	94,152	94,152	85,619	8,533
Municipal court	370,152	382,897	373,837	9,060
Administrative	32,819	53,111	23,738	29,373
Non-departmental	864,999	797,721	644,591	153,130
Building and grounds	165,000	165,000	191,078	(26,078)
Planning and zoning	72,850	86,775	92,337	(5,562)
Public safety:				
Police	3,761,487	3,686,322	3,419,026	267,296
Fire	2,629,916	2,793,618	2,812,537	(18,919)
Inspection and planning	140,013	141,013	122,122	18,891
Streets and public works	2,009,241	1,928,636	1,520,651	407,985
Parks	2,088,623	2,105,830	1,357,578	748,252
Recreation	264,288	266,579	251,751	14,828
Debt service:				
Principal	46,047	46,047	46,047	-
Interest	14,034	14,034	14,034	-
Capital leases:				
Principal	581,650	581,650	86,828	494,822
Interest	42,340	42,340	33,346	8,994
Total Expenditures	<u>\$ 13,343,564</u>	<u>\$ 13,351,678</u>	<u>\$ 11,240,686</u>	<u>\$ 2,110,992</u>

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

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND (Continued)
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Excess (deficiency) of revenues over (under) expenditures	\$ (1,697,188)	\$ (1,656,918)	\$ (184,326)	\$ 1,472,592
Other Financing Sources (Uses):				
Notes payable issued	2,668,792	2,418,490	1,520,642	(897,848)
Sale of capital assets	-	339,967	358,518	18,551
Transfers in	173,322	173,322	1,122,460	949,138
Transfers out	<u>(1,841,950)</u>	<u>(2,641,950)</u>	<u>(2,589,538)</u>	<u>52,412</u>
Total Other Financing Sources (Uses)	<u>1,000,164</u>	<u>289,829</u>	<u>412,082</u>	<u>122,253</u>
Net Change in Fund Balance	<u>\$ (697,024)</u>	<u>\$ (1,367,089)</u>	227,756	<u>\$ 1,594,845</u>
Fund Balance, Beginning			<u>3,182,096</u>	
Fund Balance, Ending			<u>\$ 3,409,852</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 – COMMUNITY DEVELOPMENT
AND RENEWAL AGENCY – SPECIAL REVENUE FUND
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Property taxes	\$ 117,000	\$ 117,000	\$ 85,948	\$ (31,052)
Sales taxes	118,721	118,721	131,631	12,910
Interest	100	100	172	72
Total Revenues	<u>235,821</u>	<u>235,821</u>	<u>217,751</u>	<u>(18,070)</u>
Expenditures:				
Community development	135,821	515,821	519,171	(3,350)
Debt Service:				
Interest	-	-	7,571	(7,571)
Total Expenditures	<u>135,821</u>	<u>515,821</u>	<u>526,742</u>	<u>(10,921)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,000</u>	<u>(280,000)</u>	<u>(308,991)</u>	<u>(28,991)</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	837,962	837,962
Transfers out	-	-	(875,000)	(875,000)
Total Other Financing Sources (Uses)	-	-	(37,038)	(37,038)
Net Change in Fund Balance	<u>\$ 100,000</u>	<u>\$ (280,000)</u>	(346,029)	<u>\$ (66,029)</u>
Fund Balance, Beginning			<u>56,678</u>	
Fund Balance, Ending			<u>\$ (289,351)</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 –
SPECIAL REVENUE FUND
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Miscellaneous	\$ 71,100	\$ 71,100	\$ 54,645	\$ (16,455)
Total Revenues	<u>71,100</u>	<u>71,100</u>	<u>54,645</u>	<u>(16,455)</u>
Expenditures:				
Recreation	121,100	121,100	102,249	18,851
Total Expenditures	<u>121,100</u>	<u>121,100</u>	<u>102,249</u>	<u>18,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>(47,604)</u>	<u>2,396</u>
Other Financing Sources (Uses):				
Transfers in	50,000	50,000	52,004	2,004
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>52,004</u>	<u>2,004</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,400	<u>\$ 4,400</u>
Fund Balance, Beginning			<u>1,046</u>	
Fund Balance, Ending			<u>\$ 5,446</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, 2019

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 2,605,819	\$ 971,761	\$ 1,088,443	\$ 375,436	\$ 11,869	\$ 5,053,328
Accounts receivable, net	285,317	347,023	115,212	93,702	142,570	983,824
Prepays	71,231	-	-	-	-	71,231
Due from other funds	461,028	374,159	-	-	-	835,187
Total Current Assets	3,423,395	1,692,943	1,203,655	469,138	154,439	6,943,570
Noncurrent Assets:						
Restricted cash and cash equivalents	88,512	150,056	469,630	1,400	-	709,598
Capital assets not being depreciated:						
Land	295,405	16,274	100,734	-	-	412,413
Construction in progress	-	-	57,470	-	-	57,470
Capital assets, net of accumulated depreciation:						
Machinery and equipment	127,493	128,332	83,324	21,574	60,090	420,813
Infrastructure	3,689,695	1,796,295	1,604,220	-	-	7,090,210
Total Noncurrent Assets	4,201,105	2,090,957	2,315,378	22,974	60,090	8,690,504
Total Assets	7,624,500	3,783,900	3,519,033	492,112	214,529	15,634,074
Deferred Outflows of Resources:						
Pensions	104,930	69,865	54,449	-	56,033	285,277
Other post employment benefits	2,651	846	782	-	-	4,279
Total Deferred Outflows of Resources	107,581	70,711	55,231	-	56,033	289,556
Total Assets and Deferred Outflows of Resources	\$ 7,732,081	\$ 3,854,611	\$ 3,574,264	\$ 492,112	\$ 270,562	\$ 15,923,630

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, 2019

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 107,072	\$ 54,669	\$ 29,647	\$ 85,464	\$ 5,711	\$ 282,563
Accrued wages & benefits	8,792	9,328	9,780	-	16,458	44,358
Payable from restricted assets:						
Accounts payable	-	150,056	-	-	-	150,056
Customer deposits	-	-	-	1,400	-	1,400
Compensated absences	17,656	13,870	10,312	-	-	41,838
Capital lease	10,583	-	17,491	-	-	28,074
Other post employment benefits	13,091	-	-	-	-	13,091
Due to other funds	-	-	-	-	822,000	822,000
Total Current Liabilities	157,194	227,923	67,230	86,864	844,169	1,383,380
Noncurrent Liabilities:						
Compensated absences	7,155	-	9,343	-	-	16,498
Capital lease	37,255	-	56,796	-	-	94,051
Other post employment benefits	72,076	76,034	70,283	-	-	218,393
Net pension liability	199,924	131,264	104,943	-	107,579	543,710
Total Noncurrent Liabilities	316,410	207,298	241,365	-	107,579	872,652
Total Liabilities	473,604	435,221	308,595	86,864	951,748	2,256,032
Deferred Inflows of Resources:						
Pensions	14,735	9,099	8,108	-	8,183	40,125
Other post employment benefits	2,865	727	672	-	-	4,264
Total Deferred Inflows of Resources	17,600	9,826	8,780	-	8,183	44,389
Net Position:						
Net investment in capital assets	4,075,338	1,940,901	1,788,952	21,574	60,090	7,886,855
Restricted for impact fees	88,512	-	469,630	-	-	558,142
Unrestricted	3,077,027	1,468,663	998,307	383,674	(749,459)	5,178,212
Total Net Position	7,240,877	3,409,564	3,256,889	405,248	(689,369)	13,623,209
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 7,732,081	\$ 3,854,611	\$ 3,574,264	\$ 492,112	\$ 270,562	\$ 15,923,630

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, 2019

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Operating Revenues:						
Charges for services	\$ 1,796,637	\$ 2,084,266	\$ 1,120,941	\$ 873,242	\$ 453,689	\$ 6,328,775
Miscellaneous	33,669	7,811	1,381	2,670	11,846	57,377
Total Operating Revenues	1,830,306	2,092,077	1,122,322	875,912	465,535	6,386,152
Operating Expenses:						
Personnel services	195,576	375,080	421,355	-	419,122	1,411,133
Contractual services	447,200	1,319,684	144,396	858,271	129,910	2,899,461
Materials and supplies	236,998	132,613	70,264	11,317	99,850	551,042
Depreciation	144,362	121,290	63,648	5,929	24,418	359,647
Total Operating Expenses	1,024,136	1,948,667	699,663	875,517	673,300	5,221,283
Operating Income (Loss)	806,170	143,410	422,659	395	(207,765)	1,164,869
Nonoperating Revenues (Expenses):						
Interest income	63,993	32,780	32,388	8,947	19	138,127
Interest expense	(136)	-	-	-	-	(136)
Gain on sale of capital assets	40,000	-	-	-	-	40,000
Total Nonoperating Revenues (Expenses)	103,857	32,780	32,388	8,947	19	177,991
Income (Loss) Before Capital Contributions and Transfers	910,027	176,190	455,047	9,342	(207,746)	1,342,860
Capital Contributions:						
Impact fees	1,752	-	52,846	-	-	54,598
Transfers Out	(102,517)	(71,745)	(46,998)	(26,200)	-	(247,460)
Change in Net Position	809,262	104,445	460,895	(16,858)	(207,746)	1,149,998
Net Position, Beginning	6,431,615	3,305,119	2,795,994	422,106	(481,623)	12,473,211
Net Position, Ending	\$ 7,240,877	\$ 3,409,564	\$ 3,256,889	\$ 405,248	\$ (689,369)	\$ 13,623,209

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, 2019

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Cash Flows From Operating Activities:						
Receipts from customers	\$ 1,777,905	\$ 2,048,080	\$ 1,095,313	\$ 871,073	\$ 457,610	\$ 6,249,981
Receipts of customer deposits	-	-	-	500	-	500
Payments to suppliers	(424,495)	(1,439,479)	(200,769)	(733,523)	(169,737)	(2,968,003)
Payments to employees and related benefits	(307,892)	(312,623)	(326,843)	-	(395,958)	(1,343,316)
Payments for interfund services used	(237,084)	(256,308)	(144,396)	(117,996)	(65,472)	(821,256)
Net cash provided (used) by operating activities	<u>808,434</u>	<u>39,670</u>	<u>423,305</u>	<u>20,054</u>	<u>(173,557)</u>	<u>1,117,906</u>
Cash Flows From Non-Capital Financing Activities:						
Payments (to) from other funds	(415,825)	(328,956)	-	-	185,000	(559,781)
Transfers to other funds	(52,697)	(62,205)	(33,218)	(26,200)	-	(174,320)
Net cash provided (used) by non-capital financing activities	<u>(468,522)</u>	<u>(391,161)</u>	<u>(33,218)</u>	<u>(26,200)</u>	<u>185,000</u>	<u>(734,101)</u>
Cash Flows From Capital and Related Financing Activities:						
Purchase of capital assets	(87,163)	(1,145)	(279,046)	(4,859)	-	(372,213)
Proceeds from capital lease	57,800	-	74,287	-	-	132,087
Principal paid on capital lease	(9,962)	-	-	-	-	(9,962)
Interest paid on capital lease	(136)	-	-	-	-	(136)
Impact fees	1,752	-	52,846	-	-	54,598
Net cash provided (used) by capital and related financing activities	<u>(37,709)</u>	<u>(1,145)</u>	<u>(151,913)</u>	<u>(4,859)</u>	<u>-</u>	<u>(195,626)</u>
Cash Flows From Investing Activities:						
Interest on investments	63,993	32,780	32,388	8,947	19	138,127
Net cash provided by investing activities	<u>63,993</u>	<u>32,780</u>	<u>32,388</u>	<u>8,947</u>	<u>19</u>	<u>138,127</u>
Net Increase (Decrease) In Cash	366,196	(319,856)	270,562	(2,058)	11,462	326,306
Cash and Cash Equivalents, Beginning	<u>2,328,135</u>	<u>1,441,673</u>	<u>1,287,511</u>	<u>378,894</u>	<u>407</u>	<u>5,436,620</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,694,331</u>	<u>\$ 1,121,817</u>	<u>\$ 1,558,073</u>	<u>\$ 376,836</u>	<u>\$ 11,869</u>	<u>\$ 5,762,926</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, 2019

	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)	\$ 806,170	\$ 143,410	\$ 422,659	\$ 395	\$ (207,765)	\$ 1,164,869
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:						
Depreciation	144,362	121,290	63,648	5,929	24,418	359,647
Revenue from General Fund for service not billed	(49,820)	(9,540)	(13,780)	-	-	(73,140)
(Increase) decrease in assets:						
Accounts receivable	(2,581)	(34,457)	(13,229)	(4,839)	(7,925)	(63,031)
Prepays	(4,541)	-	-	-	-	(4,541)
Net pension asset	7,290	4,668	3,904	-	3,975	19,837
Deferred outflows	1,026	359	138	-	950	2,473
Increase (decrease) in liabilities:						
Accounts payable	27,160	(243,490)	(130,505)	18,069	(5,449)	(334,215)
Accrued liabilities	8,087	4,375	15,317	-	13,905	41,684
Customer deposits	-	-	-	500	-	500
Net OPEB liability	(137,592)	47,205	70,283	-	-	(20,104)
Net pension liability	86,117	57,997	44,257	-	45,695	234,066
Deferred inflows	(77,244)	(52,147)	(39,387)	-	(41,361)	(210,139)
Net cash provided (used) by operating activities	\$ 808,434	\$ 39,670	\$ 423,305	\$ 20,054	\$ (173,557)	\$ 1,117,906

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 charter: public safety (police, fire, inspection and animal control), streets and highways, public utilities (water, sewer, storm water, solid waste, and ambulance), parks, 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*, as amended. 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 Development and Renewal 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 interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities and interfund services provided.

The Statement of Net Position presents the City's assets and liabilities, with the difference reported as net position. Net Position is restricted when constraints placed upon it 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The emphasis of the governmental fund financial statements is on major funds. All remaining governmental funds are aggregated and reported as nonmajor funds. 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.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Funds – 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 major special revenue funds, the Community Development and Renewal Agency (CDRA) Fund and the South Ogden Days Fund. The CDRA Fund is used to report revenues and expenses related to the CDRA's redevelopment activities. The CDRA Fund exceeded its budgeted expenditures during the year by \$785,921. The South Ogden Days Fund is used to report revenue and expenses from the South Ogden Days celebration.

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.

The City reports the following major proprietary 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 interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

(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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) Budgetary Data (Continued)

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 unexpended 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 22, or August 17 if there is a rate increase, and the City is to certify the tax rate to the county Auditor before June 22 (August 17). 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 acquisition value.

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.

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

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 gain or loss on refunding are deferred and amortized over the life of the applicable debt.

(I) Cash and cash equivalents

For purposes of the Statement of Cash Flows, the City considered all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(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”.

The City collects impact fees to offset the costs of improvements to the City’s infrastructure as a result of new development. Impact fees are imposed through the passing of legislation by the City Council and can only be used for the specific infrastructure projects outlined in the respective Capital Facilities Plan. As of June 30, 2019, the portion of restricted net position that was due to enabling legislation was \$584,640.

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.

- (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.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) Equity Classifications (Continued)

(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. It 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 and are intended to be used for specific purposes.

(5) Unassigned fund balance classification is for all other spendable amounts.

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

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

(M) Deferred Outflows/Inflows of Resources

In addition to assets, financial statements 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 future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions (discussed above) in this category.

In addition to liabilities, the statement of net position reports 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred revenue from property taxes (described more fully in Note 13) and deferred inflows related to pension (discussed above) in this category.

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.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

Components of cash and investments (including interest earning deposits) at June 30, 2019 are as follows:

Cash on hand and on deposit:	
Petty Cash	\$ 450
Cash on Deposit	1,082,659
Trustee Deposits	197,807
PTIF Investment	<u>9,572,093</u>
Total cash and investments	<u><u>\$ 10,853,009</u></u>
Cash and investments are included in the accompanying combined statement of net position as follows:	
Cash and cash equivalents	\$ 9,473,452
Restricted cash and cash equivalents	<u>1,379,557</u>
Total cash and investments	<u><u>\$ 10,853,009</u></u>

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

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of June 30, 2019, \$1,308,170 of the City’s \$1,840,614 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 Poor’s; 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.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

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 Treasurer’s Office.

For the year ended June 30, 2019, the City had investments of \$9,572,093 with the PTIF. This investment matures in less than one year and is not rated.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2019, the City had the following cash and investments:

	<u>Carrying</u> <u>Value</u>	<u>Fair Value</u> <u>Factor</u>	<u>Fair Value</u>	<u>Credit</u> <u>Rating</u>	<u>Weighted Avg.</u> <u>Maturity (Years)</u>
Cash on hand and on deposit:					
Cash on hand	\$ 450	1	\$ 450	N/A	N/A
Cash on deposit	1,082,659	1	1,082,659	N/A	N/A
Trustee Deposits	197,807	1	197,807	N/A	N/A
Utah State Treasurer's investment pool accounts	<u>9,572,093</u>	1.004128	<u>9,611,605</u>	N/A	< 3 mos.
Total cash on hand and deposit	<u>\$10,853,009</u>		<u>\$10,892,521</u>		

The City’s PTIF investments is classified as level 2 and is calculated by applying the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to the City’s balance in the fund.

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, 2019:

	Amount
Impact fees	\$ 584,640
Debt service	191,725
Central Weber Sewer Improvement District impact fees payable	150,056
Developer and customer deposits	25,707
Road funds	389,990
State liquor allotment	13,824
Retainage payable	20,230
Unearned revenue	3,385
Total restricted cash and cash equivalents	\$ 1,379,557

NOTE 4 CAPITAL ASSETS

The Governmental Activities property, plant and equipment consist of the following at June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,911,713	\$ 350,009	\$ (305,731)	\$ 10,955,991
Construction in progress	7,084,654	1,614,852	(8,444,383)	255,123
Total capital assets, not being depreciated	17,996,367	1,964,861	(8,750,114)	11,211,114
Capital assets, being depreciated:				
Buildings and improvements	12,997,345	-	(965,976)	12,031,369
Machinery and equipment	6,253,072	2,865,495	(195,503)	8,923,064
Infrastructure	43,725,475	8,327,247	(149,660)	51,903,062
Total capital assets, being depreciated	62,975,892	11,192,742	(1,311,139)	72,857,495
Less accumulated depreciation for:				
Buildings and improvements	(3,960,616)	(233,155)	579,652	(3,614,119)
Machinery and equipment	(5,612,149)	(423,839)	195,503	(5,840,485)
Infrastructure	(27,887,955)	(1,716,548)	122,527	(29,481,976)
Total accumulated depreciation	(37,460,720)	(2,373,542)	897,682	(38,936,580)
Total capital assets, net of accumulated depreciation	25,515,172	8,819,200	(413,457)	33,920,915
Governmental activities capital assets, net	\$ 43,511,539	\$ 10,784,061	\$ (9,163,571)	\$ 45,132,029

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS (Continued)

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

Governmental activities	
General government	\$ 1,986,631
Public Safety	240,193
Streets and public works	93,608
Parks	50,830
Recreation	<u>2,280</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,373,542</u></u>

The Business-type Activities property, plant and equipment consist of the following at June 30, 2019:

Business-type Activities:	Balance			Balance
	June 30, 2018	Additions	Deletions	June 30, 2019
Capital assets, not being depreciated:				
Land and water rights	\$ 412,413	\$ -	\$ -	\$ 412,413
Construction in progress	<u>782,725</u>	<u>57,133</u>	<u>(782,388)</u>	<u>57,470</u>
Total capital assets, not being depreciated	<u>1,195,138</u>	<u>57,133</u>	<u>(782,388)</u>	<u>469,883</u>
Capital assets, being depreciated:				
Buildings and improvements	95,212	-	-	95,212
Machinery and equipment	2,174,187	208,597	(78,000)	2,304,784
Infrastructure	<u>12,827,520</u>	<u>928,870</u>	<u>-</u>	<u>13,756,390</u>
Total capital assets, being depreciated	<u>15,096,919</u>	<u>1,137,467</u>	<u>(78,000)</u>	<u>16,156,386</u>
Less accumulated depreciation for:				
Buildings and improvements	(94,194)	(1,018)	-	(95,212)
Machinery and equipment	(1,856,260)	(105,711)	78,000	(1,883,971)
Infrastructure	<u>(6,413,262)</u>	<u>(252,918)</u>	<u>-</u>	<u>(6,666,180)</u>
Total accumulated depreciation	<u>(8,363,716)</u>	<u>(359,647)</u>	<u>78,000</u>	<u>(8,645,363)</u>
Total capital assets, net of accumulated depreciation	<u>6,733,203</u>	<u>777,820</u>	<u>-</u>	<u>7,511,023</u>
Business-type activities capital assets, net	<u><u>\$ 7,928,341</u></u>	<u><u>\$ 834,953</u></u>	<u><u>\$ (782,388)</u></u>	<u><u>\$ 7,980,906</u></u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS (Continued)

The Business-type activities depreciation consists of the following at June 30, 2019:

Business-type activities

Water	\$	144,362
Sewer		121,290
Storm Drain		63,648
Solid Waste		5,929
Ambulance		24,418
Total depreciation expense - business-type activities	\$	359,647

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts. As of June 30, 2019, the allowance for all funds is \$29,438.

NOTE 6 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2019:

	<u>June 30,</u> <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Revenue bonds	\$ 965,000	\$ -	\$ (145,000)	\$ 820,000	\$ 150,000
Revenue bonds from direct placements	6,976,000	-	(717,000)	6,259,000	722,000
Notes payable from direct borrowings	467,794	-	(46,047)	421,747	47,428
Capital leases	224,446	1,520,642	(86,829)	1,658,259	413,330
Compensated absences	551,027	351,901	(305,409)	597,519	280,476
Other post employment benefits	669,844	63,946	(13,639)	720,151	13,639
Net pension liability	1,828,744	1,363,658	-	3,192,402	-
Governmental activities long-term liabilities	11,682,855	3,300,147	(1,313,924)	13,669,078	1,626,873
Business-type Activities:					
Capital leases	-	132,087	(9,962)	122,125	28,074
Compensated absences	55,682	53,590	(50,936)	58,336	41,838
Other post employment benefits	251,588	35,401	(55,505)	231,484	13,091
Net pension liability	309,644	234,066	-	543,710	-
Business-type activities long-term liabilities	616,914	455,144	(116,403)	955,655	83,003
	\$ 12,299,769	\$ 3,755,291	\$ (1,430,327)	\$ 14,624,733	\$ 1,709,876

Compensated absences, other postemployment benefits and the net pension liability for governmental activities are liquidated by the general fund.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM DEBT (Continued)

Governmental Activities:

Revenue Bonds

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. Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the City may be required to make monthly deposits into the bond fund.

\$ 820,000

Revenue Bonds from Direct Placements

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. Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the City may be required to make monthly deposits into the bond fund.

\$ 694,000

Series 2015 Sales and Excise Tax Revenue Bonds, original issue of \$6,328,000, principal due in annual installments beginning May 2016, interest at 1.22% due in semi-annual installments beginning November 2016, with the final payment due May 2029. The bonds were issued to refund the Series 2006 Sales Tax Revenue Refunding bonds. The economic gain was \$649,667 with a Gross Present Value Debt Service Savings of \$433,183. Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the City may be required to make monthly deposits into the bond fund and pay interest on any bonds outstanding at a rate of 18%.

5,565,000

Total Revenue Bonds from Direct Placements - Governmental Activities

\$ 6,259,000

Notes Payable from Direct Borrowings

Weber School District note, original issue of \$247,500, interest at 3.00%, principal and interest due in annual installments beginning July 2017, with the final payment due July 2026. The note was issued to finance the acquisition of land. The note is secured by land with a carrying value of \$203,969. Contains a provision that in the event the City does not budget and appropriate funds for the required annual payments, lender may begin non-judicial foreclosure proceedings against any interest the City has in the land.

\$ 203,673

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM DEBT (Continued)

Notes Payable from Direct Borrowings (Continued)

Weber School District note, original issue of \$265,000, interest at 3.00%, principal and interest due in annual installments beginning July 2017, with the final payment due July 2026. The note was issued to finance the acquisition of land. The note is secured by land with a carrying value of \$399,900. Contains a provision that in the event the City does not budget and appropriate funds for the required annual payments, lender may begin non-judicial foreclosure proceedings against any interest the City has in the land.

218,074

Total Notes Payable from Direct Borrowings - Governmental Activities

\$ 421,747

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 \$4,350,776 compared to principal and interest of \$1,080,990. Principal and interest are 25% of pledged revenues for the year ending June 30, 2019. No interest was capitalized during the year; interest incurred and charged to expense totaled \$228,670.

The annual debt service requirements to maturity, including principal and interest for long-term debt, as of June 30, 2019, are as follows:

Year Ending June 30,	Governmental Activities					
	Revenue Bonds		Revenue Bonds from Direct Placements		Notes Payable from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 150,000	\$ 33,676	\$ 722,000	\$ 167,484	\$ 47,428	\$ 12,652
2021	155,000	27,676	741,000	154,606	48,851	11,230
2022	165,000	21,476	757,000	140,123	50,317	9,764
2023	170,000	14,876	532,000	124,025	51,826	8,255
2024	180,000	7,650	543,000	111,257	53,381	6,700
2025-2029	-	-	2,964,000	304,489	169,944	10,297
	<u>\$ 820,000</u>	<u>\$ 105,354</u>	<u>\$ 6,259,000</u>	<u>\$ 1,001,983</u>	<u>\$ 421,747</u>	<u>\$ 58,898</u>

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of 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 capital assets acquired through capital leases are as follows. All amortization expense for the capital leases has been included in depreciation expense.

	<u>Amount</u>
Machinery and equipment	\$ 1,727,030
Less: Accumulated depreciation	<u>(206,912)</u>
	<u>\$ 1,520,118</u>

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

NOTE 6 LONG-TERM DEBT (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year Ending June 30,	Amount
2020	\$ 473,501
2021	447,917
2022	450,174
2023	518,848
Total minimum lease payment	1,890,440
Less: amount representing interest	(110,056)
Present value of minimum lease payments	\$ 1,780,384

As of June 30, 2019, the City has an unused line of credit for the purpose of acquiring additional equipment under a lease agreement in the amount of \$247,271.

NOTE 7 COMPENSATED ABSENCES

Accumulated unpaid vacation, compensatory leave pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). The total compensated absences are reported in the government-wide financial statements as long-term debt in accordance with the Governmental Accounting Standards. Based off of historical estimates, the City estimates that \$322,314 of the compensated absences balance will be due in the next year.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits through the Utah Retirement Systems (URS), the City provides other postemployment benefits (OPEB) through a single-employer defined benefit OPEB plan (the plan) that is administered by the City. The benefits, benefits levels, employee contributions and employer contributions were adopted by the City Council and can be amended by the City Council at any time.

Employees of the City hired before February 18, 1997, who meet the conditions for retirement as determined by the City-sponsored retirement plan may elect to receive City-paid medical, dental and/or pension benefits for a period of five years from retirement or until age 65 in the case of health benefits. The plans are closed to new entrants.

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

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

Public Safety Employees

Public safety employees with at least 20 years of safety employment with the City but fewer than 25 years of service under the URS Public Safety Retirement Program have the option of receiving either (i) a pension equal to 10 percent of the employee's highest annual base salary for the last five years of City employment, to be paid for five years after retirement, or (ii) medical and dental insurance for retiree and covered dependents for the lesser of five years or until age 65.

Public safety employees with at least 20 years of safety employment with the City and at least 25 years of service under the URS Public Safety Retirement Program may receive both benefits described in the preceding paragraph.

Public Employees

Public employees of the City other than public safety employees who have been employed for at least 25 years with the City, who retire under the URS Public Employee Retirement Program, and who exercise their rights under URS to buy additional credit to qualify for a 30-year retirement under URS, may receive both the 10 percent pension and the medical and dental benefits described above for public safety employees. Pension benefits continue for five years from retirement and health benefits continue for the lesser of five years or until age 65.

The plan does not issue a separate report. The activity of the plan is reported in the City's financial statements.

Funding Policy

The funding policy for this benefit is a "pay-as-you-go" method. The City will fund benefit payments at the time they are required and no assets are accumulated in a trust.

Net OPEB liability, deferred outflow and deferred inflows of resources related to OPEB and OPEB expense

At June 30, 2019 the City did not have a net asset because of its funding method. The City reported a net OPEB liability of \$951,635, which was measured as June 30, 2019 by an actuarial valuation using generally accepted actuarial procedures.

At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,053	\$ 4,879
Changes in assumptions	10,594	9,102
Net difference between projected and actual earnings on OPEB plan investments	-	-
	\$ 12,647	\$ 13,981

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

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

The amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (500)
2021	(500)
2022	(500)
2023	(500)
2024	(19)
Thereafter	685
	\$ (1,334)

For the year ending June 30, 2019, the City recognized an actuarially calculated OPEB expense of \$49,549.

OPEB plan covered employees

As of June 30, 2019, the City had three inactive employees receiving benefits, no inactive employees entitled to but not receiving benefits, and 13 active employees in the plan.

Actuarial Assumptions

The actuarial valuation calculating the total net OPEB liability as of June 30, 2019 was determined using the following actuarial assumptions with a measurement date of June 30, 2019.

Inflation rate	2.25%
Discount Rate	3.50%
Health Care Trend Rate	8.00% for 2019, decreasing to 5.00% for 2021 and after

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 to 2019, 50% of MP-2016 for years 2030 to 2049 and 20% of MP-2016 for 2050 and after.

Discount rate

The discount rate used to measure the total OPEB liability was 3.50 percent. This rate was based on Bond Buyer 20-Bond General Obligation index.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability calculated using the discount rate of 3.50 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability as June 30, 2019	\$ 989,666	\$ 951,635	\$ 912,532

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB liability to changes in the health care trend rate

The following presents the net OPEB liability calculated using the health care trend rate range of 8.00 percent decreasing to 5.00 percent, as well as what the net OPEB liability would be if it were calculated using a health care trend rate range that is 1-percentage-point lower (7.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (9.00 percent decreasing to 6.00 percent) than the current rate range:

	1% Decrease (7.0% to 4.0%)	Current Rates (8.0% to 5.0%)	1% Increase (9.0% to 6.0%)
Net OPEB liability as June 30, 2019	\$ 908,739	\$ 951,635	\$ 998,457

Net OPEB liability

The following is the schedule of changes in the OPEB liability for the actuarial measurement date of June 30, 2019:

Total OPEB Liability (TOL)

Service cost at beginning of year	\$ 14,190
Interest on TOL plus service cost, less 1/2 benefit payments	35,859
Changes of benefit terms	-
Difference between actual and expected experience*	(5,738)
Changes of assumptions**	12,459
Benefit payments	(26,567)
Net Change in Total OPEB Liability	30,203
Total OPEB Liability, Beginning	921,432
Total OPEB Liability, Ending	\$ 951,635

*Benefit payments less than expected.

**Change in discount rate from 3.90% as of June 30, 2018 to 3.50% as of June 30, 2019.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the actuarially determined contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 9 COMMITMENTS AND CONTINGENCIES

The City believes that possible contingencies (contingencies incurred but not reported) where the loss cannot be reasonably estimated are immaterial to the financial statements of the City. The City has \$555,610 in outstanding construction commitments at June 30, 2019.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 RETIREMENT 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:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); and Firefighters Retirement System (Firefighters System) are multiple-employer, cost-sharing public employee retirement systems.
- The Public Safety Retirement System (Public Safety System) is a multiple-employer, cost-sharing, public 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 employee 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 10 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 percentage 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% or 4% depending upon 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 age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years 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 for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary

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.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 RETIREMENT PLANS (Continued)

Contribution rates as of June 30, 2019 are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Contributory System:			
111 Local Government Div - Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 Local Government Div - Tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	N/A	24.25%	0.74%
Noncontributory			
75 Other Div A with 4% COLA	N/A	35.71%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	4.61%	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	11.34%	0.74%
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	12.99%	12.00%
232 Firefighters	N/A	0.08%	12.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial liability of the Tier 1 plans.

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 316,107	N/A
Public Safety System	379,354	-
Firefighters System	30,824	100,629
Tier 2 Public Employees System	53,354	-
Tier 2 Public Safety and Firefighter	78,689	-
Tier 2 DC Only System	7,802	N/A
Tier 2 DC Public Safety and Firefighter System	5,856	N/A
Total Contributions	\$ 871,986	\$ 100,629

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 RETIREMENT PLANS (Continued)

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$3,736,112.

	Measurement Date: December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 1,443,780	0.1960667%	0.1874685%	0.0085982%
Public Safety System	-	2,002,759	0.7785005%	0.8382768%	-0.0597763%
Firefighters System	-	270,370	2.0822122%	2.1346254%	-0.0524132%
Tier 2 Public Employees System	-	10,658	0.0248852%	0.0233803%	0.0015049%
Tier 2 Public Safety and Firefighter	-	8,545	0.3410389%	0.3334788%	0.0075601%
	\$ -	\$ 3,736,112			

The net pension asset and liability were measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, we recognized pension expense of \$1,193,578.

At June 30, 2019 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	\$ 79,714	\$ 173,207
Changes in assumptions	578,226	31,890
Net difference between projected and actual earnings on pension plan investments	796,418	-
Changes in proportion and differences between contributions and proportionate share of contributions	65,358	74,833
Contributions subsequent to the measurement date	433,462	-
	\$ 1,953,178	\$ 279,930

\$433,462 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 RETIREMENT PLANS (Continued)

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:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	\$ 531,896
2020	133,517
2021	125,845
2022	414,660
2023	18,943
Thereafter	14,925
	\$ 1,239,786

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 – 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actual experience study for the five-year period ending December 31, 2016.

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 and is applied consistently to each defined benefit pension plan. 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.

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

NOTE 10 RETIREMENT PLANS (Continued)

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	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.95 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. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

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 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 2,958,972	\$ 1,443,780	\$ 182,027
Public Safety System	42,697	2,002,759	441,704
Firefighters System	64,451	270,370	(327,663)
Tier 2 Public Employees System	3,925,761	10,658	(14,069)
Tier 2 Public Safety and Firefighter	1,008,926	8,545	(34,237)
Total	\$ 8,000,807	\$ 3,736,112	\$ 247,762

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position

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

Defined Contributions Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

South Ogden City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457 (b) Plan
- Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plan for fiscal year ended June 30, were as follows:

	2019	2018	2017
<i>401(k) Plan</i>			
Employer Contributions	\$ 80,189	\$ 83,531	\$ 89,138
Employee Contributions	99,261	99,537	101,071
<i>457(b) Plan</i>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	87,256	74,019	49,698
<i>Roth IRA Plan</i>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 7,180	\$ 6,580	\$ 7,845

NOTE 11 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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, 2019, there were no outstanding unpaid claims. Also, the City has no claim settlements during the three years ending June 30, 2019 which exceeded its insurance coverage.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2019 is as follows:

	<u>Interfund Receivable</u>			Total Interfund Payables
	General Fund	Water	Sewer	
Interfund Payable				
General Fund	\$ -	\$ 434,345	\$ 347,476	\$ 781,821
CDRA	142,854	26,683	26,683	196,220
CDRA	1,100,000	-	-	1,100,000
Ambulance	822,000	-	-	822,000
Total Interfund Receivables	<u>\$ 2,064,854</u>	<u>\$ 461,028</u>	<u>\$ 374,159</u>	<u>\$ 2,900,041</u>

The interfund balances between the General Fund and the Water, and Sewer Funds are due to a loan for the purchase of a transport engine. The interest rate is 2.797% with principal and interest payments due annually through 2025.

The interfund balances between the CDRA and the General, Water, and Sewer Funds is due to a loan for the creation of the 36th Street Project Area and to supplement shortfalls in the tax increment needed for debt service. The interest is variable and equals the PTIF rate as of June 30 of each year. Principal and interest payments are due annually until balance is paid off.

The interfund balances between the CDRA and the General Fund are due to two loans for the acquisition of property. The loans bear no interest and the principal is due on December 31, 2025 for both loans.

The interfund balances between the General Fund and the Ambulance Fund are for the cash flow needs of the Ambulance Fund.

Interfund transfers for the year ended June 30, 2019 were as follows:

	<u>Transfers In</u>				Total Transfers Out
	General Fund	South Ogden Days	Capital Projects	Nonmajor Governmental Funds	
Transfers Out					
General Fund	\$ -	\$ 52,004	\$ 1,455,038	\$ 1,082,496	\$ 2,589,538
CDRA	875,000	-	-	-	875,000
Nonmajor Governmental Funds	-	-	508,125	-	508,125
Water	102,517	-	-	-	102,517
Sewer	71,745	-	-	-	71,745
Storm Drain	46,998	-	-	-	46,998
Solid Waste	26,200	-	-	-	26,200
Total Transfers In	<u>\$ 1,122,460</u>	<u>\$ 52,004</u>	<u>\$ 1,963,163</u>	<u>\$ 1,082,496</u>	<u>\$ 4,220,123</u>

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

NOTE 12 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

The transfer from the General Fund to the South Ogden Days fund is to provide funding for the South Ogden Days celebration. The transfers from the General, and Nonmajor Funds to the Capital Projects Fund is to provide funds for various road projects. The transfer from the General Fund to the Nonmajor Funds is to provide the necessary funds to pay debt payments. The transfer from the CDRA to the General Fund is for the transfer of city property by the CDRA financed by the General Fund. The transfers from the Water, Sewer, Storm Drain, and Solid Waste Funds to the General Fund are for franchise fees and unbilled services.

NOTE 13 DEFERRED INFLOWS OF RESOURCES

Deferred Property Taxes

Property taxes attach as an enforceable lien on property as of the first day of January, taxes are levied on October 1, and then are due and payable at November 30. The City has a legal right to collect the taxes when the lien is placed on the property on January 1, 2019, but these funds will be used to fund activities in the subsequent reporting period. GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended, requires that the City record the assets related to these property taxes in the year ended June 30, 2019, but not record the revenue until the subsequent reporting period. In conjunction with these requirements, the City has recorded a property tax receivable and a deferred inflow of resources in the General Fund and RDA Fund in the amounts of \$3,060,295 and \$19,507, respectively.

NOTE 14 REDEVELOPMENT AGENCY OF THE CITY OF SOUTH OGDEN

For the year ended June 30, 2019, the following activity occurred in the City's Redevelopment Agency:

Property Tax Increment Received:

<u>Project Area 1</u>	
36th street	\$ 85,948
<u>Project Area 2</u>	
Automall Community - triggers in 2019	-
Total tax increment received by RDA	<u>\$ 85,948</u>

Property Tax Increment Expended:

Administrative costs	\$ 37,532
Acquisition of property	350,000
Outstanding loans to finance RDA projects	<u>81,651</u>
Total tax increment expended by RDA	<u>\$ 469,183</u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 15 TAX ABATEMENTS

The CDRA is authorized by Title 17C of the Utah State Code Annotated to enter into agreements for the purpose of attracting or retaining businesses. Additionally, an interlocal agreement with the City provides for the CDRA to offer an abatement of the City's .05% sales tax to Young Subaru (Participant) for the purpose of the Participant operating a new and used full-service Subaru car dealership within the City. The abatement is subject to the Participant:

- Being the fee title owner of the location,
- Opening a full-service new and used Subaru car dealership,
- Operating the dealership consistently and without unreasonable interruption for a significant majority of each year,
- Employing, on an average basis each year, at least 25 full-time equivalent employees,
- Paying the employees an average annual wage of at least 100% of the Weber County average annual wage (as reported by the Utah Department of Workforce Services for non-farm wages),
- Generating at least \$15,240,332 point-of-sale taxable sales each year, and
- Timely paying all property taxes each year.

Provided that the Participant meets these objectives, the City is to transfer the first \$40,000 and half of the remaining .05% sales tax collected from January 1 to December 31 as a result of the Participant's operations to the CDRA for payment back to the Participant. This agreement is in effect until December 31, 2035 or until \$1,275,000 has been paid out to the Participant. For the year ended June 30, 2019, the CDRA abated sales taxes totaling \$131,631 under this program, which is the amount received from the City.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH OGDEN CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
Last 10 Fiscal Years*

<u>Measurement date: December 31,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>
Noncontributory Retirement System					
2018	0.1960667%	\$ 1,443,780	\$ 1,715,168	84.18%	87.00%
2017	0.1874685%	821,356	1,623,412	50.59%	91.90%
2016	0.1896824%	1,217,993	1,639,191	74.30%	87.30%
2015	0.1857427%	1,051,023	1,575,175	66.72%	87.80%
2014	0.1815122%	788,169	1,544,571	51.03%	90.20%
Public Safety System					
2018	0.7785005%	\$ 2,002,759	\$ 1,124,336	178.13%	84.70%
2017	0.8382768%	1,314,971	1,246,344	105.51%	90.20%
2016	0.8234270%	1,670,961	1,174,421	142.28%	86.50%
2015	0.7793397%	1,395,993	1,101,150	126.78%	87.10%
2014	0.8169367%	1,027,366	1,138,360	90.25%	90.50%
Firefighters Retirement System					
2018	2.0822122%	\$ 270,370	\$ 722,656	37.41%	94.30%
2017	2.1346254%	(133,317)	696,916	-19.13%	103.00%
2016	2.1497992%	(16,948)	673,790	-2.52%	100.40%
2015	2.1927969%	(39,714)	652,606	-6.09%	101.00%
2014	2.1834989%	(124,599)	633,885	-19.66%	103.50%
Tier 2 Public Employees Retirement System					
2018	0.0248852%	\$ 10,658	\$ 290,305	3.67%	90.80%
2017	0.0233803%	2,061	228,917	0.90%	97.40%
2016	0.0327885%	3,658	268,890	1.36%	95.10%
2015	0.0362875%	(79)	234,438	-0.03%	100.20%
2014	0.0364228%	(1,104)	178,846	-0.62%	103.50%
Tier 2 Public Safety and Firefighters Retirement					
2018	0.3410389%	\$ 8,545	\$ 456,604	1.87%	95.60%
2017	0.3334788%	(3,859)	351,953	-1.10%	103.00%
2016	0.3640513%	(3,160)	300,793	-1.05%	103.60%
2015	0.3038292%	(4,439)	180,832	-2.45%	110.70%
2014	0.0288238%	(4,264)	119,069	-3.58%	120.50%

**The 10-year schedule will be built prospectively. The schedule above is only for the years listed.*

**SOUTH OGDEN CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
Last 10 Fiscal Years***

For the fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System					
2019	\$ 316,107	\$ 316,107	\$ -	\$ 1,713,706	18.45%
2018	306,971	306,971	-	1,664,139	18.45%
2017	308,630	308,630	-	1,673,026	18.45%
2016	289,328	289,328	-	1,568,579	18.45%
2015	287,003	287,003	-	1,566,898	18.32%
2014	264,666	264,666	-	1,539,134	17.20%
Public Safety System					
2019	\$ 379,354	\$ 379,354	\$ -	\$ 1,102,631	34.40%
2018	404,904	404,904	-	1,171,971	34.55%
2017	439,344	439,344	-	1,251,091	35.12%
2016	397,728	397,728	-	1,114,356	35.69%
2015	402,017	402,017	-	1,125,782	35.71%
2014	384,138	384,138	-	1,124,194	34.17%
Firefighters System					
2019	\$ 30,824	\$ 30,824	\$ -	\$ 737,607	4.18%
2018	24,973	24,973	-	711,589	3.51%
2017	24,151	24,151	-	692,110	3.49%
2016	23,962	23,962	-	666,039	3.60%
2015	21,686	21,686	-	629,264	3.45%
2014	16,719	16,719	-	624,671	2.68%
Tier 2 Public Employees System**					
2019	\$ 53,354	\$ 53,354	\$ -	\$ 343,336	15.54%
2018	37,837	37,837	-	250,533	15.10%
2017	37,756	37,756	-	253,222	14.91%
2016	38,012	38,012	-	254,941	14.91%
2015	31,748	31,748	-	212,505	14.94%
2014	20,566	20,566	-	147,002	13.99%
Tier 2 Public Safety and Firefighter System**					
2019	\$ 78,689	\$ 78,689	\$ -	\$ 463,093	16.99%
2018	64,631	64,631	-	417,828	15.47%
2017	45,308	45,308	-	321,831	14.08%
2016	35,620	35,620	-	240,708	14.80%
2015	20,601	20,601	-	137,453	14.99%
2014	15,402	15,402	-	107,325	14.35%

**SOUTH OGDEN CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS (Continued)
Last 10 Fiscal Years***

For the fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Tier 2 Public Employees DC Only System**					
2019	\$ 7,802	\$ 7,802	\$ -	\$ 116,619	6.69%
2018	7,582	7,582	-	113,339	6.69%
2017	5,632	5,632	-	84,185	6.69%
2016	1,500	1,500	-	22,421	6.69%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
Tier 2 Public Safety and Firefighter DC Only System**					
2019	\$ 5,856	\$ 5,856	\$ -	\$ 78,412	7.47%
2018	1,857	1,857	-	14,298	12.99%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%

**The 10-year schedule will be built prospectively. The schedule above is only for the years listed*

***Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.*

**SOUTH OGDEN CITY
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
Last 10 Fiscal Years***

Total OPEB Liability (TOL)	<u>2019</u>	<u>2018</u>
Service cost at beginning of year	\$ 14,190	\$ 14,687
Interest on TOL plus service cost, less 1/2 benefit payments	35,859	32,797
Changes of benefit terms	-	-
Difference between actual and expected experience	(5,738)	2,929
Changes of assumptions	12,459	(12,990)
Benefit payments	<u>(26,567)</u>	<u>(21,748)</u>
Net Change in Total OPEB Liability	30,203	15,675
Total OPEB Liability, Beginning	<u>921,432</u>	<u>905,757</u>
Total OPEB Liability, Ending	<u><u>\$ 951,635</u></u>	<u><u>\$ 921,432</u></u>
Covered-employee Payroll	\$ 944,194	\$ 989,754
Total OPEB Liability as a Percentage of Covered-employee Payroll	100.79%	93.10%

**The 10-year schedule will be built prospectively. The schedule above is only for the years listed.*

SOUTH OGDEN CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

NOTE 1 CHANGES IN ASSUMPTIONS – PENSION PLAN

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

NOTE 2 ACTUARIAL ASSUMPTIONS – OTHER POSTEMPLOYMENT BENEFITS

The actuarial valuation calculating the total net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense for the year ended June 30, 2019, was determined using the following actuarial methods and assumptions:

Actuarial cost method.....	Entry Age
Amortization method.....	Level Percentage of Payroll
Salary Increases.....	3.00%, average, including inflation
Discount rate.....	3.50%, net of investment expense, including inflation, based on Bond Buyer 20-bond General Obligation Index
Health care trend rates.....	8.00% for 2019, decreasing to 5.00% for 2021 and after
Retirees' share of cost.....	Retiree assumes all OPEB costs upon attainment of Medicare eligibility age (65). Pensions may continue beyond age 65 for the remainder of the 5-year benefit period.
Inflation.....	2.25%
Mortality	Based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for year 2014 to 2019, 50% of MP-2016 for years 2030 to 2049 and 20% of MP-2016 for 2050 and after.
Pre-retirement turnover.....	Public Safety Employees - 2.0% per year until eligible to retire; according to retirement rates thereafter. Public Employees - 2.5% per year until eligible to retire; according to retirement rates thereafter.

NOTE 3 FUNDING – OTHER POSTEMPLOYMENT BENEFITS

The OPEB plan does not have assets accumulated in a trust to meet the required needs of this plan. The City has determined to fund the benefits on a “Pay-As-You-Go” basis.

SUPPLEMENTARY INFORMATION

SOUTH OGDEN CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	<u>Special Revenue</u>	<u>Debt</u>	<u>Total</u>
	<u>Road</u>	<u>Service</u>	<u>Nonmajor</u>
	<u>Improvement Fee</u>	<u>Service</u>	<u>Governmental</u>
			<u>Funds</u>
Assets:			
Cash and cash equivalents	\$ -	\$ 102,607	\$ 102,607
Accounts receivable	51,940	-	51,940
Restricted cash and cash equivalents	-	191,725	191,725
	<u>\$ 51,940</u>	<u>\$ 294,332</u>	<u>\$ 346,272</u>
Fund Balances:			
Restricted:			
Debt service	-	191,725	191,725
Assigned:			
Road Improvement	51,940	-	51,940
Debt service	-	102,607	102,607
	<u>\$ 51,940</u>	<u>\$ 294,332</u>	<u>\$ 346,272</u>

SOUTH OGDEN CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	<u>Special Revenue</u> <u>Road</u> <u>Improvement Fee</u>	<u>Debt</u> <u>Service</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
Revenues:			
Charges for services	\$ 514,604	\$ -	\$ 514,604
Interest	-	8,061	8,061
Total Revenues	<u>514,604</u>	<u>8,061</u>	<u>522,665</u>
Expenditures:			
Current:			
General government	-	4,500	4,500
Debt service:			
Principal	-	862,000	862,000
Interest	-	218,991	218,991
Total Expenditures	<u>-</u>	<u>1,085,491</u>	<u>1,085,491</u>
Excess (deficiency) of revenues over (under) expenditures	<u>514,604</u>	<u>(1,077,430)</u>	<u>(562,826)</u>
Other Financing Sources (Uses):			
Transfers in	-	1,082,496	1,082,496
Transfers out	(508,125)	-	(508,125)
Net Change in Fund Balances	6,479	5,066	11,545
Fund Balance, Beginning	<u>45,461</u>	<u>289,266</u>	<u>334,727</u>
Fund Balance, Ending	<u>\$ 51,940</u>	<u>\$ 294,332</u>	<u>\$ 346,272</u>